



洋河股份
YANGHE

Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.

2018 Annual Report

April 2019

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 work and Mr. Yin Qiuming, responsible person for the Company's financial affairs (Accounting Supervisor) have warranted that the financial statements in this report are true and complete.

All directors all attended the board meeting to deliberate 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. Therefore investors are kindly reminded to pay attention to possible investment risks.

In the annual report, the risks and countermeasures 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 possible investment risks.

The profit distribution plan approved by the board of directors: based on 1,506,988,000 shares, a cash dividend of CNY 32.00 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 2018 Annual Report was publicly disclosed on the Shenzhen Stock Exchange and Juchao Info Net (www.cninfo.com.cn) on 30 April 2019. If there is any variances between this English version and the Chinese one, please refer to the latter.

Contents

Section I Important Statements, Contents and Definitions.....	2
Section II Company Profile and Key Financial Results	5
Section III Business Profile	9
Section IV Performance Discussion and Analysis.....	12
Section V Significant Events.....	28
Section VI Changes in Shares and Information about Shareholders	58
Section VII Preference Shares	66
Section VIII Profiles of Directors, Supervisory, Senior Management and Employees	67
Section IX Corporate Governance	77
Section X Information about Corporate Bond	85
Section XI Financial Report.....	86
Section XII Documents Available for Preference	220

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. 2018 to 31 Dec. 2018
The report	Refer to	2018 Annual Report
Yuan, Ten thousand yuan, A hundred million yuan	Refer to	CNY 0.00, CNY 10,000,CNY 10,000,000.00
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
Jiangsu Suya, Suya Jincheng, Accounting firm	Refer to	Jiangsu 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.
Lihuaacun Liquor	Refer to	Hubei Lihuaacun Liquor Industry 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	223800		
Business address	No.118 Middle Avenue, Yanghe Town, Suqian City, Jiangsu Province, China		
Postal code	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	025-52489218
Fax	025-52489218	025-52489218
E-mail	yanghe002304@vip.163.com	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, No.118 Middle Avenue, Yanghe Town, 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	Jiangsu 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	Xu Xuzhen, Kan Baoyong

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 to or restatement of accounting data due to changes of accounting policies and correction of accounting errors

Yes No

	2018	2017	YoY Change	2016
Operating revenues (CNY)	24,159,801,994.68	19,917,942,238.16	21.30%	17,183,109,620.08
Net profits attributable to shareholders of the Company (CNY)	8,115,189,794.69	6,627,169,959.16	22.45%	5,827,168,870.88
Net profits attributable to share holders of the Company before non-recurring gains and losses (CNY)	7,369,331,605.77	6,136,386,923.71	20.09%	5,406,580,095.74
Net cash flows from operating activities (CNY)	9,056,748,816.28	6,883,169,799.31	31.58%	7,405,044,600.62
Basic earnings per share (CNY/share)	5.3850	4.3976	22.45%	3.8668
Diluted earnings per share (CNY/share)	5.3850	4.3976	22.45%	3.8668

Weighted average ROE	25.95%	24.08%	1.87%	24.01%
	At the end of 2018	At the end of 2017	YoY Change	At the end of 2016
Total assets (CNY)	49,563,767,816.22	43,258,140,702.38	14.58%	38,804,062,249.63
Net assets attributable to shareholders of the Company (CNY)	33,644,530,266.23	29,515,040,285.72	13.99%	26,052,771,070.00

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 for the reporting 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 for the reporting period.

8. Key financial results by quarter

Unit: CNY

	Q1	Q2	Q3	Q4
Operating revenues	9,537,587,047.10	5,004,992,728.51	6,423,080,855.11	3,194,141,363.96
Net profits attributable to shareholders of the Company	3,475,147,603.50	1,529,844,167.72	2,033,763,138.67	1,076,434,884.80
Net profits attributable to shareholders of the Company before non-recurring gains and losses	3,333,849,279.90	1,351,770,013.96	1,853,153,948.51	830,558,363.40
Net cash flows from operating activities	1,891,759,702.63	-232,993,935.52	4,215,706,857.52	3,182,276,191.65

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	2018	2017	2016	Note
Profit or loss from disposal of non-current assets (including the write-off portion of the impairment provision)	22,203,572.96	-8,598,844.11	-5,823,628.96	
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)	59,870,221.67	44,745,640.94	29,064,221.47	
Except for effectively hedging business related to normal business operations of the company, profit or loss arising from the change in the fair value of held-for-trading financial assets and liabilities, as well as investment profit or loss produced from the disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets	56,995,537.28	90,627,738.02	128,763,897.76	Profit from the disposal of available-for-sale financial assets
Impairment provision reversal of the accounts receivable on which the impairment test is carried out separately		300,000.00	165,859.73	
Other non-operating income and expenditure except above-mentioned items	27,967,026.98	11,559,390.23	10,469,328.20	
Other profit and loss items that conform to the definition of non-recurring gains and losses	827,837,138.81	516,824,879.08	398,923,011.53	
Less: Corporate income tax	248,875,376.58	164,658,711.09	140,783,607.73	
Minority interests (after tax)	139,932.20	17,057.62	190,306.86	
Total	745,858,188.92	490,783,035.45	420,588,775.14	--

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 said explanatory announcement as a recurring profit/loss item.

□ Applicable √ N/A

No such cases for the reporting period.

Section III Business Profile

1. Business scope in the reporting period

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

No

The Company is mainly engaged in the production and sales of liquor. The production of liquor adopts solid-state fermentation, mainly including qu-making, brewing, blending and stocking, packaging and so on. 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 Chinese time-honored brands, two famous Chinese liquor, namely Yanghe and Shuanggou and six Chinese well-known trademarks. The leading products of the Company are a series of mellow liquor including Dream Blue, Yanghe Spirit Classic, Shuanggou Zhenbaofang, Yanghe Daqu, Shuanggou Daqu, which have high brand awareness and reputation throughout the country.

During the reporting period, the development of liquor industry keeps growing in the fierce competition. High-end and secondary high-end Liquor both show obvious development advantages. The concentration and high-end orientation of the industry has accelerated significantly. According to the disclosed liquor industry periodic report, the Company's revenue and profit scale ranked 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	A decrease of 34.30% YoY was mainly due to construction in progress reaching the intended use condition and carried forward to fixed assets
Cash and cash equivalents	An increase of 106.42% YoY was mainly due to the increase of sales revenue in the current period and the increase of net cash flow generated from operating activities.
Non-current assets due within one year	An increase of 102.83% YoY was mainly due to the increase of trust financial products due within one year by the end of this period.
Other current assets	An increase of 30.29% YoY was mainly due to the increase of short-

	term financial products by the end of this period.
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2.2 .Main assets overseas

Applicable N/A

3. Analysis of core competitiveness

Whether the Company needs to comply with disclosure requirements of special industries

No

The Company has obvious advantages in natural environment, quality technology, brand influence, marketing network and so on. It has formed the unique core competitiveness of the Company. The core competitiveness of the Company 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'. It is one of the three famous wetlands in the world, which 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 the core demand of the 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 31Masters of Chinese Liquor, including 2core members of National liquor jury, 69 Provincial Liquor Tasting Committee members and 1845 technicians. The Company also has a number

of 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 Blue and Mellow Sujiu, the representative products of mellow liquor, have won the national quality awards, such as National Best Quality Award, Liquor and Spirits Design Award and National Liquor and Spirits Sensory Quality Award. In 2018, in the national liquor taster contest sponsored by China Alcoholic Drinks Association, Chen Li, a contestant from the Company, stood out from other contestants, ranked the first place in the contest. It highlights the strong talent advantage of the Company again.

3.4 Brand advantage

The Company, as one of the old eight famous liquor enterprises, is the only one which has two Chinese time-honored brands, the two famous Chinese liquor, namely Yanghe and Shuanggou, and the Company has six Chinese well-known trademarks, including Yanghe, Shuanggou, Yanghe Spirit Classic, Zhenbaofang, Dream Blue, and Su. The company ranked the third place in *2018 Top 50 Most Valuable Spirits Brands* published by Brand Finance, a world-famous branded business valuation consultancy, with a brand value of \$7.795 billion. In 2018, with brand worth CNY45.615 billion, the Company ranked the top 86 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 number of personnel, the latest concept and the strongest executive force in the industry. The Company has cooperated with nearly 10,000 distributors, has more than 30 thousand promotion employees, and continues to enhance the deep distribution mode. At present, the Company has the most powerful marketing network platform in the Chinese liquor industry. It has penetrated into every county and city throughout the country. High speed channel has been basically completed, laying a solid foundation for market expansion and extension of the category in the future. At the same time, as a traditional enterprise, the Company has also insisted on exploring new marketing mode, and has made certain achievements in Internet application innovation.

Section IV Performance Discussion and Analysis

1. Overview

In 2018, the Company insisted on Xi Jinping Thought on Socialism with Chinese characteristics for a New Era as the guidance. The Company deepened the implementation of the "Six good" strategic thinking, comprehensively promoted the deployment of the "One Six Eight" Strategy, effectively implemented all decisions and work, and promoted high-quality and sustainable development.

First, "Good industrial policy" leads the way and casts glory. In 2018, the Company focused on "development and transformation" and "consumption upgrading", comprehensively strengthened innovation and execution, and continuously improved comprehensive competitiveness. The annual operating revenue was CNY 24.16 billion, up 21.3% year on year. The net profit attributable to shareholders of the listed company was CNY 8.115 billion, up 22.45% year on year. Dream Blue sales strongly climbed and Dream Blue high-end brand image was further improved.

Second, "Good products" shows artisan skills. In 2018, the Company actively promoted health, experience and other key technical changes, further accelerated the speed of new technologies, new processes and application of new achievements. The base liquor quality comprehensively outstripped the recorded levels with steady upgrade of the leading products such as Celestial Blue and Oceanic Blue. It obtained recognition and favor from consumers and industry experts. The Company was selected into "2018 Top 500 World Most Valuable Brands", up 175 places from the previous year.

Third, "Good stories" spreads widely. In 2018, the Company promoted the implementation of the "ten thousand people brand plan", focused on hot events and theme activities, innovated brand communication forms. Brand stories deeply rooted in the hearts of the people, which further enhanced the brand occupation; Dream Blue brand appeared in the "Shanghai Cooperation Summit in Qingdao", walked into Olympic Winter Games, and its fragrance filled in Buckingham Palace. It helped the third "Reading China" international conference, and built a bridge of friendship with mellowness.

Fourth, "Good channels" sharpens the ambition. In 2018, the Company promoted the perfection of distribution channels. Group purchasing and family banquets were continuously expanded. "Dream gathering" and other activities were continuously deepened. Meanwhile, price control and quota management were continuously strengthened. Rigid implementation and efficient implementation were effectively promoted. It helped the overall improvement of the market atmosphere.

Fifth, "Good self" firmly enhances self-confidence. In 2018, a group of marketing representatives who have successfully cultivated the market and overcome difficulties, young and promising technical representatives who are determined to succeed, and altruistic brewers who have inherited the ingenuity stood out from the Company. In 2018, in the national liquor taster contest, Chen Li won the champion and the Company's team won the first place. The Company occupied four places in the Top Ten, which showed the strong technical strength. The activities such as cellar opening festival and sealing ceremony were highly praised by the guests inside and outside the industry, and Shuanggou Distillery was awarded the title of "world famous wetland liquor".

Sixth, "Good mechanism" stimulates vitality. In 2018, the Company realized the full coverage of spontaneous work, steadily improved work efficiency and quality, and significantly enhanced the employees' awareness of initiative. Annual perfection project achieves cost reduction of CNY 22.32 million. The continuous improvement of all staff realized financial income of CNY 43.58 million. The logistics system was accurately operated to ensure continuous optimization, which fully achieved the goal of "no products out of stock and no overstock".

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

	2018		2017		YoY Change
	Amount	As a percentage of operating revenues	Amount	As a percentage of operating revenues	
Total	24,159,801,994.68	100%	19,917,942,238.16	100%	21.30%
By business segment					
Liquor	23,186,902,149.00	95.97%	19,468,365,663.88	97.74%	19.10%
Others	972,899,845.68	4.03%	449,576,574.28	2.26%	116.40%
By product					
Liquor	22,913,294,724.76	94.84%	19,183,149,960.51	96.31%	19.44%
Wine	273,607,424.24	1.13%	285,215,703.37	1.43%	-4.07%
Others	972,899,845.68	4.03%	449,576,574.28	2.26%	116.40%
By geographical segment					
Jiangsu	12,326,360,162.73	51.02%	10,630,640,220.89	53.37%	15.95%
Outside Jiangsu	11,833,441,831.95	48.98%	9,287,302,017.27	46.63%	27.42%

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

√ Applicable □ N/A

Whether the Company needs to comply with disclosure requirements of special industry

No

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	23,186,902,149.00	5,527,417,445.92	76.16%	19.10%	-12.06%	8.45%
By product						
Liquor	22,913,294,724.76	5,392,639,632.08	76.47%	19.44%	-12.35%	8.54%
By geographical segment						

Jiangsu	11,612,135,696.98	2,984,613,499.51	74.30%	13.52%	-13.71%	8.11%
Outside Jiangsu	11,574,766,452.02	2,542,803,946.41	78.03%	25.28%	-10.06%	8.63%

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	2018	2017	YoY Change
Liquor	Sale volume	ton	214,051.34	215,950.8	-0.88%
	Output volume	ton	211,606.75	220,136.14	-3.87%
	Stock	ton	24,863.94	27,308.53	-8.95%
Wine	Sale volume	ton	5,288.96	5,212.34	1.47%
	Output volume	ton	6,315.57	5,283.01	19.54%
	Stock	ton	1,360.62	334.01	307.36%

Reason for any over 30% YoY movements in the data above

Applicable N/A

The increase of 307.36% YoY in inventory of wine was mainly due to the wine imported with original packaging and stock in advance by the end of 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	2018		2017		YoY Change
		Amount	As a percentage of cost of sales	Amount	As a percentage of cost of sales	
Liquor		5,527,417,445.92	87.00%	6,285,763,095.97	94.08%	-12.06%

Unit : CNY

By product segment	Item	2018		2017		YoY Change
		Amount	As a percentage of cost of sales	Amount	As a percentage of cost of sales	
Liquor	Raw materials	4,397,294,002.46	69.21%	4,243,329,762.51	63.51%	3.63%
Liquor	Labor costs	597,717,848.21	9.41%	541,519,432.79	8.11%	10.38%
Liquor	Fuels and energy	246,871,521.50	3.89%	212,403,387.26	3.18%	16.23%
Liquor	manufacturing overhead	280,144,635.22	4.41%	263,652,646.09	3.95%	6.26%
Liquor	Consumption tax and	5,389,438.53	0.08%	1,024,857,867.32	15.34%	-99.47%

	surcharges					
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Note:

The change of consumption tax paying method from withholding and remitting tax by trustee to direct payment by the Company required by the government took effect from September 1, 2017. In addition, the accounting method of consumption tax changed from the cost of production of manufacturing consignment to the taxes and surcharges generated from producing and selling liquor by the company. It results in that the consumption tax and additional proportion of alcohol operating costs have been greatly reduced in the reporting period.

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

Yes No

The subsidiary newly consolidated in current year

Name	Measure of acquisition
Jiangsu Yanghe Investment Management Co.,Ltd.	Newly establishment
Su Wine Group Nanjing Operation Management Co.,Ltd.	Newly establishment
Jiangsu Zhongshiji Wine Industry Co.,Ltd.	Newly establishment

The subsidiary corporation no longer consolidated in current year

Name	Reason
Sihong Shuangtai Package Co.,Ltd.	Liquidation and cancellation
Nanjing Huiteng Media Technology Co.,Ltd.	Merger and cancellation

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)	1,026,614,241.91
Total sales from top five customers as a percentage of the total sales	4.24%
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	372,603,918.77	1.54%
2	Customer B	278,972,563.82	1.15%
3	Customer C	147,781,342.09	0.61%

4	Customer D	114,297,391.06	0.47%
5	Customer E	112,959,026.17	0.47%
Total	--	1,026,614,241.91	4.24%

Other information on major customers

Applicable N/A

Major suppliers of the Company

Total purchase from top five suppliers (CNY)	1,359,969,302.30
Total purchase from top five suppliers as a percentage of the total sales	32.37%
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	480,481,683.60	11.44%
2	Supplier B	266,134,208.40	6.33%
3	Supplier C	254,419,918.30	6.06%
4	Supplier D	196,368,731.20	4.67%
5	Supplier E	162,564,760.80	3.87%
Total	--	1,359,969,302.30	32.37%

Other information on major suppliers

Applicable N/A

2.3. Expense

Unit : CNY

	2018	2017	YoY Change	Reason for any significant change
Selling and distribution expenses	2,561,401,628.22	2,387,447,107.05	7.29%	
General and administrative expenses	1,704,265,102.61	1,506,402,859.73	13.13%	
Finance expenses	-65,138,636.76	-33,912,331.47	-92.08%	Increased cash and cash equivalents leads to increased interest income on deposits in the current period, which makes finance expenses decline.
R&D expenses	27,565,217.63	25,745,247.20	7.07%	

2.4. R&D input

Applicable N/A

During the reporting period, the Company established the microbiological database of brewing microecology in Yanghe region, promoted the in-depth research on the healthy substances of mellow liquor, optimized the production process parameters of raw liquor, established the new selection method, and realized the great improvement of the liquor body fullness and mellow thickness. At the same time, in the aspect of intelligent brewing, the Company has made top-level design in advance and established six standard process modules to promote the Company's transformation to intelligent manufacturing.

During the reporting period, the Company won 6 provincial science and technology awards and 2 invention patents. Two scientific and technological achievements, such as "Dream-blue handcraft class health effect research and application", have passed the national appraisal, and the technical level has been highly evaluated by academicians and experts, which is of great significance to the industry development and liquor health research.

Information about R&D input

	2018	2017	YoY Change
Number of R&D personnel	393	348	12.93%
R&D personnel as a percentage in total employees	2.57%	2.32%	0.25%
R&D input(CNY)	32,880,110.63	37,807,634.80	-13.03%
R&D input as a percentage in operating revenues	0.14%	0.19%	-0.05%
Capitalized R&D input(CNY)	5,314,893.00	12,062,387.60	-55.94%
Capitalized R&D input (as a) percentage in total R&D input	16.16%	31.90%	-15.74%

Reasons for any significant YoY change in the percentage of the R&D input in the operating revenues

Applicable N/A

Reason for any sharp variation in the percentage of the capitalized R&D input and rationale

Applicable N/A

2.5. Cash flows

Unit : CNY

Item	2018	2017	YoY Change
Subtotal of cash inflows from operating activities	29,598,814,116.52	24,139,022,765.44	22.62%

Subtotal of cash outflows from operating activities	20,542,065,300.24	17,255,852,966.13	19.04%
Net cash flows from operating activities	9,056,748,816.28	6,883,169,799.31	31.58%
Subtotal of cash inflows from investing activities	35,262,332,061.45	30,970,188,282.84	13.86%
Subtotal of cash outflows from investing activities	38,611,674,185.80	35,131,210,561.81	9.91%
Net cash flows from investing activities	-3,349,342,124.35	-4,161,022,278.97	19.51%
Subtotal of cash inflows from financing activities	1,500,000.00		
Subtotal of cash outflows from financing activities	3,842,859,037.00	3,417,116,090.61	12.46%
Net cash flows from financing activities	-3,841,359,037.00	-3,417,116,090.61	-12.42%
Net increase in cash and cash equivalents	1,865,395,431.79	-706,674,482.79	363.97%

Explanation of why the data above varied significantly

Applicable N/A

The increase of 31.58% YoY of net cash flows from operating activities was mainly due to the increase of sales revenue in the current period which resulted in the increase of cash inflows from operating activities is more than cash outflows from operating activities.

The increase of 363.97% YoY of net increase in cash and cash equivalent was mainly due to the increase of sales revenue in the current period which resulted in the increase of net cash flows from operating activities, and the decrease of net cash flows from investing activities compared to last year.

Explanation of main reasons leading to 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-corebusiness

Applicable N/A

Unit : CNY

	Amount	As a percentage of total profits	Formation reasons	Sustainability
Investment income	918,292,794.49	8.47%	Mainly due to the investment income generated by financial management and the investment income	No

			generated by the holding and disposal of available-for-sale financial assets	
--	--	--	--	--

4.Assets and liabilities

4.1 Significant changes of asset items

Unit : CNY

	As at the end of 2018		As at the end of 2017		Change in percentage	Explanati on about any significant changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash and cash equivalents	3,615,348,307.97	7.29%	1,751,452,876.18	4.05%	3.24%	
Accounts receivable	5,419,314.60	0.01%	8,485,382.83	0.02%	-0.01%	
Inventories	13,892,118,587.74	28.03%	12,861,503,434.11	29.73%	-1.70%	
Long-term equity investments	9,423,328.82	0.02%	1,980,046.94	0.00%	0.02%	
Fixed assets	7,833,665,282.19	15.81%	8,249,559,468.26	19.07%	-3.26%	
Construction in progress	154,535,104.82	0.31%	235,219,521.41	0.54%	-0.23%	
Long-term borrowings	109,088.00	0.00%	145,452.00	0.00%	0.00%	

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	Closing balance
Financial Asset							
3.Available-for-sale financial assets	0.00	-140,593,969.30	-140,593,969.30		425,350,132.53		284,756,163.23
Subtotal of financial assets	0.00	-140,593,969.30	-140,593,969.30		425,350,132.53		284,756,163.23
Total	0.00	-140,593,969.30	-140,593,969.30		425,350,132.53		284,756,163.23
Financial liabilities	0.00	0.00	0.00		0.00		0.00

Whether measurement attribution of main assets changes significantly for the year

Applicable N/A

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
1,035,447,337.86	636,340,416.13	62.72%

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 g balance	Capital source
Stock	425,350,132.53	-140,593,969.30	-140,593,969.30	425,350,132.53	0.00	16,308,806.79	284,756,163.23	Owned fund
Total	425,350,132.53	-140,593,969.30	-140,593,969.30	425,350,132.53	0.00	16,308,806.79	284,756,163.23	--

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	20,919,000,581.47	6,304,466,480.18	23,255,391,278.03	7,162,512,056.56	5,451,435,460.35
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	Subsidiary	Production and sales of liquor and spirit	110,000,000.00	5,555,777,196.12	1,230,608,893.73	1,327,090,626.35	795,195,752.50	860,986,757.53
Jiangsu Shuanggou Liquor Operation Co.,Ltd	Subsidiary	Wholesaling and retailing of prepackaged food	5,000,000.00	3,936,234,566.37	996,006,490.09	2,989,316,863.12	1,310,202,119.41	982,914,861.88

Acquisition and disposal of subsidiaries during the reporting period

Applicable N/A

Subsidiary name	How subsidiary was acquired or disposed during the reporting period	Impact on overall operation and results(CNY)
Jiangsu Yanghe Investment Management Co.,Ltd.	Establishment	Tiny
Su Wine Group Nanjing Operation Management Co.,Ltd.	Establishment	Tiny
Jiangsu Zhongshiji Wine Industry Co.,Ltd.	Establishment	Tiny
Sihong Shuangtai Package Co.,Ltd.	Liquidation and cancellation	No
Nanjing Huiteng Media Technology Co.,Ltd.	Merger and cancellation	No

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 2018, benefiting from the expansion and upgrading of consumption and the structural transformation, the liquor industry has shown a good development trend of steady increase in production and marketing with improved efficiency and optimized structure. According to the statistics released by the National Bureau of Statistics, the total output of liquor enterprises above designated size was 8,712 thousand liters, up by 3.14% year on year. The accumulated sales revenue reached CNY 536.3 billion, up 12.86% year on year. The cumulative profit reached CNY 125 billion, up 29.98% year on year. The liquor industry has entered a new stage of steady growth and further optimized its structure.

Second, the pattern of liquor industry gradually formed. In 2018, the competition of liquor industry market became more intensified. Famous liquor enterprises continuously strengthened its competitive advantages in aspects of product, brand, channel and market. Whether it is high-end, secondary high-end, middle-end or low-end, the enterprises have gradually achieved nationalization, or formed the representative brands in each mainstream of consumption level. The development of liquor industry structure and competition situation is gradually formed, and it will be further strengthened in future market competition.

Third, the trend of liquor industry concentration is increased obviously. In 2018, the Matthew effect of liquor industry was highlighted, and leading liquor enterprises continued to maintain rapid growth with the growth rate significantly higher than the average level of the industry. The total operating revenue and profit of the top three leading enterprises accounted for 25.70% and 64.22% of the total operating revenue and profit of liquor enterprises above the designated size, which increased by 2.9% and 0.81% respectively in 2017. With the increasing concentration of liquor industry, leading enterprises are expected to seize more shares in the future market competition.

9.2. Future development strategy and next business plan

(1)Future development strategy

In 2019, the Company will continue to adhere to the "Wu Du Wu Mi" strategy, aiming to become the most knowledgeable, most brewing, most selling companies, the most dedicated, the most professional and the most far-sighted liquor company in the industry

The more long-term development goal is to make the Company become a leader that continuously crosses the life cycle and has a long-lasting satisfactory performance.

(2)2019 business plan

In 2019, facing the complex and changeable development situation, the Company's overall working idea is to become more stable at the helm and to go far with full sail. It fully implements the "1246 project", and promotes the high-quality, healthy and sustainable development of the enterprise.

The so-called "1246" project: "1" is to firmly establish a stand. The Company adheres to the law of brand growth cycle, implements of various strategies with innovation, and promotes better and faster development of the market.

"2" refers to going all out for two big goals. First, the Company aims to make a revolutionary breakthrough in the mellowness of liquor. Focusing on the in-depth application of mellowness mechanism, the Company comprehensively improves the product personalization, specialization and post-drinking comfort, which leads the liquor market consumption trend, and creates the touching and pleasure of consumers. The second goal is to realize a 12%+ year on year increase in 2019 revenue.

"4" refers to the four cores of deliberate transformation. The first is consumption upgrading. In line with the development trend of consumption upgrading, the Company thinks deeply and studies the consumer psychology, and accurately grasps the direction of consumption upgrading. The second is industry differentiation. The Company seizes the opportunity of industry differentiation, grabs the terminal consumers, and further improves the market share. Third, information overload. In view of the media characteristics in the information flooding era, the Company conducts in-depth research and improves the communication efficiency, and tells a good brand and quality story comprehensively. Fourth high-dimensional competition. The Company finds and enters the high-dimensional blue sea of competition by means of advantage reengineering, pattern innovation and ecosphere construction.

"6" refers to the six powers of perseverance. One is to achieve the best product force. The Company strives for improvement in quality, breakthroughs in technology, and characteristic creation in image, coverage in layout. The Company promotes the application of mellowness mechanism, and achieves continuous improvement in mellow quality. Second is to form the deeply-rooted brand power. Focused on new brands, new marketing, and new content, the Company optimizes the mode of communication and uses of efficient media to create a deeply-rooted brand power, and helps the steady development of marketing. Third is to shape both offensive and defensive channels elaborately. The Company adheres to taking up more market share in the long run by creating more incremental amount, and actively does a good job in the high-end breakthrough. The Company promotes the transformation of channels and creates comprehensive channel perfection. Fourth is to approve the strong and reliable supporting forces continuously. The Company establishes a more scientific and reasonable assessment system to promote accurate marketing assessment, deepens long-term management, and improves basic management level comprehensively, so as to provide strong guarantee for the front line of marketing; The fifth is to enhance innovation ability to prepare the Company for the future. The Company adheres to a high sense of crisis and advanced planning, with focusing on digital operations, strategic research, capital management, supply chain management and other work. It creates a new driving force for enterprise development. Sixth is to form high-spirited state of cultural power elaborately. The Company strengthens the height of political stand, adheres to the scientific and pragmatic attitude, and stimulates the spirit of striving for the first. These works are done for the well-being of the staff, the interests of share holders,

the development of enterprises, making contributions to the society, and comprehensively sublimating the cultural power of common prosperity and sharing.

(3) Possible risks

First is the risk of macroeconomic uncertainty. International economic environment is unpredictable, and domestic economic downward pressure is still. Adjustment and change of Liquor industry policy may affect the healthy growth of liquor enterprises.

Second is the risk of intensified market competition. The main competitive enterprises pay more attentions to marketing work, increase investment intensity, strengthen channel construction, further develop the terminal, which makes the market competition more intense.

Third is the risk of new channel impact. At present, the liquor circulation enterprises represented by 1919 and liquor convenience have developed rapidly, including the development of new Internet retail, which brings uncertainty to the channel construction of liquor enterprises.

Fourth is the risk of consumption concept change. Consumers pay more attention to the concept of healthy life. At the same time, with the adjustment of the age structure of the drinking population, the liquor consumption preference in daily life has decreased, and the liquor consumption shows a trend of diversified development.

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
30 January 2018	Field survey	Institution	Log Sheet of Investor Relations Activities for 30 January 2018 on www.cninfo.com.cn (No : 2018-001)
5 March 2018	Field survey	Institution	Log Sheet of Investor Relations Activities for 5 March 2018 on www.cninfo.com.cn (No : 2018-002)
2 May 2018	Telephone communication	Institution	Log Sheet of Investor Relations Activities for 2 May 2018 on www.cninfo.com.cn (No : 2018-003)
7 May 2018	Other	Other	Log Sheet of Investor Relations Activities for 7 May 2018 on

Date of visit	Way of visit	Type of visitor	Index to main inquiry information
			www.cninfo.com.cn (No : 2018-004)
15 May 2018	Telephone communication	Institution	Log Sheet of Investor Relations Activities for 15 May 2018 on www.cninfo.com.cn (No : 2018-005)
23 May 2018	Field survey	Other	Log Sheet of Investor Relations Activities for 23 May 2018 on www.cninfo.com.cn (No : 2018-006)
19 July 2018	Field survey	Institution	Log Sheet of Investor Relations Activities for 19 July 2018 on www.cninfo.com.cn (No : 2018-007)
7 September 2018	Field survey	Institution	Log Sheet of Investor Relations Activities for 7 September 2018 on www.cninfo.com.cn (No : 2018-008)
13 September 2018	Field survey	Institution	Log Sheet of Investor Relations Activities for 13 September 2018 on www.cninfo.com.cn (No : 2018-009)
20 September 2018	Field survey	Institution	Log Sheet of Investor Relations Activities for 20 September 2018 on www.cninfo.com.cn (No : 2018-010)
7 November 2018	Field survey	Institution	Log Sheet of Investor Relations Activities for 7 November 2018 on www.cninfo.com.cn (No : 2018-011)

Section V Significant Events

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

Formulation, execution or adjustments of profit distribution policy, especially cash dividend policy, for common shareholders in the reporting period

√ Applicable N/A

On 23 May 2018, the Company held 2017 annual shareholders' meeting, and the plan for profit distribution for 2017 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 2017, the Company distributed a cash dividend of CNY25.5 (tax inclusive) per 10 shares to all shareholders. The total cash dividend is CNY 3,842.8194 million (tax inclusive). The book closure day was 21 June 2018 and the ex-right & ex-dividend day 22 June 2018.

A special statement of the policy of cash dividends	
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 clear.	Yes
Whether the relevant decision-making process and systems 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:

Preliminary plan for profit distribution for 2018: Based on its total of 1,506.988 million shares as at 31 December 2018, the Company is to distribute a cash dividend of CNY32 (tax inclusive) per 10 shares to all shareholders. The total cash dividend is CNY4,822.3616 million (tax inclusive).

Plan for profit distribution for 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 to all shareholders. The total cash dividend is CNY 3,842.8194 million (tax inclusive). The book closure day was 6 June 2018 and the ex-right & ex-dividend day was 21 June 2018.

Plan for profit distribution for 2016: Based on its total of 1,506.988 million shares as at 31 December 2016, the Company distributed a cash dividend of CNY 21 (tax inclusive) per 10 shares to all shareholders. The total cash dividend is CNY 3,164.6748 million (tax inclusive). The book closure day was 15 June 2017 and the ex-right & ex-dividend day was 16 June 2017.

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	Ratio of cash dividends in other forms	Total cash dividends (including other forms)	Ratio of cash dividends (including other forms)
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%
2016	3,164,674,800.00	5,827,168,870.88	54.31%	0.00	0.00%	3,164,674,800.00	54.31%

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

Applicable N/A

2. Preliminary 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)	32.00
Additional shares converted from capital reserves for every 10 shares (share)	0
Total shares as the basis for the preliminary plan for profit distribution (share)	1,506,988,000
Total cash dividends (CNY) (tax inclusive)	4,822,361,600.00
Cash dividends in other forms (e.g. repurchase share)	0.00
Total cash dividends (CNY) (including other forms)	4,822,361,600
Distributable profit (CNY)	21,942,516,695.42
Percentage of cash dividends in the total distributed profit (including other forms)	100%

Information of the 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 Jiangsu Suyu Jincheng CPA LLP, the Company realized a net profit of CNY 7,047,875,821.74 for 2018 (consolidated statements attributable to shareholders of the parent company net profit of CNY 8,115,189,794.69). It provided CNY 0 as statutory surplus reserves. Plus undistributed profit at the beginning of the year of CNY 18,737,460,273.68 and minus the distributed profit of CNY 3,842,819,400, the actual distributable profit would be CNY 21,942,516,695.42. In line with both the long-term development needs of the Company and the principle of giving appropriate returns to shareholders, based on its total of 150,6.99 million shares, the Company is to distribute a cash dividend of CNY 32 (tax inclusive) per 10 shares to all shareholders. The total cash dividend is CNY 17,120,155,095.42. Accounting for 59.42% of the net profit attributable to the parent company's shareholders. The remaining undistributed profit of CNY 17,120,155,095.42 shall be carried forward for future distribution.

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 in the reporting period or ongoing at the period-end

√ 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 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	2009.08.26	Long-term	In progress

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Degree of performance
			<p>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 not used. The status of making a person damages the interests of the shareholders of a joint stock company and other shareholders and does not occur in the case of new share holding companies.</p>			
	Jiangsu Blue Alliance Joint-Stock Co., Ltd.	Horizontal competition, related transactions	<p>The commitment to avoid horizontal competition:</p> <p>1. The company is mainly</p>	2017.11.23	Long-term	In progress

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Degree of performance
		and capital occupation	<p>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.</p> <p>2. If the company violates the above commitment, the issuer has the right to claim compensation for the economic loss resulting from the issuer, and to pay a liquidated penalty of CNY 5 million, and the right to purchase the business item at the market price of the business item or the establishment of a cost price (which is the principle of the lowest value).3. This undertaking shall enter into force on the date of signing, and shall not be revoked without the consent of the issuer.</p>			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	<p>After a year of trading in the stock exchange, the shares of the issuer will not exceed 25% of the total number of shares held by the issuer, and the issuer's shares and changes in the shares are declared to the issuer in a timely manner.</p>	2017.11.23	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	<p>Shareholders of Blue Sky Trade, as directors, supervisors and senior managers, made the commitment:</p> <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>	2017.11.23	Long-term	In progress

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Degree of performance
			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.			
	Zhong Yuye	Other undertaking	Shareholders of Blue Ocean Trade, as directors, supervisors and senior managers, made the commitment: 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 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. 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.	2017.11.23	2019.03.23	In progress
Equity incentive commitment						
Other undertakings to non-controlling shareholders						
Whether the undertaking is fulfilled on time	Yes					
Specific reasons for failing to fulfill any undertaking and plan for the next step	None					

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

According to the notice of the ministry of finance on the *Revision and Issuance of the General Corporate Financial Statement Format for 2018* issued on June 15, 2018 (CaiKuai [2018] No. 15), the Company has revised the financial statement format as follows:

1. Balance sheet: merge the original "notes receivables" and "accounts receivables" items into "notes and accounts receivables"; Merge the original items of "interest receivables", "dividend receivables" and "other receivables" into "other receivables"; Merge the original "fixed assets" and "fixed assets liquidation" projects into "fixed assets"; Merge the original "project materials" and "construction in progress" into "construction in progress"; Merge the original "notes payable" and "accounts payable" items into "notes and accounts payables"; Merge the original "interest payable", "dividends payable" and "other payables" into "other payables"; Merge the original "long-term payables" and "special payables" into "long-term payables".
2. Income statement: separate the "general and administrative expenses" project into the "general and administrative expenses" and the "research and development expenses"; Add "interest expenses" and "interest income" under "financial expenses" in the income statement.
3. Statement of changes in owners' equity: add the item "change in defined benefit plan carried forward retained earnings".

The event of changes in Accounting Policies has been reviewed and approved by the sixth meeting of the sixth board of directors.

Details of the affected items in the financial statements at the beginning and last period (December 31, 2017 /2017 year) are as follows:

Before the adjustment		After the adjustment	
Item	Amount (CNY)	Item	Amount (CNY)
Notes receivables	212,812,236.57	Notes and accounts receivables	221,297,619.40
accounts receivables	8,485,382.83		
Construction in progress	234,431,457.83	Construction in progress	235,219,521.41
Project materials	788,063.58		
Notes payables	8,200,000.00	Notes and accounts payables	1,119,603,574.47
Accounts payables	1,111,403,574.47		

Before the adjustment		After the adjustment	
Item	Amount (CNY)	Item	Amount (CNY)
General and administrative expenses	1,532,148,106.93	General and administrative expenses	1,506,402,859.73
		Research and development expenses	25,745,247.20

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

1. Establishment of subsidiaries

In June 2018, the Company and its owned subsidiary Su Wine Group Jiangsu Wealth Management Co.,Ltd. respectively subscribed CNY 150,000 to set up Jiangsu Yanghe Investment Management Co.,Ltd.. It will be included in the consolidated financial statements from June 2018.

In May 2018, the owned subsidiary Su Wine Group Trade Co., Ltd. subscribed CNY 50,000 to set up Su Wine Group Nanjing Operation Management Co.,Ltd.. It will be included in the consolidated financial statements from May 2018.

On 7 November 2018, the owned subsidiary Su Wine Group Trade Co., Ltd. subscribed CNY 10 million to set up Jiangsu Zhongshiji Wine Industry Co.,Ltd.. As of December 31, 2018, it has not made any actual investment. It will be included in the consolidated financial statements from November 2018.

2. Cancellation of subsidiaries

Sihong Shuangtai Package Co.,Ltd., the owned subsidiary in this period, conducted liquidation and cancellation. On May 29, 2018, it obtained the notice of company approval for cancellation registration issued by Sihong County Market Supervision and Administration Bureau. It will no longer be included in the consolidated financial statements from June 2018.

The owned subsidiary, Sue Wine Group Trade Co., Ltd. merged Nanjing Huiteng Media Technology Co.,Ltd.. On November 7, 2018, it obtained the notice of company approval

for cancellation registration issued by Nanjing Jianye District Market Supervision and Administration Bureau.

9. Engagement and disengagement of CPAs firm

CPAs firm at present

Name of the domestic CPAs firm	Jiangsu Suyajincheng CPA LLP
The Company's payment for the domestic CPAs firm (CNY'0,000)	190.8
Consecutive years of the audit service provided by the domestic CPAs firm	12
Names of the certified public accountants from the domestic CPAs firm	Xu Xuzhen, Kan Baoyong
Consecutive years of the audit service provided by the certified public accountants	Xu Xuzhen (5 years), Kan Baoyong (2 years)

Whether the CPAs firm was changed in the current period

Yes No

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

Applicable N/A

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

Applicable N/A

11. Bankruptcy and reorganization

Applicable N/A

No such cases in the reporting period.

12. Material litigation and arbitration

Applicable N/A

No such cases in the reporting period.

13. Punishments and rectifications

Applicable N/A

No such cases in the reporting period.

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

Applicable N/A

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

Applicable N/A

16. Significant related-party transactions

16.1. Related-party transactions arising from routine operation

Applicable N/A

No such cases in the reporting period.

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

Applicable N/A

No such cases in the reporting period.

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

Applicable N/A

No such cases in the reporting period.

16.4. Credits and liabilities with related parties

Applicable N/A

Whether there are non-operational related creditor's rights and debt transactions

Applicable N/A

No such cases in the reporting period.

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 asset management

17.3.1. Entrust assets management

Applicable N/A

Entrust assets in the reporting period.

Unit : CNY10, 000

Product type	Source of entrusted assets	Amount	Undue amount at the end of 2017	Overdue outstanding amount
Bank finance	Owned Fund	1,004,000	888,864.99	0
Trust finance	Owned Fund	856,710.36	856,710.36	0
Broker finance	Owned Fund	90,000	0	0
Other	Owned Fund	45,000	45,000	0
Total		1,995,710.36	1,790,575.35	0

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

√ Applicable □ N/A

Unit : CNY10,000

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings (if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference (if applicable)
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong - Assistant Fund No.190 Trust	15,000	Owned fund	23 June 2017	23 June 2019	Used for subscribing financial investment products	Cash	7.40%	2,220	1,106.96	0	0	Yes	Yes	
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong Trust-The Glory of the World No.26 Trust	10,000	Owned fund	30 June 2017	30 June 2019	CNY 12.8282 million was used for gaining 49% equity of Dasheng Group Shandong Property Co., Ltd.. The surplus funds deducting related expenses and credit insurance fund flowed into project company as a	Cash	7.60%	1,520	757.92	760	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)
							shareholder loan									
Western Trust Co.,Ltd.	Trust	Western Trust-Evergrande Enping Equity Investment Collective Fund Trust Plan	10,000	Owned fund	5 July 2017	5 October 2019	Used for capital increase in Evergrande Real Estate Group Enping Co.,Ltd.	Cash	7.40%	1,666.52	737.97	716.59	0	Yes	Yes	
Western Trust Co.,Ltd.	Trust	Western Trust-Tiandyuan (Phase V) Collective Fund Trust Plan	12,000	Owned fund	11 September 2017	11 September 2019	Used for development and construction of Qujiangxiangdu Block C Project by Xi'an Tiandyuan Real Estate Development Co., Ltd. and replacement of external financing	Cash	6.80%	1,632	813.76	797.55	0	Yes	Yes	
Shanxi International Trust Co.,Ltd.	Trust	Shanxi International Trust-Wuxi Railway	10,000	Owned fund	27 September 2017	27 September 2019	Used for development and construction	Cash	7.60%	1,520	757.92	745.45	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings (if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference (if applicable)
		Station North Square A Block Project Loan Collective Fund Trust Plan					n of Tainyu Garden Residential Project Phase I and Phase II 3-7# Building in Wuxi Railway Station North Square A Block in Liangxi Direct, Wuxi City by Wuxi Shimao Real Estate Development and Construction Co.,Ltd									
Shanxi International Trust Co.,Ltd.	Trust	Shanxi International Trust-Green Source Farmers Market Trust Loan Collective Fund Trust	10,000	Owned fund	31 October 2017	31 October 2019	Used for working capital supplement of offering trust loans to Green Source	Cash	7.70%	1,540	767.89	373.33	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings (if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference (if applicable)
		Plan					Farmers Market Co.,Ltd.									
Shanghai International Xintuo Trade Company	Trust	Shanghai Xintuo-Oceanwide Wuhan Yunhai Garden Collective Trust	10,000	Owned fund	9 November 2017	9 May 2019	Used for development and construction of Yunhai Garden Project (Block 24-1) by Wuhan CBD Investment & Development Co.,Ltd.	Cash	6.50%	972.33	648.22	0	0	Yes	Yes	
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong-Junzun No.1 Trust	15,000	Owned fund	15 December 2017	15 December 2019	Shanghai Jiangnan (Group) Co., Ltd. used the funds to repay existing debts and acquire equity shares of Sichuan Tengdun Technology Co.,Ltd.	Cash	8.00%	2,400	1,196.71	1176.99	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings (if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference (if applicable)
							and its operation service company									
Huarong International Trust Co.,Ltd,	Trust	Huarong - Lianyungang Tongke Equity Investment Collective Trust Plan	2,000	Owned fund	1 March 2018	1 March 2020	Used for the development and construction of the "Lianyungang Excellence Blue Coast " project of Tianqian Real Estate Company under Tongke Group	Cash	9.00%	360.49	150.41	144.27	0	Yes	Yes	
Western Trust Co.,Ltd.	Trust	Western Trust ·Rongxin Bowan Collection Fund Trust Plan	10,000	Owned fund	27 March 2018	27 June 2019	Used for the Xiamen Rongxin ·RongxinBowan project development of rongxin new field (Xiamen) Real Estate	Cash	8.80%	1,101.81	672.66	636.11	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.									
Avic Trust Co.,Ltd.	Trust	Avic Trust [2018]No.92Century Huatong Stock Pledge Fund Trust Plan	15,000	Owned fund	14 May 2018	14 May 2019	Used for stock pledge of the outstanding shares of Century Huatong (SZ. 002602), a listed company.	Cash	8.40%	1,260	797.42	0	0	Yes	Yes	
Shanxi International Trust Co.,Ltd.	Trust	Shanxi International Trust-Qidong HengdaOffshore Venice Collection Fund Trust Plan	15,000	Owned fund	25 May 2018	25 May 2019	Used for the transfer of the right to specific assets of Qidong HengdaOffshore Venice 4-3 parcel project legally held by Qidong Qinsheng real estate Co., Ltd.	Cash	8.60%	1,290	777.53	738.66	0	Yes	Yes	
Minmetals International Trust Co.,Ltd.	Trust	Minmetals International Trust-Unitrust No.32 -	15,000	Owned fund	27 June 2018	27 June 2019	Used for the development and	Cash	8.50%	1,275	614.79	614.79	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)
		Changli Wenzeng No.66 Collection Fund trust Plan					construction of Nanjing Pukou Pujiang Street G24 plot under the name of Nanjing Shirong Real Estate Co., Ltd.									
Shanghai International Xintuo Trade Company	Trust	Shanghai International Xintuo-Wuxi Huajun Bond Investment Fund Trust Plan	5,000	Owned fund	27 September 2018	26 September 2019	To invest in the special creditor's rights of Wuxi Huajun Real Estate Development Co., Ltd., a subsidiary of zhuhai Huafa Industrial Co., Ltd., as the debtor	Cash	7.20%	360	0	0	0	Yes	Yes	
Avic Trust Co.,Ltd.	Trust	Avic Trust.Apocaly	10,000	Owned fund	28 September	27 September	Used for granting	Cash	9.00%	900	204.66	204.66	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)
		pse [2017] No.675 Kunming Longxi Huating Trust Loan Collection Fund Trust Plan			2018	er 2019	trust loans to Yunnan Kaimou Real Estate Development Co., Ltd., specifically for the "Evergrande Longxi Huating" project in the main urban area of Kunming									
Avic Trust Co.,Ltd.	Trust	Avic Trust.Apocalypse No.556Tianchengjufu Investment Fund	40,000	Owned fund	19 December 2018	19 June 2019	Used for subscribing financial investment products or other projects and products permitted by the laws and regulations such as deposit in bank, money	Cash	7.80%	1,555.73	102.58	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)
							market fund and corporate bonds									
Total		--	204,000	--	--	--	--	--	--	21,573.88	10,107.40	--	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 *2018 Annual Social Responsibilities Report* in detail on www.cninfo.com.cn on 30 April 2019.

18.2 Information about targeted poverty alleviation

18.2.1 Targeted poverty alleviation plan

According to the overall arrangement of the Suqian municipal party committee and the municipal government on poverty alleviation and building a well-off society with the work of "guancun baohu" and "three into three help", the Company actively responded to the call and quickly implemented the relevant requirements with practical actions to practice the spirit of enterprise and take bravely social responsibility.

In 2018, the Company earnestly implement the spirit of the 19th National Congress of the Communist Party of China with precision in poverty alleviation and speeding up poverty as own duty, around support mission support plan carefully. The Company established village collective project - cattle farm for Qiuzhaung village. On each quarter, the Company visited 200 farmers from Taiping village and Dagou village in depth so as to collect information on the application called Sunny Poverty Alleviation and ensure that the "gucun baohu" work with high quality and efficiency. It promotes the rural development, and enhances the farmers' income, strengthens the relationship between cadres and masses, and makes due contributions to "liang ju yi gao" work.

18.2.2 Summary of annual targeted poverty alleviation

According to the requirements of the municipal poverty relief office and sunshine office, the Company has done a good job in "guancun baohu" work. The Company has linked up with Qiuzhuang village in Yanghe New District, and each branch is responsible for the assistance work for 200 low-income households in Daguo village and Taiping village, among which 99 households are in Taiping village and 101 in Daguo village. After three consecutive years of assistance, by the end of 2018, the tasks of pairing assistance were completed according to the schedule. The collective economic income of Qiuzhuang village was CNY 240,000 in 2018, exceeding the annual task requirement. At the same time, the Company organized and carried out special poverty alleviation activities, such as "taking the grassroots level, emphasizing policies, adjusting structures, helping the three summers", and consoling with party members in difficulties or being ill.

18.2.3 Poverty alleviation achievement

Indicator	Unit	Amount/Implementation Situation
A.Overall situation	—	—
Including : 1.Fund	CNY 10,000	479.5
2.Goods converted into cash	CNY 10,000	7.13
3.Establishing card for archives of poor people out of poverty	Person	201
B. Input by project	—	—
1.Industrial development	—	—
Including : 1.1 Types of poverty alleviation projects for industrial development	—	Poverty alleviation through agriculture and forestry
1.2Number of poverty alleviation projects for industrial development	Item	1
1.3Amount invested in poverty alleviation projects for industrial development	CNY 10,000	15
2.Transfer and employment	—	—
3.Removal and relocation	—	—
4.Educational poverty alleviation	—	—
5.Health poverty alleviation	—	—
6.Ecological protection	—	—
7.Basic guarantee	—	—
8.Social poverty alleviation	—	—
9.Other project	—	—
Including : 9.1.Item	Item	5
9.2.Input amount	CNY 10,000	471.63
C. Awards (content and level)	—	—

18.2.4 Follow-up poverty alleviation plan

a. Key follow-up the guacun work. The project helps promote "hematopoietic" poverty alleviation. It mainly follows up the collective economic assistance project of Qiuzhuang village in the linked village -- the contracted operation project of cattle farm, and strives to achieve the expected results. Taking "Party member activity day" and "National poverty alleviation day" as the starting point, the Company gives full play to the leading role of party members and cadres, and timely provides technical and operational support for the cattle farm project. With the village committees, the Company will comb the village economic development projects in new year, revitalize the existing village collective assets, mobilize the enthusiasm of every villager. In addition, it plans to invest CNY 200,000 to help Qiuzhuang village transfer 200 mu of collective land, and establish collective estate and create new collective economic growth point.

b. Carry out the "Baohu" work in depth. In 2019, the Company will continue to carry out the pairing support work. In the process, the Company will strengthen organizational leadership, clear work task, adhere to carrying out the task and taking the responsibility with poverty alleviation funds, and seriously implement the support work. The Company will mobilize the person in charge of each branch to conduct a detailed investigation into basic information of pairing families, children of unemployment situation, their children to school, the causes for the extremely poor farmers poverty and income situation through holding seminars and visiting the masses, which helps solve their difficulties in production and living.

c. Create profile and dynamic tracking. With the application called Sunny Poverty Alleviation, the Company will establish a basic information database for helping and supporting households, which forms a dynamic information feedback mechanism with timely follow-up and upgrade. According to the dynamic tracking of information obtained by each visiting such as basic information of pairing families, children of unemployment situation, their children to school, the causes for the poverty of extremely poor farmers, the Company deeply understands the number of difficult farmers, the cause for poverty, difficulty level, farmers' specialty and employment demand. According to the different situation of each pair at different times, the Company makes more reasonable and effective support measures in time, and timely implement relevant policies in supporting these households.

d. Responsibility to person and long-term management. Pairing-in relationship is relatively stable. In principle, the Company holds on straight to the end for poverty alleviation. At the same time, the supervision, inspection and assessment of the person responsible for helping the poor should be strengthened, and the poverty alleviation work should be included in the company's "Gold party branch" assessment. Party members or branches that have achieved remarkable results in helping the poor and can play an exemplary role in the branch should be commended, so as to mobilize the enthusiasm of the branch in helping the poor and ensure the high-quality and efficient "one-to-one help". At the same time, "trace management" is implemented to help establish the work ledger. It is required that the person responsible for the assistance should fill in the interview record and other relevant information in the poverty alleviation manual and other relevant materials for later inspection when they carry out the visit and investigation. The party

committee of the Company shall conduct random inspection on the visits of the persons responsible for the assistance every quarter, collect and listen to the comments on the persons in charge by poor villagers, and check the work ledger of the assistance.

e. Targeted policies and targeted poverty alleviation. According to difficulties of overcoming poverty and urgent measures, the Company develops a feasible plan against poverty and analyzes the poverty alleviation situation in the process. For "one-to-one" assistance, the responsible persons for assistance are mobilized to conduct in-depth communication in the homes of paired families to truly understand where poverty is caused, and the responsible persons for assistance are urged to make targeted policies according to the actual situation of the objects of assistance. In line with the principle of "what you lack and what is supplied, what you need and what is helped", the Company explores ways to address both symptoms and root causes, comprehensively develop new approaches, broaden the thinking and provide accurate help.

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 nitrogen Total phosphorus	Indirect discharge	1	Within site	COD:107mg/L;Ammonia nitrogen:5.8mg/L;Total nitrogen:24.3mg/L;Total phosphorus : 2.1mg/L	COD:400mg/L;Ammonia nitrogen :30mg/L;Total nitrogen:50mg/L;Total phosphorus:3mg/L	COD:260.72 ton; Ammonia nitrogen:15.38ton;Total nitrogen:69.42 tons;Total phosphorus : 5.76 tons (2018)	COD:293 ton per year;Ammonia nitrogen:17.2 tons per year;Total nitrogen:78 tons per year;Total phosphorus:6.62 tons per year	No
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	COD Ammonia nitrogen	Indirect discharge	2	New and old factory area	COD:130mg/L;Ammonia nitrogen:5mg/L	COD:400mg/L;Ammonia nitrogen:35mg/L	COD:67.34 tons; Ammonia nitrogen :2.59 tons (2018)	COD:540.61tons per year;Ammonia nitrogen:56.31 tons per year	No
Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. Siyang Branch	COD Ammonia nitrogen Total nitrogen Total phosphorus	Indirect discharge	1	Within site	COD:160mg/L;Ammonia nitrogen :9mg/L;Total nitrogen:35mg/L;Total phosphorus:1.5mg/L	COD:400mg/L;Ammonia nitrogen :30mg/L;Total nitrogen:40mg/L;Total phosphorus:3mg/L	COD:118.2 tons;Ammonia nitrogen:12.56 tons;Total nitrogen:29.56 tons;Total phosphorus : 2.21 tons (2018)	COD:672 tons per year;Ammonia nitrogen:42 tons per year	No
Guizhou Guijiu Co.,Ltd.	COD Ammonia nitrogen Sulfur dioxide	Direct discharge after treatment up to the standards	1	Within site	COD : 21mg/L;Ammonia nitrogen:0.64mg/L;S	COD;100mg/L;Ammonia nitrogen:15mg/L;Sulfur	COD:1.6 tons;Ammonia nitrogen:0.05 tons ;Sulfur	COD:2.06 tons per year;Ammonia nitrogen:0.31tons per year;Sulfur	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
	Nitrogen oxide				Sulfur dioxide:0.1mg/L; Nitrogen oxide:88.5mg/L	dioxide :550mg/L; Nitrogen oxide:400mg/L	dioxide :0.001tons; Nitrogen oxide:3.28 tons (2018)	dioxide :52.5 tons per year; Nitrogen oxide:17.2 tons per year	
Hubei Lihuacun Liquor Industry Co.,Ltd.	COD Ammonia nitrogen	Indirect discharge	1	Within site	COD:132mg/L; Ammonia nitrogen:14.1mg/L	COD:400mg/L; Ammonia nitrogen:30mg/L	COD:0.492 ton; Ammonia nitrogen:0.0525 ton (2018)	COD:14.2 ton per year; Ammonia nitrogen:1.42 tons per year	No

Construction and operation of pollution prevention and control facilities

a. The 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. In 2018, the sewage treatment station implements efficient investment item upgrade project, mainly including anaerobic maintenance, cooling of biochemical pool, upgrade of intelligent parameter monitoring and total nitrogen etc. The total investment is CNY 10.871 million. After the implementation, the anaerobic treatment unit of the sewage treatment station can produce 4.417 million stere biogas per year. The steam production can reach 60,900 tons. The annual economic benefit from steam production is CNY 12 million. The annual amount of biogas increased 36.82% year on year and steam production increased 37.22% year on year.

b. The sewage treatment station in Shuanggou Distillery New Area was completed and put into use at the end of September 2013, with a total 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 130mg/l respectively. The effluent COD and ammonia nitrogen concentration are about 130mg/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". In the past three years, there have been no environmental pollution accidents or penalties by environmental protection departments in Shuanggou Distillery. 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.

c. The sewage treatment station of Siyang Branch of the Company covers an area of about 15,000 square meters, with a total investment of CNY 50 million. The construction started in April 2014 and was completed in June 2015. On December 28, 2015, it was officially accepted by the environmental protection department. 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 CB27631-2011". In 2018, Siyang sewage treatment station implements efficient investment item upgrade project, mainly including anaerobic maintenance, cooling of biochemical pool , upgrade of intelligent parameter monitoring and total nitrogen etc.. After the implementation, the anaerobic treatment unit of the sewage treatment station can produce 4.67 million stere biogas per year. The steam production can reach 63,000 tons. The annual economic benefits from steam production is CNY 12.7468 million. The annual amount of biogas increased 24.5% year on year and steam production increased 24.5% year on year.

d. The sewage treatment system of Guijiu Company 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. 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 . The solid waste (distillers' grains) 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. 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. At the same time, the planting around the high-noise buildings is strengthened to achieve the goal of noise reduction. The Company uses anaerobic UASB /good oxygen (contact oxidation) to treat mixed sewage in production and living. At the same time, the Company installed COD, ammonia nitrogen, PH, and flow meter automatic monitoring instrument, and prepared ledgers for all operating facilities and equipment; The equipment is in good condition.

e. The waste water of Lihuacun Liquor Industry is treated by combined process; 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 32000020140595, 32000020140604 and 32000020140594 respectively. The emergency plan of environmental emergencies of Guijiu Company shall be put on record in the environmental supervision brigade of Xiuwen County and managed by Guizhou Province Environmental Emergencies Center. Lihuaacun Liquor Industry has formulated the emergency plan for environmental pollution accidents, which will be filed with Yunyang District Environmental Protection Bureau on September 2018.

Environmental self-monitoring programme

The Company, Shuanggou Distillery, Siyang Branch of the Company and Guijiu Company have all developed their own environmental monitoring programs and filed them with the competent authorities; Lihuaacun Liquor Industry failed to meet the minimum standards of the local environmental protection department (Yunyang District Environmental Protection Bureau) in terms of the scale of water used for production, and failed to develop an environmental self-monitoring plan.

Other environmental information that should be made public

N/A

Other environmental related information

a. Due to the online detection instrument failure of chemical oxygen demand (COD), the Company has four excess COD data in the monitoring platform of the environmental protection department, namely three on March 19, 2018 and one on May 5, 2018, which have been reported to the Suqian Environmental Protection Bureau by the third-party maintenance unit.

b. On November 15 2017, Jiangsu Province Environmental Protection Bureau inspected the sludge disposal and transfer in Siyang Branch of the Company according to "The production and use of industrial sludge disposal unit checklist (try out)". On February 23, 2018, the bureau released *The situation of the province of hazardous waste standardization management examination in 2017 bulletin (Su Huan Ban (2018) No. 58)*, which mentioned the the problem of nonstandard parameter records of sludge in Siyang Branch of the Company. The Environmental Protection Department of Jiangsu Province required the local environmental protection department to urge the enterprises to make rectification. The Siyang Branch of the Company quickly made the rectification plan and completed the rectification on May 30 2018. The rectification situation was timely reported to the Siyang County Environmental Protection Bureau, and the rectification measures and results met the requirements of the bureau.

c. In January 2018, the Company and Jiangsu Shuanggou Distillery Stock Co.,Ltd. were awarded the honorary title of Suqian Green Demonstration Enterprise. In December 2018, the Company was awarded the title of "Jiangsu Province Water-Saving Enterprise" again.

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 in 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, has subscribed the partnership shares of Suzhou Danqing Phase II Innovative Pharmaceutical Industry Investment Partnership (limited partnership). For details, please refer to the *Announcement on cooperation and investment with professional investment institutions (Announcement No: 2018-021)* and *Announcement on cooperation and investment with professional investment institutions (Announcement No: 2018-030)* disclosed by the Company on April 28 2018 and November 16 2018.

3. Jiangsu Yanghe Investment Management Co.,Ltd. will 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 June 22 2018.

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	264,793,987	17.57%	0	0	0	-6,291,811	-6,291,811	258,502,176	17.15%
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	264,793,987	17.57%	0	0	0	-6,291,811	-6,291,811	258,502,176	17.15%
Among which: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	15,313,987	1.02%	0	0	0	-6,291,811	-6,291,811	9,022,176	0.60%
4.Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Among which: 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	1,242,194,013	82.43%	0	0	0	6,291,811	6,291,811	1,248,485,824	82.85%
1.CNY common shares	1,242,194,013	82.43%	0	0	0	6,291,811	6,291,811	1,248,485,824	82.85%
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 the unlocked shares held by the Company's directors who left and the lock changes of shares held by some of current directors and executives during the reporting period after the reduction of their shares.

Approval of share changes

Applicable N/A

Transfer of share ownership

Applicable N/A

Implementation progress of share repurchases

Applicable N/A

Implementation progress of share buyback 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	Unlocked in this period	Increased in this period	Closing restricted shares	Reason for change	Date of unlocking
Zhou Xinhua	2,533,718	-375,000	0	2,158,718	Locked up due to current director position	N/A
Zhen Bujun	53,550	-4,800	0	48,750	Locked up due to current senior management position	N/A
Zhong Yuye	5,912,011	-5,912,011	0	0	Unlocked due to leave the director position	2018-8-9
Total	8,499,279	-6,291,811	0	2,207,468	--	--

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		36,382	Total number of common shareholders at the prior month-end before the disclosure date of the annual report		33,267	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	Frozen			403,100	
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	6.51%	98,137,423	36,193,800	0	98,137,423					
Shanghai Jieqiang Tobacco Sugar & Wine(Group)Co.,Ltd	State-owned corporation	4.08%	61,455,475	-4,371,672	0	61,455,475					
China Securities Finance Corporation limited	Domestic non-state-owned corporation	0.92%	13,790,044	53,474	0	13,790,044					
Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.85%	12,766,400	0	0	12,766,400					
Xingyuan Asset Management Co.,Ltd. - clients' capital	Outbound corporation	0.66%	9,966,102	-1,153,196	0	9,966,102					
Bank of China Co.,Ltd. – Liquor index classification securities investment fund by	Other	0.61%	9,234,299	2,489,116	0	9,234,299					

China Merchants Fund							
Platinum Investment Management Co.,Ltd.	Outbound corporation	0.56%	8,419,532	-997,268	0	8,419,532	
Strategic investors or general corporations becoming 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)	98,137,423	CNY common shares	98,137,423				
Jiangsu Blue Alliance Joint-Stock Co., Ltd.	73,658,626	CNY common shares	73,658,626				
Shanghai Jieqiang Tobacco Sugar & Wine(Group)Co.,Ltd	61,455,475	CNY common shares	61,455,475				
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				
Xingyuan Asset Management Co.,Ltd. - clients' capital	9,966,102	CNY common shares	9,966,102				
Bank of China Co.,Ltd. – Liquor index classification securities investment fund by China Merchants Fund	9,234,299	CNY common shares	9,234,299				
Platinum Investment Management Co.,Ltd.	8,419,532	CNY common shares	8,419,532				
Strategic investors or general corporations becoming top-ten 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						

Did 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

The top 10 non-restricted common shareholders, the top10 common shareholders did not conduct any promissory repurchase during 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.	Han Feng	1997-05-08	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	2005-10-22	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	N/A			

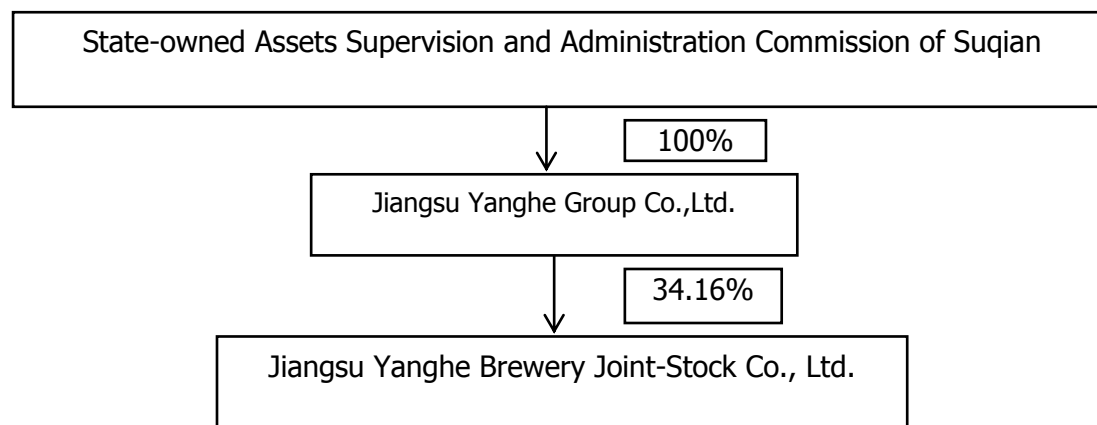
or abroad during the reporting period.	
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Change of the actual controller during the reporting period

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.	Zhang Yubai	2016-07-28	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 Preference Shares

Applicable N/A

No such cases in the reporting period

Section VIII 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	Period of service	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	54	2015.2.10-2021.1.29	30,002	0	0	0	30,002
Zhong Yu	Deputy chairman of the board, President	Incumbent	Male	55	2015.2.10-2021.1.29	0	0	0	0	0
Han Feng	Director	Incumbent	Male	57	2015.2.10-2021.1.29	0	0	0	0	0
Cong Xuenian	Director, Vice president, Secretary of the board, CFO	Incumbent	Male	53	2015.2.10-2021.1.29	3,378,291	0	600,000	0	2,778,291
Zhou Xihu	Director, Vice president, Chief engineer	Incumbent	Male	57	2015.2.10-2021.1.29	2,878,291	0	0	0	2,878,291
Liu Huashuang	Director	Incumbent	Male	49	2018.1.29-2021.1.29	0	0	0	0	0
Wang Kai	Director	Incumbent	Male	42	2017.5.19-2021.1.29	0	0	0	0	0
Xu Zhijian	Non-executivedirector	Incumbent	Male	55	2015.2.10-2021.1.29	0	0	0	0	0
Cai Yunqing	Non-executivedirector	Incumbent	Female	67	2015.2.10-2021.1.29	0	0	0	0	0
Ji Xueqing	Non-executivedirector	Incumbent	Male	48	2015.2.10-2021.1.29	0	0	0	0	0
Chen Tongguang	Non-executivedirector	Incumbent	Male	53	2015.2.10-2021.1.29	0	0	0	0	0
Feng Pantai	Chairman of supervisory committee	Incumbent	Male	59	2015.2.10-2021.1.29	5,677,986	0	0	0	5,677,986
Chen Yiqin	Supervisor	Former	Male	58	2015.2.10-2019.4.11	0	0	0	0	0
Chen Taiging	Supervisor	Incumbent	Male	54	2015.2.10-2021.1.29	0	0	0	0	0
Chen Taisong	Supervisor	Incumbent	Male	51	2015.2.10-2021.1.29	0	0	0	0	0
Zhou Wenqi	Supervisor	Incumbent	Female	53	2015.2.10-2021.1.29	0	0	0	0	0

Name	Office title	Incumbent / Former	Gender	Age	Period of service	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)
Lin Qing	Vice president	Incumbent	Female	44	2015.2.10-2021.1.29	0	0	0	0	0
Zhen Bujun	Vice president	Incumbent	Male	52	2015.2.10-2021.1.29	65,000	0	5,000	0	60,000
Zhu Wei	Vice president	Incumbent	Male	42	2015.2.10-2021.1.29	0	0	0	0	0
Total						12,029,570	0	605,000	0	11,424,570

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

Applicable N/A

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 of Jiangnan University, MBA of 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.. He is chairman of the board and secretary of the the party committee of the Company, chairman of the board of Su Wine Trading Co., Ltd., Director of Blue Alliance currently.

Mr. Zhong Yu, born in May 1964, Master degree, Senior Engineer and Master of Chinese liquor. 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, deputy 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. Currently, He is deputy chairman of the board, president, vice secretary of the the party committee of Yanghe, general manager of Yanghe Branch of the Company and chairman of the board of Shuanggou Distillery.

Mr. Han Feng, born in October 1962, Master degree. He served as deputy head of Siyang County in Jiangsu province, member of the party committee, member of standing committee of Siyang, chairman of the board of Yanghe Group, and Shuanggou Group. At present, he is director of the Company, chairman of the board and secretary of the the party committee of Suqian Industry Development Group Co., Ltd., chairman of the board, general manager of Yanghe Group and Shuanggou Group.

Mr. Wang Kai was born on August 1977, Bachelor Degree, Intermediate Economist. He was manager of brand department in marketing center of Shanghai Tobacco Group Co., Ltd., president assistant of Shanghai Haiyan Logistics Development Co., Ltd. He is director of the Company and deputy general manager of Shanghai Haiyan Logistics Development Co., Ltd.

Mr. Cong Xuenian, born in January 1966, Master degree, Senior Economist. He served as chief accountant and finance director of Yanghe Brewery, finance minister of Yanghe Group, 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 director of Blue Alliance.

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, deputy general manager of Yanghe Brewing, vice chief engineer, chief engineer and vice president of Company. At present, he is director, vice president and chief engineer of Company.

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

Mr. Xu Zhijian, born in March 1964, Master and Doctor degree, professor. He was 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 non-executive director of Yanghe, Nanjing Port Co., Ltd., Jiangsu Maysta Chemical Co., Ltd. and Glarun Technology Co., Ltd., Professor of Business College of Nanjing University.

Ms. Cai Yunqing, born in December 1952, Doctor of Medicine, professor and doctoral supervisor. She was 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 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 the Project Manager of China Chuangye Investment Group Limited, chairman of the board and president of Nanjing Qinghe Investment Group Co., Ltd., executive director of Nanjing Shuijinshi Investment Group Co., Ltd., senior vice president of Yonyou Network Technology Co., Ltd. At present, he is non-executive director of Yanghe, non-executive director of Nanjing Balance Network Technology Co., Ltd., chairman of the board of Nanjing Suhe Venture Capital Center, director of Nanjing Li Heng 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. 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 non-executive director of Yanghe, general manager of Yangda company of Yangzhou University Asset Operation Co., Ltd. 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 deputy director of Sihong County Food Bureau, deputy general manager of Yanghe Group, Director and vice president of Company. At present, he is 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, deputy general manager of Yanghe Branch of the Company and secretary of discipline inspection committee of Yanghe. At present, he is 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. She is Supervisor of Yanghe and CFO of Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd. currently.

Mr. Chen Taisong, born in January 1968, Master degree. He was member, secretary of Siyang Legal Bureau, and secretary, deputy section chief, section chief, director assistant, deputy 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 Yanghe. At present, he is 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.

3.3 Senior management

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

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

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

Ms. Lin Qing, born in May 1975, Master degree, Senior Accountant, Certified Public Accountant. She was deputy 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 Yanghe, vice president of the Company. At present, she is member of the standing committee of Yanghe and vice president of the Company.

Mr. Zhen Bujun, born in January 1967, MBA, Senior Engineer. He was general Manager of Yanghe Group, general manager of Suqian State-owned Investment Co., Ltd., deputy general manager of Shuanggou Distillery, logistics and purchasing director and president assistant of Yanghe. At present, he is 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. Zhu Wei, born in May 1977, Master of Nanjing University. He was director of human resource department of the Company, director of marketing department, chief marketing

officer and deputy general manager of Su Wine Trade Group, director of strategy studies, deputy general manager of Su Wine Trade Group. At present, he is vice president of Yanghe and general manager of Su Wine Trade Group.

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
Han Feng	Jiangsu Yanghe Group Co., Ltd.	Chairman of the board, general manager	2012.03.08		NO
Zhou Wenqi	Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd.	CFO	2013.07.01		YES
Wang Kai	Shanghai Haiyan Logistics Development Co., Ltd.	Deputy general manager	2017.03.01		YES
Wang Yao	Jiangsu Blue Alliance Joint-Stock Co., Ltd.	Director	2016.07.26		NO
Feng Pantai	Jiangsu Blue Alliance Joint-Stock Co., Ltd.	Director	2016.07.26		NO
Cong Xuenian	Jiangsu Blue Alliance Joint-Stock Co., Ltd.	Director	2016.07.26		NO

Position in Other Companies

√ Applicable □ N/A

Name	Name of Other Companies	Position in Other Companies	Beginning Date	Ending Date	Any remunerations received from Other Companies
Han Feng	Suqian Industry Development Group Co., Ltd.	Chairman of the board, secretary of the party committee	2011.09.05		YES
Han Feng	Jiangsu Yanghe Group Co., Ltd.	Chairman of the board, general manager	2012.03.08		NO
Han Feng	Jiangsu Shuanggou Group Co., Ltd.	Chairman of the board, General Manager	2012.03.08		NO
Xu Zhijian	Nanjing University	Professor	2003.11.11		YES
Xu Zhijian	Nanjing Port Co., Ltd.	Non-executive director	2016.03.30		YES
Xu Zhijian	Jiangsu Maysta Chemical Co., Ltd.	Non-executive director	2015.12.04		YES
Xu Zhijian	Glarun Technology Co., Ltd.	Non-executive director	2017.05.12		YES
Xu Zhijian	Yangzhou Rixing Bio-Tech Co., Ltd.	Non-executive director	2019.02.12		YES
Cai Yunqing	Chinese Nutrition Society	Supervisor	2017.05.01		NO
Cai Yunqing	Jiangsu Intelligent Aged Research Association	Vice president	2017.03.01		NO
Cai Yunqing	Chinese Nutrition Society	Honorary president	2015.04.01		NO
Cai Yunqing	State Food and Drug Administration	Evaluation experts of health food	2008.08.01		NO
Ji Xueqing	Nanjing Suhe Venture Capital Center (Limited Partnership)	Chairman of the board	2017.01.01		NO
Ji Xueqing	Xuzhou Zm-Besta Heavy Steel Structure Co., Ltd.	Supervisor	2017.03.01		NO
Ji Xueqing	China Soft Investment Group	Partner	2017.01.01		NO
Ji Xueqing	Nanjing Balance Network Technology Co., Ltd.	Non-executive director	2017.10.01		YES
Ji	Nanjing Li Heng Investment	Director	2017.01.01		NO

Name	Name of Other Companies	Position in Other Companies	Beginning Date	Ending Date	Any remunerations received from Other Companies
Xueqing	Limited Partnership				
Ji Xueqing	Jiangsu Efful Science and Technology Co.,Ltd	Supervisor	2018.03.01		NO
Ji Xueqing	China University Innovation and Entrepreneurship Incubator Alliance	Vice president	2018.07.01		NO
Chen Tongguang	Yangzhou University Yangda Branch	General manager	2013.10.01		YES
Chen Tongguang	Yangzhou Yangjie Electronic Technology Co.,Ltd.	Non-executive director	2017.06.19		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	54	Incumbent	142.62	No
Zhong Yu	Deputy Chairman of the board, president	Male	55	Incumbent	145.89	No
Han Feng	Director	Male	57	Incumbent	0	Yes
Wang Kai	Director	Male	42	Incumbent	0	Yes
Cong	Director, vice	Male	53	Incumbent	109.52	No

Name	Position	Gender	Age	Incumbent/ Former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company
Xuenian	president, secretary of the board, CFO					
Zhou Xinhu	Director, vice president, chief engineer	Male	57	Incumbent	109.36	No
Liu Huashua ng	director	Male	49	Incumbent	110.52	No
Xu Zhijian	Non-executive director	Male	55	Incumbent	6	No
Cai Yunqing	Non-executive director	Female	67	Incumbent	6	No
Ji Xueqing	Non-executive director	Male	48	Incumbent	6	No
Chen Guangto ng	Non-executive director	Male	53	Incumbent	6	No
Feng Pantai	Chairman of supervisory committee	Male	59	Incumbent	107.06	No
Chen Taiqing	Supervisor	Male	54	Incumbent	104.6	No
Chen Yiqin	Supervisor	Male	58	Former	0	Yes
Zhou Wenqi	Supervisor	Female	53	Incumbent	0	Yes
Chen Taisong	Supervisor	Male	51	Incumbent	108.22	No
Lin Qing	Vice president	Female	44	Incumbent	102.05	No
Zhen Bujun	Vice president	Male	52	Incumbent	107.36	No
Zhu Wei	Vice president	Male	42	Incumbent	109.54	No
Total					1,280.74	

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	7,081
Number of in-service staff of main subsidiaries	8,209
Total number of in-service staff	15,290
Total number of staff with remuneration in the period	15,290
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	5,957
Sales	5,259
R&D	1,861
Financial	221
Administrative	1,661

Inner Retired	331
Total	15,290
Educational backgrounds	
Educational background by category	Number of staff
Master	260
Bachelor	3,605
Junior college	4,079
Senior high school	3,476
Junior high school and below	3,870
Total	15,290

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*. According to the positions and duties, major work of the department, and in respect of quantity, quality, efficiency and economic value, the Company aimed to establish a quantified and assessable quantitative and qualitative indicators. The compensation and welfare of employees was adjusted in 2018 to further reflect the principles of "to each according to his work" and "more pay for more work". 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 2018, the Company will lay a solid foundation for training from three aspects: lecturer, curriculum and educational affairs. In terms of lecturers, dynamic management is realized. On the basis of the original lecturers, 365 lecturers at all levels are employed through assessment, selection, elimination and promotion; In terms of curriculum, curriculum development and case extraction were used. 24 basic courses, 10 travel and study courses, 14 professional technical courses were developed throughout the year, and 80 excellent cases were selected, among which 24 cases won awards. In terms of educational affairs, double teacher system teaching is actively promoted to facilitate training effects.

Over the past year, the Company has successfully built a panoramic and immersive teaching platform for business learning, which has enriched the Company's training resources. Through this platform and external lecturers, the Company has implemented strategic reserve talents program, hundreds of talents program, dealer training program and so on. According to the annual training plan, subsidiary companies organize 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 38,939 employees were trained all around the year.

5.4 Labor outsourcing

Applicable N/A

Section IX Corporate Governance

1. Basic situation of corporate governance

The Company constantly perfects 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

According to the regulations such as *Articles of Incorporation, 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. During the reporting period, the Company held 2 shareholders' general meeting and 10 proposals were passed in the meeting. The board carried out all the decisions made by the annual meeting of shareholders carefully.

1.2. Relationship between controlling shareholders and listed company

According to the requirement of the *Company Law*, the controlling shareholders take duties of sponsor and undertake commitments. 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. The Company and the controlling shareholders implement independent accounting of personnel, assets, finance, organizations and business. They take responsibilities and risks separately. 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.

1.3. Directors and board of directors

The directors are elected seriously 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 4 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.

1.4. Supervisors and board of supervisors

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 takes their own responsibilities seriously, supervises and makes independent suggestions for the Company's significant events, financial conditions and the duties of directors and CEO, thereby, protecting legal interests of the Company and shareholders.

1.5. Mechanism of evaluation and motivation

The Company keeps improving the 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 and completed the operation management tasks arranged by the board of directors.

1.6. Stakeholders

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, shareholders, company and employees. The clients and suppliers can be treated honestly and every employee is trained seriously. The Company adheres to principles of win-win of stakeholders and pushes forward the harmonious and sound development.

1.7. 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. The media of public disclosure for the Company are Securities Times, Shanghai Securities News, China Securities Journal, Securities Daily, www.cninfo.com.cn.

1.8. 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.

1.9. 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 incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies

Yes No

There is no incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies

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 horizontal competition between controlling shareholders and the Company. Besides, there is no such kind of situation that controlling shareholders intervene with operation of the Company directly or indirectly.

2.2 In the aspect of personnel

The Company has built independent personnel management system and salary management system. Furthermore, the Company signed labor contracts with employees. Chairman of the board, the president, vicepresident, the board secretary and the responsible person for the Company's financial affairs obtain compensation from the Company rather than the controlling shareholders. The directors, senior managers and supervisors do not have positions illegally in other companies that have the same or similar business.

2.3 In the aspect of assets

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

2.4 In the aspect of organization

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

2.5 In the aspect of finance

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

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 First Extraordinary General Meeting of shareholders	Extraordinary General Meeting of shareholders	75.55%	29 January 2018	30 January 2018	Announcement No. 2018-005, disclosed on www.cninfo.com.cn
2017 Annual	General Meeting	77.43%	23 May 2018	24 May	Announcement No.

General Meeting of shareholders	of shareholders			2018	2018-022, disclosed on www.cninfo.com.cn
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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 a proxy(times)	Absence(times)	Absence for two consecutive times	Presence(times)
Xu Zhijian	6	4	1	1	0	No	2
Cai Yunqing	6	5	1	0	0	No	2
Ji Xueqing	6	5	1	0	0	No	2
Chen Tongguang	6	5	1	0	0	No	2

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

Were there any objections on related issues of the Company from non-executive directors?

Yes No

Non-executive director has no objection on related issues of the Company during the reporting period.

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

Were there 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 2017 the board work report in advance, made the 2018 annual work plan, offered scientific and reasonable suggestions and fulfilled the duties.

2).During the reporting period, the Nominations Committee held 2 meeting. It examined the qualification of Candidates nominatedfor directors at the general election of the board of directors and persons nominated in charge of the internal audit institution. The committee fulfilled the duties.

3).During the reporting period, the Audit Committee held 5 meetings. It reviewed the affairs seriously including periodic reports, regular audit by internal audit department and special audit. It knows about the financial and operational conditions in detail and examines the execution of internal control system. It plays a effective role in guidance and supervision. The committee fulfilled the duties.

4).During the reporting period, the Remuneration and Appraisal Committee held 1 meeting. It examines the salary of directors and senior managers in 2017.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.

7. Performance of duties by the supervisory committee

Were there any risks to the Company identified by Supervisory Committee when performing its duties during the reporting period

Yes No

The Supervisory Committee has no objection during 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 2018, the Remuneration and Appraisal Committee examined the situation of the management's performance in 2017. In the opinion of the committee, during the reporting period, 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	2019-04-30	
Disclosure index of the internal control self-assessment report	For details, please refer to the internal control self-assessment report disclosed on www.cninfo.com.cn on 30 April 2019	
Ratio of the total assets of the appraised entitles to the consolidated total assets	99.08%	
Ratio of the operating revenues of the appraised entitles to the consolidated operating revenue	99.52%	
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</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>

	total assets< Misstatement≤2% of total assets. Generaldeficiencies: Misstatement≤1% of total operating revenue; Misstatement≤3% of net profits;Misstatement≤1% of total assets	
Number of financial-report significant defects	0	
Number of non-financial-report significant defects	0	
Number of important financial-report related defects	0	
Number of important Non-financial-report related defects	0	

10. Auditor's report on internal control

N/A

Section X 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 XI Financial Report

I. Auditor's report

Type of audit report	Standard without reserved opinion
Signing date of auditor's report	2019-04-29
Name of Audit	Jiangsu Suya Jincheng Certified Public Accountants LLP
No. of auditor's report	Suya Audit [2019] No.783
Names of auditors	Xu Xuzheng, Kan Baoyong

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 2018, 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 2018 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. Key audit matters identified in our audit are summarized as follows:

1.Recognition of revenue	
Please refer to accounting policies in note 3 of Notes III.Significant accounting policies and accounting estimates and Notes V. Notes to the Main Items of the Consolidated Financial Statements 29	
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 2018, the Company's annual operating revenue was CNY 24.16 billion, up 21.30% from last year. It increased greatly 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 12 of Notes III.Significant accounting policies and accounting estimates and Notes V. Notes to the Main Items of the Consolidated Financial Statements 5	
Key audit matters	How our audit addressed the Key Audit Matter
As of December 31, 2018, the book value of inventory is CNY 13.892 billion, accounting for 28.03% of the total assets and 38.72% 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

<p>relatively large proportion of the total assets at year end. Therefore, the existence, valuation and apportionment of inventories are identified as a key audit matter.</p>	<p>procedure. (3) Implement stock-taking procedures at the end of the period. (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. (5) Obtained the calculation table of inventory depreciation reserve, conduct the inventory impairment test, reviewed the inventory impairment test process, and checked whether the provision for inventory 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(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.

Jiangsu Suya Jincheng Certified Public Accountants LLP

Nanjing, China

Kan Baoyong

Certified Public Accountant of China

Xu Xuzheng,

Certified Public Accountant of China

29 April 2019

II. Financial statements

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

Consolidated balance sheet As at December 31, 2018

Unit: CNY

Item	Balance as at 31 December 2018	Balance as at 31 December 2017
Current assets:		
Cash and cash equivalents	3,615,348,307.97	1,751,452,876.18
Settlement reserves		
Lending funds		
Financial assets measured at fair value through current profit or loss		
Derivative financial assets		
Notes and accounts receivables	247,961,412.36	221,297,619.40
Including: Notes receivables	242,542,097.76	212,812,236.57
Accounts receivables	5,419,314.60	8,485,382.83
Prepayment	18,984,169.54	86,661,808.28
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		
Other receivables	47,908,184.37	57,084,601.83
Including: Interests receivable		
Dividends receivable		
Buying back the sale of financial assets		
Inventories	13,892,118,587.74	12,861,503,434.11

Item	Balance as at 31 December 2018	Balance as at 31 December 2017
Assets held for sale		
Non-current assets due within one year	1,120,000,000.00	552,200,000.00
Other current assets	16,932,480,348.96	12,996,375,380.41
Total current assets	35,874,801,010.94	28,526,575,720.21
Non-current assets:		
Disbursement of loans and advances		
Available-for-sale financial assets	2,713,455,624.66	3,460,279,142.76
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	9,423,328.82	1,980,046.94
Investment property		
Fixed assets	7,833,665,282.19	8,249,559,468.26
Construction in progress	154,535,104.82	235,219,521.41
Productive biological assets		
Oil and gas assets		
Intangible assets	1,781,961,687.10	1,653,546,427.07
Development expenses		
Goodwill	276,001,989.95	276,001,989.95
Long-term deferred expenses	907,636.00	1,091,644.16
Deferred tax assets	714,003,966.82	649,659,107.71
Other non-current assets	205,012,184.92	204,227,633.91
Total non-current assets	13,688,966,805.28	14,731,564,982.17
Total assets	49,563,767,816.22	43,258,140,702.38
Current liabilities:		
Short-term loans		
Borrowings from the central bank		
Deposits from customers and inter-bank		
Loans from other banks		
Financial liabilities measured at fair value through current profit or loss		
Derivative financial liabilities		
Notes and accounts payable	1,261,282,397.89	1,119,603,574.47
Advance from customer	4,468,409,150.75	4,199,846,323.30
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee benefits payable	185,751,373.59	209,658,648.29
Taxes payable	3,255,458,759.72	2,289,562,127.67
Other payable	6,457,301,511.01	5,620,040,515.94
Including: Interests payable		
Dividends payable		
Reinsurance accounts payable		
Insurance contract reserves		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	15,628,203,192.96	13,438,711,189.67
Non-current liabilities:		
Long-term loans	109,088.00	145,452.00
Bonds payable		

Item	Balance as at 31 December 2018	Balance as at 31 December 2017
Including: Preference shares		
Perpetual bonds		
Long-term payables	198,404,248.85	199,107,530.75
Long-term payroll payables		
Accrued liabilities		
Deferred income	98,513,500.00	107,349,666.67
Deferred tax liabilities	14,019,256.05	17,957,771.10
Other non-current liabilities		
Total non-current liabilities	311,046,092.90	324,560,420.52
Total liabilities	15,939,249,285.86	13,763,271,610.19
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	915,704.03
Special reserves		
Surplus reserves	753,494,000.00	753,494,000.00
General risk reserve		
Undistributed profits	30,784,308,899.94	26,511,938,505.25
Total equity attributable to owners of the parent company	33,644,530,266.23	29,515,040,285.72
Non-controlling interests	-20,011,735.87	-20,171,193.53
Total owners' equity	33,624,518,530.36	29,494,869,092.19
Total liabilities and owners' equity	49,563,767,816.22	43,258,140,702.38

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 December 31, 2018

Unit: CNY

Item	Balance as at 31 December 2018	Balance as at 31 December 2017
Current assets:		
Cash and cash equivalents	1,849,574,170.07	1,109,561,846.20
Financial assets measured at fair value through current profit or loss		
Derivative financial assets		
Notes and accounts receivables	840,733,649.03	7,689,657,390.04
Including: Notes receivables	143,456,446.32	162,947,960.82
Accounts receivables	697,277,202.71	7,526,709,429.22
Prepayment	250,592,759.90	2,635,654.78
Other receivables	949,089,213.52	3,765,791,270.10
Including: Interests receivable		
Dividends receivable	713,143.77	2,605,425,138.06
Inventories	10,378,077,915.50	9,944,024,331.15
Assets held for sale		
Non-current assets due within one year	700,000,000.00	150,000,000.00
Other current assets	12,338,796,250.84	8,803,227,424.95
Total current assets	27,306,863,958.86	31,464,897,917.22

Item	Balance as at 31 December2018	Balance as at 31 December2017
Non-current assets:		
Available-for-sale financial assets	1,231,283,468.30	2,038,625,617.54
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	7,365,139,180.24	5,408,241,180.24
Investment property		
Fixed assets	5,008,615,512.59	5,402,239,827.59
Construction in progress	92,262,796.92	50,756,425.20
Productive biological assets		
Oil and gas assets		
Intangible assets	1,252,482,032.31	1,275,763,366.60
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	5,734,535.64	6,093,941.15
Other non-current assets	179,613,182.42	165,885,624.34
Total non-current assets	15,135,130,708.42	14,347,605,982.66
Total assets	42,441,994,667.28	45,812,503,899.88
Current liabilities:		
Short-term loans		
Financial liabilities measured at fair value through current profit or loss		
Derivative financial liabilities		
Notes and accounts payables	1,159,053,261.86	1,166,484,374.31
Advance from customer	14,339,833,591.92	21,608,300,346.42
Employee benefits payable		
Taxes payable	1,069,550,625.85	383,026,142.73
Other payables	183,715,786.65	169,460,166.49
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	23,327,271,029.95
Non-current liabilities:		
Long-term loans	109,088.00	145,452.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Long-term payables	145,105,136.65	145,437,496.65
Long-term payroll payables		
Accrued liabilities		
Deferred income		79,166.67
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	145,214,224.65	145,662,115.32
Total liabilities	16,897,367,490.93	23,472,933,145.27
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		

Item	Balance as at 31 December2018	Balance as at 31 December2017
Other comprehensive income		
Special reserves		
Surplus reserves	753,494,000.00	753,494,000.00
Undistributed profits	21,942,516,695.42	18,737,460,273.68
Total owners' equity	25,544,627,176.35	22,339,570,754.61
Total liabilities and owners' equity	42,441,994,667.28	45,812,503,899.88

Consolidated income statement

Unit: CNY

Item	Year 2018	Year 2017
1. Total operating revenue	24,159,801,994.68	19,917,942,238.16
Including: Operating revenue	24,159,801,994.68	19,917,942,238.16
Interest income		
Earned premium		
Fee and commission income		
2. Total operating costs	14,352,364,432.50	11,741,569,054.09
Including: cost of sales	6,353,242,198.27	6,681,148,562.16
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	3,769,929,974.08	1,151,869,831.30
Selling and distribution expenses	2,561,401,628.22	2,387,447,107.05
General and administrative expenses	1,704,265,102.61	1,506,402,859.73
Research and Development expenses	27,565,217.63	25,745,247.20
Financial expenses	-65,138,636.76	-33,912,331.47
Including: Interest expenses	3,273.00	3,927.00
Interest income	69,133,580.05	48,793,842.12
Impairment losses	1,098,948.45	22,867,778.12
Plus: Other income	63,352,983.06	44,745,640.94
Investment income ("-" for losses)	918,292,794.49	623,953,064.97
Including: income from investment in associates and joint ventures	1,819,591.30	-1,299,882.30
Gains from the changes in fair values("-" for losses)		
Foreign exchange gains ("-"for losses)		
Gains from disposal of assets("-" for losses)	24,568,477.22	-8,598,844.11
3. Operating profits ("-"for losses)	10,813,651,816.95	8,836,473,045.87
Plus: non-operating income	37,931,006.18	19,822,054.76
Less: non-operating expenses	12,397,034.29	8,340,532.81
4. Total profits before tax ("-"for total losses)	10,839,185,788.84	8,847,954,567.82
Less: income tax expenses	2,723,855,894.34	2,229,168,424.15

Item	Year 2018	Year 2017
5. Net profit ("-"for net loss)	8,115,329,894.50	6,618,786,143.67
(1)Net profit from continuing operation ("-" for losses)	8,115,329,894.50	6,618,786,143.67
(2) Net profit from discontinued operation ("-" for losses)		
Attributable to owners of the parent company	8,115,189,794.69	6,627,169,959.16
Attributable to non-controlling interests	140,099.81	-8,383,815.49
6.Net of tax from other comprehensive income	-142,861,056.33	-226,957.05
Net of tax from other comprehensive income to the owner of the parent company	-142,880,414.18	-225,943.44
(1)Other comprehensive income cannot reclassified into the profit and loss:		
Including: Remeasure the variation of net indebtedness or net asset of defined benefit plans		
Share in other comprehensive income that cannot be classified into profit and loss under equity method		
(2)Other comprehensive income that will be reclassified into the profit and loss	-142,880,414.18	-225,943.44
Including: Share in other comprehensive income that will be classified into profit and loss under equity method		
Changes in fair value of available-for-sale financial assets	-140,593,969.30	
Held-to-maturity investment reclassified into available-for sale financial assets		
Effective part of cash-flow hedge profit and loss		
Balance arising from the translation of foreign currency financial statements	-2,286,444.88	-225,943.44
Others		
Net of tax from other comprehensive income to non-controlling interests	19,357.85	-1,013.61
7. Total comprehensive income	7,972,468,838.17	6,618,559,186.62
Total comprehensive income attributable to owners of the parent company	7,972,309,380.51	6,626,944,015.72
Total comprehensive income attributable to non-controlling interests	159,457.66	-8,384,829.10
8. Earnings per share		
(1)Basic earnings per share	5.3850	4.3976
(2)Diluted earnings per share	5.3850	4.3976

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

Unit: CNY

Item	Year 2018	Year 2017
1. Operating revenue	9,720,079,677.82	7,287,432,948.05
Less: Cost of sales	5,063,636,970.41	6,025,125,159.75
Taxes and surcharges	3,135,358,096.00	790,967,616.84
Selling and distribution expenses		

Item	Year 2018	Year 2017
General and administrative expenses	925,750,206.21	790,164,204.69
Research and Development expenses	25,250,014.30	23,319,255.22
Financial expenses	-39,822,309.22	-129,591,360.68
Including: Interest expenses	3,273.00	3,927.00
Interest income	40,645,696.27	136,991,923.30
Impairment losses	291,592.62	480,654.94
Plus: Other income	10,553,184.71	12,565,700.00
Investment income ("- " for losses)	6,719,750,712.77	5,917,308,205.89
Including: income from investment in associates and joint ventures		-2,074,635.42
Gains from the changes in fair values ("- " for losses)		
Gains from disposal of assets ("- " for losses)	26,210,243.55	-547,317.20
2. Operating profits ("- "for losses)	7,366,129,248.53	5,716,294,005.98
Plus: non-operating income	4,826,890.48	2,466,263.97
Less: non-operating expenses	11,501,547.44	4,200,000.00
3. Total profits before tax ("- "for total losses)	7,359,454,591.57	5,714,560,269.95
Less: income tax expenses	311,578,769.83	28,288,566.97
4. Net profit ("- "for net loss)	7,047,875,821.74	5,686,271,702.98
(1)Net profit from continuing operation ("- " for losses)	7,047,875,821.74	5,686,271,702.98
(2)Net profit from discontinued operation ("- " for losses)		
5.Net of tax from other comprehensive income		
(1)Other comprehensive income cannot reclassified into the profit and loss:		
Including: Remeasure the variation of net indebtedness or net asset of defined benefit plans		
Share in other comprehensive income that cannot be classified into profit and loss under equity method		
(2)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		
Changes in fair value of available-for-sale financial assets		
Held-to-maturity investment reclassified into available-for sale financial assets		
Effective part of cash-flow hedge profit and loss		
Balance arising from the translation of foreign currency financial statements		
Others		
6. Total comprehensive income	7,047,875,821.74	5,686,271,702.98
7. Earnings per share		
(1)Basic earnings per share		
(2)Diluted earnings per share		

Consolidated Statement of Cash Flows

Unit: CNY

Item	Year 2018	Year 2017
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	28,105,243,671.54	23,711,590,313.33
Net increase in customer bank deposits and placement from banks and other financial institutions		
Net increase in loans from central bank		

Item	Year 2018	Year 2017
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		
Net increase for disposal of financial assets measured at their fair values and of which the changes are recorded into the current profits and losses		
Cash received from interest, handling charges and commissions		
Net increase in placements from other financial institutions		
Net capital increase in repurchase business		
Refunds of taxes and surcharges		
Cash received from other operating activities	1,493,570,444.98	427,432,452.11
Sub-total of cash inflows from operating activities	29,598,814,116.52	24,139,022,765.44
Cash paid for goods purchased and services received	7,042,490,432.34	6,973,376,753.35
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		
Cash paid for interests, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	1,786,871,082.15	1,532,216,356.37
Cash paid for taxes and surcharges	8,525,778,929.78	6,535,601,442.87
Cash paid for other operating activities	3,186,924,855.97	2,214,658,413.54
Sub-total of cash outflows from operating activities	20,542,065,300.24	17,255,852,966.13
Net cash flows from operating activities	9,056,748,816.28	6,883,169,799.31
2. Cash flows from investing activities		
Cash received from disposal of investments	34,357,728,481.60	30,400,345,558.70
Cash received from returns on investments	859,477,665.90	564,117,891.26
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	45,125,913.95	608,832.88
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		5,116,000.00
Sub-total of cash inflows from investing activities	35,262,332,061.45	30,970,188,282.84
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	471,045,188.55	325,345,429.44
Cash paid for investments	38,140,628,997.25	34,805,329,229.53
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		535,902.84
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	38,611,674,185.80	35,131,210,561.81
Net cash flows from investing activities	-3,349,342,124.35	-4,161,022,278.97
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 bonds issue		
Cash received from other financing activities	1,500,000.00	

Item	Year 2018	Year 2017
Sub-total of cash inflows from financing activities	1,500,000.00	
Cash paid for debt repayments	36,364.00	36,364.00
Cash paid for distribution of dividends and profits or payment of interest	3,842,822,673.00	3,169,375,338.20
Including: dividends and profits paid to minority shareholders by subsidiaries		4,696,611.20
Cash paid for other financing activities		247,704,388.41
Sub-total of cash outflows from financing activities	3,842,859,037.00	3,417,116,090.61
Net cash flows from financing activities	-3,841,359,037.00	-3,417,116,090.61
4. Effect of fluctuation in exchange rate on cash and cash equivalents	-652,223.14	-11,705,912.52
5. Net increase in cash and cash equivalents	1,865,395,431.79	-706,674,482.79
Plus: balance of cash and cash equivalents at the beginning of the period	1,749,952,876.18	2,456,627,358.97
6. Balance of cash and cash equivalents at the end of the period	3,615,348,307.97	1,749,952,876.18

Cash flow statements of parent company

Unit: CNY

Item	Year 2018	Year 2017
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	10,544,075,256.24	4,993,174,559.67
Refunds of taxes and surcharges		
Cash received from other operating activities	3,092,072,776.21	9,395,953,342.76
Sub-total of cash inflows from operating activities	13,636,148,032.45	14,389,127,902.43
Cash paid for goods purchased and services received	5,540,860,474.37	6,084,319,424.50
Cash paid to and on behalf of employees	757,469,214.50	628,353,375.71
Cash paid for taxes and surcharges	3,502,337,711.58	1,959,696,424.05
Cash paid for other operating activities	622,232,077.34	153,591,847.77
Sub-total of cash outflows from operating activities	10,422,899,477.79	8,825,961,072.03
Net cash flows from operating activities	3,213,248,554.66	5,563,166,830.40
2. Cash flows from investing activities		
Cash received from disposal of investments	23,961,387,686.52	13,595,278,733.32
Cash received from returns on investments	6,665,894,034.18	8,423,249,140.68
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	43,946,408.08	16,755,029.89
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	30,671,228,128.78	22,035,282,903.89
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	217,004,834.57	325,294,764.78
Cash paid for investments	29,083,948,000.00	24,564,483,908.37
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	29,300,952,834.57	24,889,778,673.15
Net cash flows from investing activities	1,370,275,294.21	-2,854,495,769.26
3. Cash flows from financing activities		

Item	Year 2018	Year 2017
Cash received from investors		
Cash received from loans		
Cash received from bonds issue		
Cash received from other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for debt repayments	36,364.00	36,364.00
Cash paid for distribution of dividends and profits or payment of interest	3,842,822,673.00	3,164,678,727.00
Cash paid for other financing activities		
Sub-total of cash outflows from financing activities	3,842,859,037.00	3,164,715,091.00
Net cash flows from financing activities	-3,842,859,037.00	-3,164,715,091.00
4. Effect of fluctuation in exchange rate on cash and cash equivalents	-652,488.00	-4,821,072.81
5. Net increase in cash and cash equivalents	740,012,323.87	-460,865,102.67
Plus: balance of cash and cash equivalents at the beginning of the period	1,109,561,846.20	1,570,426,948.87
6. Balance of cash and cash equivalents at the end of the period	1,849,574,170.07	1,109,561,846.20

Consolidated statement of changes in shareholders' equity

For the year ended 31 December, 2018

Unit: CNY

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
	Preferred stock	Perpetual bond	Other										
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	-20,171,193.53	29,494,869,092.19
Plus: adjustments for changes in accounting policies													
Adjustments for correction of accounting errors in prior year													
Business combinations under common control													

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
	Preferred stock	Perpetual bond	Other										
Others													
2. Balance as at January 1 of the current year	1,506,988,000.00				741,704,076.44		915,704.03		753,494,000.00		26,511,938,505.25	-20,171,193.53	29,494,869,092.19
3. Increase/decreases in the current year (“-” for decreases)							-142,880,414.18				4,272,370,394.69	159,457.66	4,129,649,438.17
(1) Total comprehensive income							-142,880,414.18				8,115,189,794.69	159,457.66	7,972,468,838.17
(2) Capital contributed or reduced by owners													
Capital contributions by owners													

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		
	Preferred stock	Perpetual bond	Other									
Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity												
Others												
(3) Profit distribution											-3,842,819,400.00	-3,842,819,400.00
Withdrawal of surplus reserves												
Withdrawal of general risk reserve												
Profit distributed to owners (or											-3,842,819,400.00	-3,842,819,400.00

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		
	Preferred stock	Perpetual bond	Other									
shareholders)												
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												
Carry-forward of retained earnings												

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
	Preferred stock	Perpetual bond	Other										
from changes in defined benefit plans													
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	-20,011,735.87	33,624,518,530.36

For the year ended 31 December, 2017

Unit: CNY

Item	Year 2017										
	Equity attributable to owners of the parent company									Non-controlling	Total shareholders'
	Share capital	Other equity instruments		Capital	Less :	Other	Special	Surplus	General		

		Preferre d stock	Perpetua l bond	Other	reserve	Treasu ry stock	Comprehens ive Income	reserve	reserve	risk reserve	profit	interests	equity
1. Balance as at 31 December of last year	1,506,988,000.00				741,704,076.44		1,141,647.47		753,494,000.00		23,049,443,346.09	-15,785,202.54	26,036,985,867.46
Plus: adjustment s for changes in accounting policies													
Adjustmen ts for correction of accounting errors in prior year													
Business combinatio ns under common control													
Others													
2. Balance as at January 1 of the current year	1,506,988,000.00				741,704,076.44		1,141,647.47		753,494,000.00		23,049,443,346.09	-15,785,202.54	26,036,985,867.46
3.Increase							-225,943.44				3,462,495,159.16	-4,385,990.99	3,457,883,224.73

Item	Year 2017												
	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		
	Preferred stock	Perpetual bond	Other										
s/decreases in the current year (“-” for decreases)													
(1) Total comprehensive income							-225,943.44				6,627,169,959.16	-8,384,829.10	6,618,559,186.62
(2) Capital contributed or reduced by owners												3,998,838.11	3,998,838.11
Capital contributions by owners													
Capital contributions by other equity instruments holders													
Amounts of share-													

Item	Year 2017												
	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		
	Preferred stock	Perpetual bond	Other										
based payments recognized in owners' equity													
Others												3,998,838.11	3,998,838.11
(3) Profit distribution											-3,164,674,800.00		-3,164,674,800.00
Withdrawal of surplus reserves													
Withdrawal of general risk reserve													
Profit distributed to owners (or shareholders)											-3,164,674,800.00		-3,164,674,800.00
Others													
(4) Internal carry-forward of owners' equity													

Item	Year 2017												
	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		
	Preferred stock	Perpetual bond	Other										
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													
Others													
(5) Special reserves													

Item	Year 2017												
	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		
	Preferred stock	Perpetual bond	Other										
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		915,704.03		753,494,000.00		26,511,938,505.25	-20,171,193.53	29,494,869,092.19

Statement of changes in shareholders' equity of parent company

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	Total shareholders' equity
		Preferred stock	Perpetual bond	Other							
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:											

Item	Year 2018										
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Other							
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) Net profit										7,047,875,821.74	7,047,875,821.74
(2)Capital contributed or reduced by owners											
Capital contributions by owners											
Capital contributions by											

Item	Year 2018										
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Other							
other equity instruments holders											
Amounts of share-based payments recognized in owners' equity											
Others											
(3) Profit distribution										-3,842,819,400.00	-3,842,819,400.00
Withdrawal of surplus reserves											
Profit distributed to owners (or shareholders)										-3,842,819,400.00	-3,842,819,400.00
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											

Item	Year 2018										
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Other							
reserves offsetting losses											
Carry-forward of retained earnings from changes in defined benefit plans											
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

For the year ended 31 December, 2017

Unit: CNY

Item	Year 2017										
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Other							
1. Balance as	1,506,988,000.00				1,341,628,480.93				753,494,000.00	16,215,863,370.70	19,817,973,851.63

Item	Year 2017										
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Other							
at 31 December of last year											
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	16,215,863,370.70	19,817,973,851.63
3.Increases/decreases in the current year (“-” for decreases)										2,521,596,902.98	2,521,596,902.98
(1) Net profit										5,686,271,702.98	5,686,271,702.98
(2)Capital contributed or reduced by owners											
Capital											

Item	Year 2017										
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Other							
contributions by owners											
Capital contributions by other equity instruments holders											
Amounts of share-based payments recognized in owners' equity											
Others											
(3) Profit distribution										-3,164,674,800.00	-3,164,674,800.00
Withdrawal of surplus reserves											
Profit distributed to owners (or shareholders)										-3,164,674,800.00	-3,164,674,800.00
Others											
(4) Internal carry-forward of owners' equity											
Conversion of capital reserves into paid-in capital											

Item	Year 2017										
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Other							
Conversion of surplus reserves into paid-in capital											
Surplus reserves offsetting losses											
Carry-forward of retained earnings from changes in defined benefit plans											
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	18,737,460,273.68	22,339,570,754.61

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 concerted 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 2011, the capital reserves per 10 shares were converted into 4 shares. After the conversion, the total share capital of the company was 1,506,988,000 as well as the registered capital of CNY 1,506,988,000.

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

Company type: Incorporated company (Listed)

Industry of the Company: Brewing food industry

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

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

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

Changes of the scope of consolidation are as follows:

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

Name	Measure of acquisition
Jiangsu Yanghe Investment Management Co., Ltd.	Newly establishment
Su Wine Group Nanjing Operation Management Co., Ltd.	Newly establishment
Jiangsu Zhongshiji Wine Industry Co., Ltd.	Newly establishment

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

Name	Reason
Sihong Shuangtai Package Co., Ltd.	Liquidation and cancellation
Nanjing Huiteng Media Technology Co., Ltd.	Merger and cancellation

Details of the subsidiaries incorporated into the consolidated financial statements show on "9. Interests in subsidiaries", Changes in the scope of consolidation show on "8. change in consolidated scope".

IV. Basis of preparation of financial statements

1. Basis of preparation

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

2. Going concern

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

V. Significant accounting policies and accounting estimates

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 January 1st to December 31st.

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 include financial assets, financial liabilities and equity instruments.

(1) Classification of financial instruments

a) Classification of financial assets

Based on business characteristics, investment strategies and risk management requirements, the Company classifies the financial assets it has obtained into the following four categories: (1) financial assets measured at fair value through current profit and loss; (2) held-to-maturity investments; (3) loans and receivables; and (4) available-for-sale financial assets.

Financial assets measured at fair value through current profit and loss include: (1) financial assets held for trading ; (2) financial assets directly designated to be measured at fair value through current profit and loss; (3) investments in subsidiaries that shall not be consolidated by the investment entities ; (4) investments held by venture capital organizations, mutual funds or similar entities.

The equity investment which hasn't control , joint control or significant influence over the investee, based on business characteristics, investment strategies and risk management requirements, can be divided into the first kind of financial assets measured at fair value through current profit and loss or the fourth kind of available-for-sale financial assets. In some special cases, the equity investment can be measured under the cost method.

b) Classification of financial liabilities

Based on business characteristics and risk management requirements, the Company classifies the financial liabilities it undertakes into the following two categories: (1) financial liabilities measured at fair value through current profit and loss (including financial liabilities held for trading and financial liabilities directly designated to be measured at fair value through current profit and loss); and (2) other financial liabilities.

(2) Recognition basis and measurement method of financial instruments

a) Recognition basis of financial instruments

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

b) Measurement method of financial instruments

i. Financial assets or financial liabilities measured at fair value through current profit and loss: they are initially measured at the amount of fair value upon acquisition, and relevant transaction expenses are included in the current profit and loss when incurred. For cash dividends declared but not distributed or bond interest matured but not drawn that have been included in the actual price paid,

they shall be separately recognized as dividends receivable or interest receivable. Cash dividends or bond interest gained during the holding period shall be recognized as investment income. On the balance sheet date, they shall be measured at fair values and the changes in their fair values shall be included in current profit or loss. When disposing of a financial asset held for trading, the Company recognizes the difference between the payment actually received (dividends receivable or interest receivable, if any, shall be deducted) and the book value of the financial asset held for trading on the disposal date, and transfers the accumulative amount previously included in profit or loss on changes in fair value to the investment income.

ii. Held-to-maturity investments: they are initially measured at the total amount of their fair values upon acquisition and related transaction expenses. For bond interest matured but not drawn that is included in the actual price paid, they are independently recognized as interest receivable. Interest income is calculated and recognized during the holding period according to the amortized cost and effective interest rates, and included in the investment income. The effective interest rate is determined upon acquisition, and remains unchanged during the expected duration or any applicable shorter period. On the balance sheet date, they are measured at amortized costs. Upon disposal, the difference between the actual proceeds (interest receivable, if any, shall be deducted) and the book value of the held-to-maturity investment is recognized as investment income.

iii. Loans and receivables: mainly refer to the loans issued by financial enterprises and creditor's rights receivable arising from external sales of goods or rendering of service by enterprises. It is measured based on amortized cost by adopting effective interest method. The sum of principal and related trading expenses of loans issued by financial enterprises according to current market conditions is recognized as initial recognition amount. For creditor's rights receivable arising from external sales of goods or rendering of service by enterprises, their initial recognition amounts shall be the contract price or agreement price receivable from the purchaser. Receivables' interest income is recognized under the effective interest method. Upon recovery or disposal, the difference between the price received and the book value of a receivable is included in the current profit and loss.

iv. Available-for-sale financial assets: they are initially recognized at the sum of fair value upon acquisition and relevant transaction expenses. For cash dividends declared but not distributed or bond interest matured but not drawn that has been included in the actual price paid, it shall be separately recognized as dividends receivable or interest receivable. Cash dividends or bond interest gained during the holding period shall be recognized as investment income. On

the balance sheet date, the available-for-sale financial assets are measured at fair values and the changes in their fair values are included in other comprehensive income. Upon disposal, the difference between the payment actually received (dividends receivable or interest receivable, if any, shall be deducted) and the book value of an available-for-sale financial asset shall be included in investment income; and meanwhile, the amount arising from the accumulated changes in fair value, which have been previously included in other comprehensive income, shall be transferred out and included in the investment profit or loss.

v. Other financial liabilities: they are initially recognized at fair values at the time of occurrence plus related transaction costs. Other financial liabilities, whose interest expenses are recognized by using the effective interest method, are measured at their amortized costs on the balance sheet date.

(3) Recognition basis and measurement method of transfer of financial assets

a) Derecognition criteria of financial assets

When transfer of financial assets occurs, if nearly all of the risks and rewards of ownership of the financial assets have been transferred to the transferee, the Company derecognizes the financial assets; if nearly all of the risks and rewards of ownership of the financial assets are retained, the Company shall not derecognize the financial assets.

When determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the Company adopts the principle of substance over form.

b) Treatment of transfer of financial assets satisfying the criteria of derecognition

The Company classifies the transfer of a financial asset into the entire transfer and the partial transfer of financial asset.

i. If the entire transfer of financial asset satisfies the criteria of derecognition, the difference between the amounts of the following two items shall be included in the current profit and loss:

a) The book value of the transferred financial asset;

b) The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in other comprehensive income (the situation where the financial asset transferred is an available-for-sale financial asset is involved in).

ii. If the partial transfer of financial asset satisfies the criteria of derecognition,

the entire book value of the transferred financial asset shall be divided between the derecognized and recognized parts according to their respective fair values and the difference between the amounts of the following two items shall be included in the current profit and loss:

The book value of derecognized part;

The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in other comprehensive income (the situation where the financial asset transferred is an available-for-sale financial asset is involved in).

c) Treatment of transfer of financial assets not satisfying the criteria of derecognition

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

(4) Derecognition criteria of financial liabilities

a) A financial liability shall be wholly or partly derecognized if its present obligations are wholly or partly dissolved. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and recognize a new one at the same time.

b) Where substantial revisions are made to some or all of the contractual stipulations of the existing financial liability, the Company shall derecognize the existing financial liability wholly or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.

c) Upon whole or partial derecognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit and loss.

d) Where the Company repurchases part of its financial liabilities, it shall, on the repurchase date, allocate the entire book value of financial liabilities according to the comparative fair value of the part that continues to be recognized and derecognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit and loss.

(5) Method to determine the fair value of financial instrument

a). The fair value of a financial asset or financial liability for which there is an active market shall be determined in accordance with the quoted price in such active market at the measurement date.

b). The fair value of a financial asset or financial liability for which there isn't an active market shall be using valuation techniques. The recognition of the specific principles and methods are dealt with under "Accounting Standard for Business Enterprises No.39—Fair Value Measurement".

(6) Criteria to identify, way to test and method to provide for the impairment of financial assets (excluding receivables)

On the balance sheet date, the Company shall check the book values of its financial assets (excluding the financial assets measured at fair value through current profit and loss), whether on an individual basis or on a combination basis, recognizes impairment losses on the financial assets with objective evidence of impairment, and provides reserves for the impairment. The objective evidence of impairment of a financial asset includes the serious financial difficulties faced by the issuer or debtor, potential bankruptcy or other financial reorganization incurred to the debtor, and the incapability of the financial asset to be continuously traded in active market caused by the serious financial difficulties incurred to the issuer, severe or prolonged decline in the fair value of equity instrument investment and other adverse situations.

a) Methods to test and make provision for impairment of held-to-maturity investment

On the balance sheet date, if there is any objective evidence showing that any impairment has occurred to a held-to-maturity investment, the impairment loss is recognized at the difference between its book value and its present value of estimated future cash flows.

i. For a held-to-maturity investment that is individually significant, the Company conducts separate impairment test. If there is any objective evidence of impairment, the Company recognizes the impairment losses at the difference of its present value of estimated future cash flows in short of its book value, and shall accordingly make the provision for such impairment.

ii. For held-to-maturity investments that are individually insignificant and held-to-maturity investments that are individually significant but have no impairment according to the separate test, they are divided into several groups according to similar credit risk characteristics. The impairment losses and provisions for impairment of these groups are calculated and determined based on certain proportions of their balances on the balance sheet date.

b) Methods to test and make provision for impairment of available-for-sale financial asset

On the balance sheet date, if there is any objective evidence showing that an available-for-sale financial asset is impaired, the impairment provision shall be accrued and the impairment loss shall be recognized. For an equity instrument investment, if significant or non-temporary decline in fair value of the available-for-sale equity investment is found after giving comprehensive consideration to relevant factors, it can be concluded that the available-for-sale equity investment is impaired. The "significant decline" refers to a cumulative decline in the fair value exceeding 50% of the cost; and the "non-temporary decline" refers to a continuous decline in the fair value of more than 12 months.

When making provision for the impairment of an available-for-sale financial asset, the accumulated loss arising from the decline in fair value that is previously included in other comprehensive income shall be transferred out and included in the current profit and loss. The accumulated loss transferred out shall be balance of the available-for-sale financial asset's initial acquisition cost after deducting the principal recovered and amortized amount, present fair value and impairment loss previously recorded in profit or loss.

After the recognition of an impairment loss, if there is objective evidence showing that the value of financial assets has been recovered and such recovery is objectively related to the events occurring after the recognition of such loss, the impairment loss previously recognized shall be reversed, the impairment loss of available-for-sale equity investment shall be reversed and recognized as other comprehensive income, and the impairment loss of available-for-sale debt instrument shall be reversed and included in the current profit and loss.

For an equity instrument investment that has no quoted price in active market and whose fair value cannot be reliably measured, or a derivative financial asset that is linked to the equity instrument and settled through delivery of such equity instrument, when they are impaired, the difference between the book value of the financial asset and the present value of future cash flows discounted based on the prevailing market rate of return for a similar financial asset shall be recognized as an impairment loss and included in the current profit and loss. Once recognized, the impairment loss shall not be reversed.

(7) Accounting treatment method of reclassifying the undue held-to-maturity investments as available-for-sale financial assets

Where it is not suitable to classify one investment as a held-to-maturity investment any more due to the change in intention or ability to hold the investment, the Company shall reclassify such investment as available-for-sale financial assets; where the Company partly disposes or reclassifies a held-to-maturity investment large in amount, and such disposal or reclassification does not arise from any independent event that is not under

the control of the Company, not expected to recur and difficult to reasonably anticipated, the remaining portion of the investment shall also be classified as available-for-sale financial asset.

11. Receivables

(1) Individually significant receivables whose provisions are made separately

Recognition criteria of individually significant receivables	Individually significant receivables refer to accounts receivable whose closing balances are over CNY5,000, 000.
Provision method of individually significant receivables	On the balance sheet date, the Company separately conducts impairment tests on those individually significant receivables. If there is any objective evidence of impairment, an impairment loss is recognized and a provision for bad debt is made, according to the difference of the present value of estimated future cash flows in short of the book value; Individually significant receivables that are proved to be not impaired according to the tests shall be incorporated into other individually insignificant receivables, and their provisions for bad debts shall be made by using the aging analysis method based on their closing balances. Objective evidence of impairment incurred to receivables includes: (1) the debtor has significant financial difficulty; (2) the debtor violates contractual terms (such as the breach of contract or delay in repaying interest or principal); (3) a concession is made to the debtor in financial difficulty after considering economic or legal reasons; (4) the debtor is likely to face bankruptcy or other debt restructuring.

(2) Receivables whose bad debt provisions are made by portfolio

Portfolio name	Provision method of bad debt
Aging Portfolios	Aging analysis method
Other Portfolios	Other method

Among portfolios, adopting aging analysis method :

Applicable N/A

Aging	Proportion of provision for accounts receivable	Proportion of provision for other receivables
Within 1 Year (Inclusive)	5.00%	5.00%
1-2 years	10.00%	10.00%
2-3 Years	30.00%	30.00%
3-4 Years	50.00%	50.00%
4-5 Years	80.00%	80.00%
Over 5 Years	100.00%	100.00%

Among portfolios, adopting percentage of balance method:

Applicable N/A

Among portfolios, adopting other method:

Applicable N/A

(3) Individually insignificant receivables whose provisions are made separately

Reason for making provision for bad debt separately	Individually insignificant receivables refer to accounts receivable, its closing balances are less than CNY5,000,000.
Provision method of bad debt	The Company carries out separate impairment tests on receivables that are individually insignificant but have the following characteristics (such as receivables involved in dispute or litigation with the debtor and requiring arbitration; and receivables for which there are clear indications that the debtor is unable to fulfill the repayment obligations). If there is any objective evidence of impairment, the Company shall recognize the impairment loss and make the bad debt provision according to the difference of the present value of future cash flows in short of the book value. Meanwhile, for receivables that are individually insignificant after the bad debt provisions separately made are deducted, their bad debt provisions shall be made according to principles applied to portfolios of receivables with similar credit risk characteristics by aging.

12. Inventory

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

No

(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.

(2) Measurement method of dispatched inventories

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

(3) 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

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

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.

(4) Inventory system

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

(5) 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.

13. 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.

14. Long-term equity investment

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

a) For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with the provisions mentioned in 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.

15. Fixed assets

(1) Recognition of fixed assets

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

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

(2) Depreciation of fixed assets

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

- a) 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.

16. Construction in progress

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

No

(1) Categories of constructions in progress

Constructions in progress are accounted on individual project basis.

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

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

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

17. Borrowing costs

(1) Scope of borrowing costs

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

(2) Recognition principles of capitalization of borrowing costs

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

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

(3) Recognition of capitalization period of borrowing costs

a) Recognition of commencement of capitalization of borrowing costs

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and

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

b) Recognition of period of capitalization suspension of borrowing costs

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

c) Recognition of period of capitalization cessation of borrowing costs

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

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

(4) Recognition of capitalized amounts of borrowing costs

a) Recognition of capitalized amounts of interest on borrowing costs

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

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

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

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

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

b) Recognition of capitalized amounts of auxiliary expenses of loans

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

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

c) Recognition of capitalized amount of exchange differences

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

18. Intangible assets

(1) Measurement, useful life and impairment test

Initial measurement of intangible assets

Initial measurement of outsourcing intangible assets

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

19. Non-current assets impairment

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

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

When the Company performs impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group,

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

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

20. Long-term deferred expenses

(1) Scope of long-term deferred expenses

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

(2) Initial measurement of long-term deferred expenses

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

(3) Amortization of long-term deferred expenses

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

21. 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.

22. 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.

23. Revenue

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

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.

24. 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.

25. 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.

26. 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.

27. 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
According to the notice of the ministry of finance on the <i>Revision and Issuance of the General Corporate Financial Statement Format for 2018 issued on June 15, 2018</i> (CaiKuai [2018] No. 15), the Company has revised the financial statement format as follows:	Reviewed and approved by the sixth meeting of the sixth board of directors.	

1. Balance sheet: merge the original "notes receivables" and "accounts receivables" items into "notes and accounts receivables"; Merge the original items of "interest receivables", "dividend receivables" and "other receivables" into "other receivables";

Merge the original "fixed assets" and "fixed assets liquidation" projects into "fixed assets"; Merge the original "project materials" and "construction in progress" into "construction in progress"; Merge the original "notes payable" and "accounts payable" items into "notes and accounts payables"; Merge the original "interest payable", "dividends payable" and "other payables" into "other payables"; Merge the original "long-term payables" and "special payables" into "long-term payables".

2. Profit statement: separate the "general and administrative expenses" project into the "general and administrative expenses" and the "research and development expenses"; Add "interest expenses" and "interest income" under "financial expenses" in the income statement.

3. Statement of changes in owners' equity: add the item "change in defined benefit plan carried forward retained earnings".

Details of the affected items in the financial statements at the beginning and last period (December 31, 2017 /2017 year) are as follows:

Before the adjustment		After the adjustment	
Item	Amount (CNY)	Item	Amount (CNY)
Notes receivables	212,812,236.57	Notes and accounts receivables	221,297,619.40
accounts receivables	8,485,382.83		
Construction in progress	234,431,457.83	Construction in progress	235,219,521.41
Project materials	788,063.58		
Notes payables	8,200,000.00	Notes and accounts payables	1,119,603,574.47
Accounts payables	1,111,403,574.47		
General and administrative expenses	1,532,148,106.93	General and administrative expenses	1,506,402,859.73
		Research and Development expenses	25,745,247.20

(2) Changes in significant accounting estimates

Applicable N/A

VI. Taxes

1. Major tax types and rates

Tax type	Taxation basis	Tax rate
Value-added tax	Output tax-deductible input tax	17%、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., Limited	16.50%
ZYG E-Commerce HK Limited	16.50%
Yanghe Chile SPA	27%
YangHe International Investment Ltd, ZYG Ltd	0
ZYG Technology Investment Ltd	0

2. Other information

[Note 1] Value-added tax is calculated and levied according to the difference between output VAT and deductible input. The applicable tax rates are 17%,13%,11%,6% and 19%. According to Notice on trial implementation of the assessment of the deduction method of VAT input tax of agricultural products in some industries (Cai Shui [2012] No.38) issued by the Ministry of Finance and the State Administration of Taxation, general VAT payers with purchasing agricultural products as raw material to produce and sell liquid milk and dairy products, alcohol and alcohol, vegetable oil are involved into the pilot scope of deduction of VAT input tax of agricultural products. Whether the purchased agricultural products are used for production of above products or not, input VAT shall be deducted according to Pilot implementation measures of assessment of the deduction of VAT input tax of agricultural products. It is no longer deducted by VAT deduction certificate. The input VAT of purchased goods, taxable labor service and taxable service excluding agricultural products is deducted according to current related rules.

The Company adopted input-output method to calculate permitted deductible VAT input of agricultural products according to consumed amount of outsourcing agricultural products per sale based on national and industrial standards. The VAT rate of Yanghe Chile SPA is 19%. JSSJ Industry (HK) Holdings Co., Limited, ZYG E-Commerce HK Limited, ZYGLtd, Yanghe International Investment Ltd, ZYG Technology Investment Ltd do not pay VAT.

[Note 2] 1. Ad valorem taxation : Consumption tax of liquor is calculated and levied according to 20% of sales. For taxable liquor with manufacturing consignment, it is calculated and levied according to sale price of trustees' congeneric liquor. If there is no sale price of congeneric liquor, it is calculated and levied according to composite assessable price. Consumption tax of wine is calculated and levied according to 10% of sales. According to Notice on further Strengthening the Collection and Management of Liquor Consumption Tax (Guoshuihan [2017] No. 144) issued by the State Administration of Taxation (SAT) issued, if a liquor manufacturing enterprise sets up multi-level sales units selling liquor, the SAT should verify the lowest assessable price of the manufacturing enterprise based on external sales price of final sales unit. Since 1 May 2017, the lowest assessable price of liquor consumption tax has been adjusted to 60% uniformly from 50% to 70%. The tax payment of the Company's liquor consumption tax has been changed from withholding and remitting tax by trustee from direct payment by the liquor manufacturing enterprise since 1 September 2017. The accounting method of consumption tax was changed from manufacturing consignment reckoned in cost of liquor production to self-production and self-sale reckoned in consumption taxes and surcharges. The tax price of liquor consumption tax with ad valorem taxation has been changed from composite assessable price to the lowest assessable price of the

manufacturing enterprise based on external sales price of final sales unit since 1 May 2017.

2. Volume-based taxation : Consumption tax of liquor is calculated and levied according to CNY 0.50 per kg

[Note 3] Since 1 April 2018, Hong Kong has implemented a two-level system of profits tax. Under the two-level system, the profits tax rate for the first USD 2 million of assessable profits of corporations and non- corporations for the years of assessment commencing on or after 1 April 2018 will be reduced to 8.25% and 7.5% respectively. Subsequent assessable profits exceeding USD 2 million will continue to be taxed at 16.5% and 15% of the standard rates respectively.

VII. Notes to the main items of the consolidated financial statements (all currency unit is CNY, except other statements)

1. Cash and cash equivalents

Item	Closing Balance	Opening Balance
Cash	24,103.07	4,883.33
Bank deposit	3,602,515,767.58	1,726,983,843.15
Other cash and cash equivalents	12,808,437.32	24,464,149.70
Total	3,615,348,307.97	1,751,452,876.18
Including: total deposit outbound	61,636,932.89	343,070,375.12

2. Notes and accounts receivables

Item	Closing Balance	Opening Balance
Notes receivable	242,542,097.76	212,812,236.57
Accounts receivable	5,419,314.60	8,485,382.83
Total	247,961,412.36	221,297,619.40

(1) Notes receivable

1) Classification of notes receivable

Item	Closing Balance	Opening Balance
Bank acceptance bill	242,542,097.76	212,812,236.57
Total	242,542,097.76	212,812,236.57

2) Notes receivable that have been endorsed to other parties by the Company but have not expired at the end of year

Item	Derecognition at period end	Not derecognition at period end
Bank acceptance bill	111,211,585.93	
Total	111,211,585.93	

(2) Accounts receivable**1) Analysis by categories**

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	
Accounts receivable tested for impairment on the portfolio with characteristics of credit risk	7,711,012.90	100.00%	2,291,698.30	29.72%	5,419,314.60	10,833,555.19	100.00%	2,348,172.36	21.67%	8,485,382.83
Total	7,711,012.90	100.00%	2,291,698.30	29.72%	5,419,314.60	10,833,555.19	100.00%	2,348,172.36	21.67%	8,485,382.83

With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis :

Applicable N/A

Accounts receivable that the related provision for bad debts is provided on grouping basis using the ageing analysis method :

Applicable N/A

Aging	Closing Balance		
	Account receivable	Provision for bad debt	Proportion of provision
Within 1 year by item			
Subtotal within 1 year	4,530,444.83	226,522.25	5.00%
1-2 years	995,518.37	99,551.84	10.00%
2-3 years	123,378.21	37,013.46	30.00%
3-4 years	12,358.03	6,179.02	50.00%
4-5 years	634,408.63	507,526.90	80.00%
Over 5 years	1,414,904.83	1,414,904.83	100.00%
Total	7,711,012.90	2,291,698.30	29.72%

Explanation of the determination of the portfolio basis :

Accounts receivable that the related provision for bad debts is based on the proportion of Closing Balance :

Applicable N/A

Accounts receivable that the related provision for bad debts is based on other methods :

2) Provision and recovery for bad and doubtful other receivables in the current period.

The provision allowance of current period is CNY 0.00. The recovery of current period is CNY 56,474.06.

3) Top five entities with the largest balances of other receivables

Company name	Closing Balance	Proportion in the total (%)	Provision amount
First	3,681,601.81	47.75	184,080.09
Second	600,000.00	7.78	480,000.00
Third	454,356.93	5.89	454,356.93
Fourth	118,052.00	1.53	118,052.00
Fifth	88,520.00	1.15	4,426.00
Total	4,942,530.74	64.10	1,240,915.02

3. Prepayment

(1) Aging analysis

Aging	Closing Balance		Opening Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	14,556,402.45	76.68%	85,033,318.92	98.12%
1-2 years	3,978,336.29	20.95%	341,247.89	0.40%
2-3 years			1,197,641.47	1.38%
Over 3 years	449,430.80	2.37%	89,600.00	0.10%
Total	18,984,169.54	--	86,661,808.28	--

Explanation of prepayment with age longer than 1 year:

There is no prepayment with age longer than 1 year.

(2) Top five entities with the largest balances of prepayments

Company name	Closing Balance	Proportion in the total
First	8,736,496.90	46.02
Second	2,310,000.00	12.17
Third	1,520,000.00	8.01
Fourth	1,500,000.00	7.90
Fifth	1,200,000.00	6.32
Total	15,266,496.90	80.42

4. Other receivables

Item	Closing Balance	Opening Balance
Other receivables	47,908,184.37	57,084,601.83
Total	47,908,184.37	57,084,601.83

(1) Other receivables

1) Other receivables disclosed by categories

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	
Other receivables with significant single amount and tested for impairment individually	80,747,048.93	72.52%	47,839,924.27	59.25%	32,907,124.66	80,747,048.93	67.33%	47,839,924.27	59.25%	32,907,124.66
Other receivables tested for impairment on the portfolio with characteristics of credit risk	30,596,168.88	27.48%	15,595,109.17	50.97%	15,001,059.71	39,188,922.37	32.67%	15,011,445.20	38.31%	24,177,477.17
Total	111,343,217.81	100.00%	63,435,033.44	56.97%	47,908,184.37	119,935,971.30	100.00%	62,851,369.47	52.40%	57,084,601.83

Other receivables with significant single amount and tested for impairment individually

√ Applicable □ N/A

Company Name	Closing Balance			
	Book Balance	Provision balance for bad debt	Proportion of provision	Reason
Industrial Commercial Bank of China Ltd. Zhengzhou Jiefang road branch.	42,907,124.66	10,000,000.00	23.31%	Tort liability
Industrial Commercial Bank of China Ltd. Kaifeng Haode branch	22,839,924.27	22,839,924.27	100.00%	Tort liability
Bankruptcy administrator of Jiangsu Juntai Properties Co., Ltd., Suqian Guotai Department Store Co., Ltd.	15,000,000.00	15,000,000.00	100.00%	Estimated uncollectible
Industrial Commercial Bank of China Ltd. Zhengzhou Jiefang road branch.	80,747,048.93	47,839,924.27	--	--

Analysis of provision under the aging analysis method:

√ Applicable □ N/A

Aging	Closing Balance		
	Other receivables	Provision for bad debt	Proportion of provision
Within 1 year by item			
Subtotal within 1 year	5,600,638.03	280,031.91	5.00%
1-2 years	7,283,730.25	728,373.03	10.00%
2-3 years	1,345,777.77	403,733.33	30.00%

3-4 years	2,485,592.52	1,242,796.26	50.00%
4-5 years	4,701,278.37	3,761,022.70	80.00%
Over 5 years	9,179,151.94	9,179,151.94	100.00%
Total	30,596,168.88	15,595,109.17	50.97%

Explanation of the determination of the portfolio basis:

Other receivables that the related provision for bad debts is based on the proportion of closing balance:

Applicable N/A

Other receivables that the related provision for bad debts is based on other methods :

Applicable N/A

2) Provision and recovery for bad and doubtful debt in the current period

The provision allowance of current period is CNY 1,155,422.51; Provision and recovery for bad is CNY 0.00.

Items of recovery that are important in this term are as follows:

Company name	Recovery amount	Method
No		

3) Other actual receivable write-off in this period

Item	Written off amount
Amount of other receivables that are actually written off	571,758.54

The important write off of accounts receivable are as follows:

Company Name	Category	Amount of write off	Reasons for Write off	Write off procedure	Whether the amount of money generated by the related party transactions
None					

4) Analysis of other receivables by categories

Category	Closing Balance	Opening Balance
Savings deposit (Infringement dispute arrears)	65,747,048.93	65,747,048.93
Security deposit	16,812,560.00	23,738,248.46
Cooperation payment	3,910,000.00	3,910,000.00
Business loans, Petty cash and other.	24,873,608.88	26,540,673.91
Total	111,343,217.81	119,935,971.30

5) Top five entities with the largest balances of other receivables

Company 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 arrears)	42,907,124.66	3-4 years	38.54%	10,000,000.00
Industrial Commercial	Savings deposit (Infringement	22,839,924.27	3-4 years	20.51%	22,839,924.27

Company Name	Category	Closing Balance	Aging	Proportion in total receivables (%)	Provisioning amount at period end
Bank of China Ltd. Kaifeng Haode branch	dispute arrears)				
Bankruptcy administrator of Jiangsu Juntai Properties Co.,Ltd., Suqian Guotai Department Store Co.,Ltd.	Security deposit	15,000,000.00	Over 5 years	13.47%	15,000,000.00
Nanjing Peilong sports culture Co., Ltd.	Security deposit	3,910,000.00	Over 5 years	3.51%	3,910,000.00
Advance money for another	Advance money for another	2,379,354.55	1-2 year	2.14%	237,935.46
Total	--	87,036,403.48	--	78.17%	51,987,859.73

5. Inventories

Does the company need to comply with the disclosure requirements of real estate industry.

No

(1) Categories of Inventory

Category	Closing Balance			Opening Balance		
	Book Balance	Provision for stock obsolescence	Book Value	Book Balance	Provision for stock obsolescence	Book Value
Raw materials	389,136,605.04	8,125,769.63	381,010,835.41	375,309,467.17	10,371,479.92	364,937,987.25
Goods in progress	530,437,380.46		530,437,380.46	523,779,562.33		523,779,562.33
Stock commodities	1,637,109,450.86		1,637,109,450.86	1,512,612,958.86	720,789.05	1,511,892,169.81
Revolving materials	7,316,606.29	2,270,576.29	5,046,030.00	7,316,606.29	2,270,576.29	5,046,030.00
semi-finished goods	11,338,514,891.01		11,338,514,891.01	10,455,847,684.72		10,455,847,684.72
Total	13,902,514,933.66	10,396,345.92	13,892,118,587.74	12,874,866,279.37	13,362,845.26	12,861,503,434.11

Does the company need to comply with the disclosure requirements of “Shenzhen Stock Exchange disclosure guide No. 4 - listed companies engaged in seed or planting business”

No

Does the company need to comply with the disclosure requirements of “Shenzhen Stock Exchange disclosure guide No. 4 - listed companies engaged in jewelry business”

No

(2) Provision for stock obsolescence

Category	Opening Balance	Increase in the current period		Decreases in current period		Closing Balance
		Amount	Other	Reversal as increase of asset value	Other	
Raw material	10,371,479.92			2,245,710.29		8,125,769.63
Finished goods	720,789.05			720,789.05		
Revolving material	2,270,576.29					2,270,576.29
Total	13,362,845.26			2,966,499.34		10,396,345.92

(3) Statements for borrowing cost capitalized and included in the closing balance of inventory

(4) Closing conditions of assets completed but not settled through construction contracts

6. Non-current assets due within one year

Item	Closing Balance	Opening Balance
Trust financial products	1,120,000,000.00	552,200,000.00
Total	1,120,000,000.00	552,200,000.00

7. Other current assets

Item	Closing Balance	Opening Balance
Short-term financial products	16,785,753,510.74	12,823,346,324.01
VAT to be deducted	116,379,452.59	152,076,035.38
Consumption tax to be deducted	21,568,108.81	7,950,860.87
Advance payment of income tax	8,779,276.82	13,002,160.15
Total	16,932,480,348.96	12,996,375,380.41

8. Available-for-sale financial assets

(1) Details of available-for-sale financial assets

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for impairment	Book Value	Book Balance	Provision for impairment	Book Value
Available-for-sale equity instruments:	2,714,403,624.66	948,000.00	2,713,455,624.66	1,936,227,142.76	948,000.00	1,935,279,142.76
Measured by fair value	284,756,163.23		284,756,163.23			
Measured by cost	2,429,647,461.43	948,000.00	2,428,699,461.43	1,936,227,142.76	948,000.00	1,935,279,142.76
Others				1,525,000,000.00		1,525,000,000.00
Total	2,714,403,624.66	948,000.00	2,713,455,624.66	3,461,227,142.76	948,000.00	3,460,279,142.76

(2) Available-for-sale financial assets measured at fair value at period end

Categories of available for sale financial assets	Available for sale equity instruments	Available for sale debt instruments	Total
Cost of equity instruments/Amortized cost of debt instruments	425,350,132.53		425,350,132.53
Fair value	284,756,163.23		284,756,163.23
Cumulative fair value changes through other comprehensive income	-140,593,969.30		-140,593,969.30

(3) Available-for-sale financial assets measured at cost at period end

Investee	Book Balance				Provision for impairment				Proportion of equity held in investee	Current period cash dividends
	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Opening Balance	Increase in current period	Decrease in current period	Closing Balance		
Jinagsu Siyang Rural Commercial Bank	7,987,200.00			7,987,200.00					7.02%	3,529,485.20
Suqian Transportation Investment Co.,Ltd.	948,000.00			948,000.00	948,000.00			948,000.00	0.09%	
Zking Property	52,500,000.00			52,500,000.00					2.00%	

Investee	Book Balance				Provision for impairment				Proportion of equity held in investee	Current period cash dividends
	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Opening Balance	Increase in current period	Decrease in current period	Closing Balance		
&Casualty Insurance Co.,Ltd.										
Shanghai Finance Development Investment Funds (limited Partnership)	162,442,493.39		34,397,816.93	128,044,676.46					3.33%	2,695,985.71
Zhongjin Jiatai (Tianjin) Equity Funds Partnership(Limited Partnership)	190,153,911.27		19,994,332.31	170,159,578.96					6.25%	3,830,553.37
BOC International (CHINA) Co.,Ltd.	300,000,000.00			300,000,000.00					3.16%	6,315,789.44
Hangzhou Taiyi Tianze Investment Management Partnership(Limited Partnership)	105,000,000.00			105,000,000.00					62.50%	
Suning Consumption Finance Co.,Ltd.	30,000,000.00			30,000,000.00					5.00%	
Beijing Hutong Equity Investment (Limited Partnership)	30,000,000.00		5,828,599.13	24,171,400.87					28.20%	
Shanghai Jinpu Xincheng Mobile	100,000,000.00			100,000,000.00					10.00%	

Investee	Book Balance				Provision for impairment				Proportion of equity held in investee	Current period cash dividends
	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Opening Balance	Increase in current period	Decrease in current period	Closing Balance		
Internet Equity Investment Funds Partnership (Limited Partnership)										
CSIC Equity Investment Funds	52,654,366.05	25,404,473.81	11,753,661.72	66,305,178.14					1.50%	2,442,667.98
Beijing Weijiu Century Culture Media Co.,Ltd.	5,000,000.00			5,000,000.00					5.00%	
Shanghai Finance Development Pujiang Investment Funds (Limited Partnership)	542,012.88			542,012.88					3.33%	
Jinpu Xincheng Investment Management Co.,Ltd.	102,271.50			102,271.50					6.82%	
Shanghai Shangshi Hongzhang Investment Center (Limited Partnership)	15,000,000.00	15,000,000.00	774,375.95	29,225,624.05					5.42%	
Zhongjin Taijia Phase II (Tianjin) Equity Investment Funds	66,884,387.67	109,442,731.52	35,728,100.62	140,599,018.57					4.98%	

Investee	Book Balance				Provision for impairment				Proportion of equity held in investee	Current period cash dividends
	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Opening Balance	Increase in current period	Decrease in current period	Closing Balance		
Partnership(Limited Partnership)										
Jinagsu Yongda Outdoor Media Co.,Ltd.	1,507,500.00			1,507,500.00					5.00%	
Jinagsu Yongda High-speed Railway Media Co.,Ltd.	505,000.00			505,000.00					5.00%	
Jiaxing Danqing Investment Partnership (Limited Partnership)	70,000,000.00	30,000,000.00		100,000,000.00					10.00%	
Jinshi Kunxiang Equity Investment Partnership(Limited Partnership)	300,000,000.00			300,000,000.00					52.54%	
Suzhou Danqing Phase II Pharmaceutical Innovation Industry Investment Partnership (Limited Partnership)		60,000,000.00		60,000,000.00					7.54%	
LC Securities Co.,Ltd.	330,000,000.00			330,000,000.00					12.83%	

Investee	Book Balance				Provision for impairment				Proportion of equity held in investee	Current period cash dividends
	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Opening Balance	Increase in current period	Decrease in current period	Closing Balance		
Nanjing Jiyan Food Co.,Ltd.	15,000,000.00			15,000,000.00					4.76%	
Jiangsu Saifu Green Food Development Co.,Ltd	100,000,000.00			100,000,000.00					2.74%	
Nanjing Xingnahe Venture Capital Partnership (Limited Partnership)		200,000,000.00	2,950,000.00	197,050,000.00					45.45%	
Panmao (Shanghai) Investment Center (Limited Partnership)		165,000,000.00		165,000,000.00					55.00%	
Shanghai Xintuo-Road King Creditors' Investment Collective Fund Trust Plan	100,000,000.00		100,000,000.00							
Zhongrong Trust - Guarantee-Assistant Fund No.190Collective Fund Trust Plan	150,000,000.00		150,000,000.00							
Zhongrong Trust-	100,000,000.00		100,000,000.00							

Investee	Book Balance				Provision for impairment				Proportion of equity held in investee	Current period cash dividends
	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Opening Balance	Increase in current period	Decrease in current period	Closing Balance		
The Glory of the World No.26 Collective Fund Trust Plan										
WesternTrust. Sunshine City Yujing Special Asset Trust Plan	150,000,000.00		150,000,000.00							
Shanghai Xintuo-Oceanwide Wuhan Yunhai Garden Collective Trust Plan	100,000,000.00		100,000,000.00							
Zhongrong-Jundun No.1Trust	150,000,000.00		150,000,000.00							
WesternTrust-CAC Group Creditors ' Collective Trust Plant	200,000,000.00		200,000,000.00							
Pingan Fortune-Hongtai No.189Collective Fund Trust Plan	70,000,000.00		70,000,000.00							
Western Trust-Evergrande Enping Equity Investment Collective Fund Trust Plan	100,000,000.00		100,000,000.00							

Investee	Book Balance				Provision for impairment				Proportion of equity held in investee	Current period cash dividends
	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Opening Balance	Increase in current period	Decrease in current period	Closing Balance		
Western Trust-Tiandiyuan (Phase V) Collective Fund Trust Plan	120,000,000.00		120,000,000.00							
China Tourism International Trust-Zhixin No.358 Zhongtian Future Ark Collective Fund Trust Plan B	85,000,000.00		85,000,000.00							
Shanxi International Trust-Green Source Farmers Market Trust Loan Collective Fund Trust Plan	100,000,000.00		100,000,000.00							
Shanxi International Trust-Wuxi Railway Station North Square A Block Project Loan Collective Fund Trust Plan	100,000,000.00		100,000,000.00							
Total	3,461,227,142.76	604,847,205.33	1,636,426,886.66	2,429,647,461.43	948,000.00			948,000.00	--	18,814,481.70

(4) Changes in provision for the impairment of the available-for-sale assets during the reporting period

Classification of available-for-sale assets	Equity instruments available for sale	Debt instruments available for sale	Total
Balance of the provision for impairment at the beginning of this period	948,000.00		948,000.00
Balance of the provision for impairment at the end of this period	948,000.00		948,000.00

9. Long-term equity investments

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 divided or profit declared	Provision for impairment	Other		
1. Joint Venture											
2. Associated Enterprise											
Jiangsu Su Wine Culture Transmission Co., Ltd.	1,980,046.94			911,282.86			408,000.00		781,690.58	3,265,020.38	
Nanjing Hesong Culture Technology Co., Ltd.		3,400,000.00		239,991.56						3,639,991.56	
Jiangsu Xinghe Investment Management Co., Ltd.		1,850,000.00		668,316.88						2,518,316.88	
Subtotal	1,980,046.94	5,250,000.00		1,819,591.30			408,000.00	-	781,690.58	9,423,328.82	
Total	1,980,046.94	5,250,000.00		1,819,591.30			408,000.00	-	781,690.58	9,423,328.82	

Other statements

Other changes of Jiangsu Su Wine Culture Transmission Co., Ltd. in the current period are long-term equity investments that have not realized sales profit adjustment in downstream transactions.

10. Fixed assets

Item	Closing Balance	Opening Balance
Fixed assets	7,833,665,282.19	8,249,559,468.26
Total	7,833,665,282.19	8,249,559,468.26

(1) Details of Fixed Assets

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Other equipment	Total
Original cost of fixed assets					
1. Opening Balance	7,781,292,717.66	2,969,522,716.63	68,107,280.20	329,794,629.96	11,148,717,344.45
2. Increase in current period	101,855,482.83	151,251,840.47	7,987,937.98	50,527,425.12	311,622,686.40
(1) External purchase	14,515,922.81	4,810,149.36	7,915,544.81	50,271,440.28	77,513,057.26
(2) Transfer from projects under construction	87,339,560.02	146,441,691.11	72,393.17	255,984.84	234,109,629.14
(3) Increase in Corporate merger					
3. Decrease in current period	17,615,950.55	12,353,143.71	10,672,785.74	4,723,482.31	45,365,362.31
(1) Elimination and sell off	17,615,950.55	12,353,143.71	10,672,785.74	4,723,482.31	45,365,362.31
4. Closing Balance	7,865,532,249.94	3,108,421,413.39	65,422,432.44	375,598,572.77	11,414,974,668.54
Accumulated depreciation					
1. Opening Balance	1,533,929,641.94	1,109,582,470.15	48,535,906.55	207,109,857.55	2,899,157,876.19
2. Increase in current period	375,112,939.92	275,048,790.28	6,807,570.27	50,174,399.01	707,143,699.48
(1) Provision	375,112,939.92	275,048,790.28	6,807,570.27	50,174,399.01	707,143,699.48
(2) Increase in Corporate merger					
3. Decrease in current period	3,035,190.74	7,998,636.39	9,798,106.72	4,160,255.47	24,992,189.32
(1) Disposal or elimination	3,035,190.74	7,998,636.39	9,798,106.72	4,160,255.47	24,992,189.32
4. Closing Balance	1,906,007,391.12	1,376,632,624.04	45,545,370.10	253,124,001.09	3,581,309,386.35
Provision for fixed asset impairment					
1. Opening Balance					
2. Increase in current period					
(1) Provision					
3. Decrease in current period					
(1) Disposal or elimination					
4. Closing Balance					

Book Value					
1.Closing 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.Opening Book Value	6,247,363,075.72	1,859,940,246.48	19,571,373.65	122,684,772.41	8,249,559,468.26

(2) Investment properties without certification of right

Item	Book Value	Reason for not having the certification of right
Blue-collar workers apartment of Yanghe	151,840,844.16	In process
Siyang lai 'an base office building	20,181,257.95	In process
Yanghe workshop etc.	94,497,478.73	In process
Total	266,519,580.84	

(2) Disposal of fixed assets

Item	Closing Balance	Opening Balance

11. Construction in progress

Item	Closing Balance	Opening Balance
Construction in progress	153,747,041.24	234,431,457.83
Construction materials	788,063.58	788,063.58
Total	154,535,104.82	235,219,521.41

(1) Construction in progress

item	Closing Balance			Opening Balance		
	Book Balance	Provision for impairment	Book Value	Book Balance	Provision for impairment	Book Value
R&D Center Building project	7,668,674.65		7,668,674.65	10,431,829.70		10,431,829.70
Shuanggou new area bottle storage and packaging relocation project				91,252,560.31		91,252,560.31
Packaging logistics project of Shuanggou Distillery industry park	12,080,019.36		12,080,019.36	33,759,459.32		33,759,459.32
Shuanggou new area brewing project	13,132,641.22		13,132,641.22	16,950,999.28		16,950,999.28
Shuanggou new area supporting project	492,307.69		492,307.69	650,166.18		650,166.18
Shuanggou packaging production line	10,610,699.88		10,610,699.88	10,610,699.88		10,610,699.88
Hubei Lihuacun Liquor Industry filling project				1,542,699.41		1,542,699.41
Intelligent brewing	11,167,656.92		11,167,656.92			

item	Closing Balance			Opening Balance		
	Book Balance	Provision for impairment	Book Value	Book Balance	Provision for impairment	Book Value
(Mellowness 125 workshop) project						
Siyang Base Three-dimensional Warehouse, packaging production line project	15,581,233.56		15,581,233.56			
Qu-making third workshop sesame qu expansion phase II project	5,428,198.28		5,428,198.28			
Other projects	77,585,609.68		77,585,609.68	69,233,043.75		69,233,043.75
Total	153,747,041.24		153,747,041.24	234,431,457.83		234,431,457.83

(2) Current changes of important construction in progress

Item	Budget	Opening Balance	Increase in current period	Transfer into fixed assets	Decrease in current period	Closing Balance	Proportion of accumulative project input in budget	Progress	Capitalized interest	Include: Capitalized interest for the period	Capitalization rate for the period (%)	Source of funds
R&D Center Building project	260,510,000.00	10,431,829.70	1,749,525.77	4,512,680.82		7,668,674.65	196.09%	End stage of Engineering				Other
Shuanggou new area bottle storage and packaging relocation project	640,270,000.00	91,252,560.31	15,937,440.68	107,190,000.99			123.76%	Completed				Other
Packaging logistics project of Shuanggou Distillery industry park	495,000,000.00	33,759,459.32	8,948,384.94	30,627,824.90		12,080,019.36	206.68%	End stage of Engineering				Other
Shuanggou new area brewing project	528,180,000.00	16,950,999.28	1,854,694.33	5,673,052.39		13,132,641.22	162.55%	End stage of Engineering				Other
Shuanggou new area supporting project	70,000,000.00	650,166.18	575,025.37	732,883.86		492,307.69	173.17%	End stage of Engineering				Other
Shuanggou packaging production line	120,000,000.00	10,610,699.88				10,610,699.88	89.53%	End stage of Engineering				Other
Hubei	80,000,000.00	1,542,699.41	4,194,297.64	5,736,997.05			132.78%	Completed				Other

Item	Budget	Opening Balance	Increase in current period	Transfer into fixed assets	Decrease in current period	Closing Balance	Proportion of accumulative project input in budget	Progress	Capitalized interest	Include: Capitalized interest for the period	Capitalization rate for the period (%)	Source of funds
Lihuacun Liquor Industry filling project												
Intelligent brewing (Mellowness 125 workshop) project	31,000,000.00		11,167,656.92			11,167,656.92	36.02%	In the process				Other
Siyang Base Three-dimensional Warehouse, packaging production line project	41,000,000.00		16,822,612.96	1,241,379.40		15,581,233.56	41.03%	In the process				Other
Qu-making third workshop sesame qu expansion phase II project	9,800,000.00		5,428,198.28			5,428,198.28	55.39%	In the process				Other
Total	2,275,760,000.00	165,198,414.08	66,677,836.89	155,714,819.41		76,161,431.56	--	--				--

(3) Construction materials

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for impairment	Book Value	Book Balance	Provision for impairment	Book Value

Cable type	6,320.03		6,320.03	6,320.03		6,320.03
electric equipment	781,743.55		781,743.55	781,743.55		781,743.55
Total	788,063.58		788,063.58	788,063.58		788,063.58

12. Intangible assets

(1) Details of intangible assets

Item	Land use right	Patent right	No-patent right technology	Trademark right	Computer software	Total
Original cost of intangible assets						
Opening Balance	1,782,806,638.06			396,741,375.76	93,491,180.46	2,273,039,194.28
Increase in current period	163,260,000.00			3,110,089.67	12,163,487.32	178,533,576.99
Including: Acquired	163,260,000.00			3,110,089.67	12,163,487.32	178,533,576.99
Internally developed						
Business combination						
Decrease in current period						
Including: Disposal						
Closing Balance	1,946,066,638.06			399,851,465.43	105,654,667.78	2,451,572,771.27
Accumulated amortization of intangible assets						
Opening Balance	208,924,366.84			382,757,563.31	27,810,837.06	619,492,767.21
Increase in current period	38,210,698.82			2,110,987.09	9,796,631.05	50,118,316.96
Including: Provision	38,210,698.82			2,110,987.09	9,796,631.05	50,118,316.96
Decrease in current period						
Including: Disposal						
Closing Balance	247,135,065.66			384,868,550.40	37,607,468.11	669,611,084.17
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	1,698,931,572.40			14,982,915.03	68,047,199.67	1,781,961,687.10
Opening Book Value	1,573,882,271.22			13,983,812.45	65,680,343.40	1,653,546,427.07

13. Goodwill

(1) Book value of goodwill

Investee's name or items resulting in goodwill	Opening Balance	Addition this period	Elimination this period	Closing Balance
Jiangsu Shuanggou Distillery Stock Co.,Ltd. [Note]	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-	21,250,284.80			21,250,284.80

Investee's name or items resulting in goodwill	Opening Balance	Addition this period		Elimination this period		Closing Balance
commerce Co.,Ltd						
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					342,814,352.41

(2) Provision for impairment of goodwill

Investee's name or items resulting in goodwill	Opening Balance	Addition this period		Elimination this period		Closing Balance
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					66,812,362.46

Information about the asset group or combination of asset groups where the goodwill is located

Explanation of the goodwill impairment test process, key parameters (such as the growth rate in the forecast period, the growth rate in the stable period, the profit rate, the discount rate, the forecast period, etc.) and the recognition method of goodwill impairment loss:

[Note] Goodwill impairment test according to the present value of the expected future cash flow of the asset groups, group assets of nearly 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 15.59% 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.

Goodwill impairment test

Other instructions

No

14. Long-term prepaid expenses

Item	Opening Balance	Increase in the current period	Amortization for the current period	Other decreases	Closing Balance
Renovation costs of the rented house	1,091,644.16		184,008.16		907,636.00
Total	1,091,644.16		184,008.16		907,636.00

15. Deferred tax assets/liabilities

(1) Deferred tax assets before offset

Item	Closing Balance		Opening Balance	
	Deductible Temporary Differences	Deferred Tax Assets	Deductible Temporary Differences	Deferred Tax Assets
Provision for asset impairment	73,261,029.52	17,696,079.84	73,619,863.33	18,404,334.67
Unrealized profits from internal transactions	49,459,513.99	12,364,878.51	44,667,749.86	11,166,937.46
Deductible losses	298,587,033.87	74,646,758.47	9,122,967.34	2,280,741.83
The difference between book value of debt and tax base	2,437,185,000.00	609,296,250.00	2,471,228,375.00	617,807,093.75
Total	2,858,492,577.38	714,003,966.82	2,598,638,955.53	649,659,107.71

(2) Deferred tax liabilities before offset

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	56,077,024.20	14,019,256.05	71,831,084.40	17,957,771.10
Total	56,077,024.20	14,019,256.05	71,831,084.40	17,957,771.10

(3) Details of unrecognized deferred tax assets

Item	Closing Balance	Opening Balance
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Deductible temporary differences	6,280,624.43	5,890,523.76
Deductible losses	214,056,848.93	179,672,013.58
Total	220,337,473.36	185,562,537.34

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

Year	Closing Balance	Opening Balance	Remark
2020	27,264,949.28	29,839,655.24	
2021	82,161,059.93	82,161,059.93	
2022	67,671,298.41	67,671,298.41	
2023	36,959,541.31		
Total	214,056,848.93	179,672,013.58	--

16. Other non-current assets

Item	Closing Balance	Opening Balance
Compensation for land compensation	158,606,824.94	158,606,824.94
Prepaid construction equipment expense and purchase and house payment	46,405,359.98	45,620,808.97
Total	205,012,184.92	204,227,633.91

17. Notes and accounts payables

Item	Closing Balance	Opening Balance
Notes payable		8,200,000.00
Accounts payable	1,261,282,397.89	1,111,403,574.47
Total	1,261,282,397.89	1,119,603,574.47

(1) Notes payable by category

Category	Closing Balance	Opening Balance
Bank acceptances		8,200,000.00
Total		8,200,000.00

Total amount of notes payable overdue at the period end is CNY 0.00.

(2) Accounts payables by category

Category	Closing Balance	Opening Balance
Material purchase	1,159,829,383.04	949,161,768.88
Construction and equipment payment	101,453,014.85	162,241,805.59
Total	1,261,282,397.89	1,111,403,574.47

(3) Description of significant accounts payable aged more than 1 year

Item	Closing Balance	Reason for not being settled
None		

18. Advance from customers**(1) Presentation of advances from customers**

Item	Closing Balance	Opening Balance
Advance from customers	4,468,409,150.75	4,199,846,323.30
Total	4,468,409,150.75	4,199,846,323.30

(2) Description of significant advance from customers aged more than 1 year

Item	Closing Balance	Reason for not being settled
None		

19. Employee benefits payable**(1) Employee benefits payable shown as follows:**

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Short-term benefits	208,314,727.66	1,622,846,491.59	1,645,602,052.47	185,559,166.78
Post-employment benefits-- defined contribution plans	1,343,920.63	139,651,615.36	140,803,329.18	192,206.81
Termination benefits		465,700.50	465,700.50	
Total	209,658,648.29	1,762,963,807.45	1,786,871,082.15	185,751,373.59

(2) Short-term employee benefits payable shown as follows:

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Wages, bonuses, allowances and grants	202,843,814.89	1,399,580,664.51	1,421,059,254.48	181,365,224.92
Employees' welfare		83,457,766.16	83,457,766.16	
Social insurance premiums	427,454.84	61,490,211.56	61,902,806.31	14,860.09
Including: Medical Insurance	372,876.50	52,615,361.80	52,980,266.30	7,972.00
Work-related injury insurance	38,668.84	3,029,305.12	3,061,098.62	6,875.34
Maternity insurance premium	15,909.50	5,845,544.64	5,861,441.39	12.75
Housing funds	884,823.00	66,107,122.80	65,842,765.00	1,149,180.80
Labor union expenditures and employee education funds	4,158,634.93	12,210,726.56	13,339,460.52	3,029,900.97
Total	208,314,727.66	1,622,846,491.59	1,645,602,052.47	185,559,166.78

(3) Defined contribution plan shown as follows:

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Basic endowment insurance premium	1,266,707.40	136,051,273.34	137,126,658.01	191,322.73
Unemployment insurance premium	77,213.23	3,600,342.02	3,676,671.17	884.08
Total	1,343,920.63	139,651,615.36	140,803,329.18	192,206.81

20. Taxes payable

Item	Closing Balance	Opening Balance
Value-added tax	189,165,872.30	16,566,945.18
Consumption tax	718,733,315.03	301,944,997.98
Enterprise income tax	2,284,751,258.08	1,865,510,244.69
Individual Income Tax	8,034,721.58	51,144,185.46
Urban maintenance and construction tax	16,248,651.42	16,322,641.43
Land use tax	15,946,560.04	16,034,117.97
Property tax	13,930,499.24	4,946,210.32
Education Surcharge and Local Education Surcharge	5,044,392.51	13,262,451.18
Stamp tax	1,271,183.78	1,787,929.52
Integrated fund	560.58	5,144.20
Other tax	2,331,745.16	2,037,259.74
Total	3,255,458,759.72	2,289,562,127.67

21. Other payables

Item	Closing Balance	Opening Balance
Other payables	6,457,301,511.01	5,620,040,515.94
Total	6,457,301,511.01	5,620,040,515.94

(1) Other payables

1) Categories by nature

Item	Closing Balance	Opening Balance
Dealer unsettled discount	2,298,765,700.00	2,249,550,630.00
Dealer deposit	2,929,101,334.21	1,996,000,543.52
Dealer risk pledged capital	659,646,746.28	618,260,719.07
Accrued expenses	287,765,353.59	473,980,800.72
Quality guarantee deposit, Performance bond	188,186,132.55	176,017,865.12
Other	93,836,244.38	106,229,957.51
Total	6,457,301,511.01	5,620,040,515.94

2) Other important payables aging more than 1 year

Item	Closing Balance	Reasons for Being Unpaid or Transferred
Dealer risk pledged capital, deposit	492,600,426.68	Risk pledged capital, deposit
Total	492,600,426.68	--

22. Long-term loans

(1) Long-term loans by category

Item	Closing Balance	Opening Balance
Credit loans	109,088.00	145,452.00
Total	109,088.00	145,452.00

23. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	198,404,248.85	199,107,530.75
Total	198,404,248.85	199,107,530.75

(1) Long-term payables

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Reason
Compensation for replacement of employee status	199,107,530.75		703,281.90	198,404,248.85	
Total	199,107,530.75		703,281.90	198,404,248.85	--

24. Deferred Incomes

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Reason
Government grants	107,349,666.67		8,836,166.67	98,513,500.00	
Total	107,349,666.67		8,836,166.67	98,513,500.00	--

Projects involving government grants:

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
Special fund for waste water recycling and reuse project	79,166.67			79,166.67				Asset
Hubei Lihuacun liquor industry liquor brewing, filling project supporting facilities construction subsidies	34,567,600.00			4,257,000.00			30,310,600.00	Asset
Special fund for packaging logistics project in Shuanggou new area	21,000,000.00			3,000,000.00			18,000,000.00	Asset
Special fund for Harbin Binzhou brewery construction project	41,202,900.00						41,202,900.00	Asset
Shuanggou sewage treatment project	10,500,000.00			1,500,000.00			9,000,000.00	Asset

25. Share Capital

Item	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

26. Capital reserves

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Share premium	741,674,076.44			741,674,076.44
Other capital reserves	30,000.00			30,000.00
Total	741,704,076.44			741,704,076.44

27. Other Comprehensive Incomes

Item	Opening Balance	Current Period					Closing Balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
Other consolidate incomes that will be reclassified into profit and loss	915,704.03	-142,861,056.33			-142,880,414.18	19,357.85	-141,964,710.15
Changes in fair value of available for sale financial assets		-140,593,969.30			-140,593,969.30		-140,593,969.30
Difference from conversion of financial statements in foreign currency	915,704.03	-2,267,087.03			-2,286,444.88	19,357.85	-1,370,740.85
Other comprehensive Income Total	915,704.03	-142,861,056.33			-142,880,414.18	19,357.85	-141,964,710.15

28. Surplus reserves

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 legal surplus reserve has reached 50% of the registered capital. The legal surplus reserve was not withdrawn in the current period

29. Undistributed profits

Item	Current Period	Previous Period
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Undistributed profit before adjustment at the end of the last year	26,511,938,505.25	23,049,443,346.09
Undistributed profit after adjustment at the beginning of year	26,511,938,505.25	23,049,443,346.09
Plus: net profit attributable to owners of the parent company for the current period	8,115,189,794.69	6,627,169,959.16
Ordinary share dividends payable	3,842,819,400.00	3,164,674,800.00
Undistributed profits at the end of the period	30,784,308,899.94	26,511,938,505.25

Statements for adjusting undistributed profits at the beginning of the period:

Due to retrospective adjustment according to Accounting Standards for Business Enterprises and related new rule, undistributed profit at the beginning increases/decreases by CNY 0.00.

Due to changes of accounting policies, undistributed profit at the beginning increases/decreases by CNY 0.00.

Due to correction of accounting errors, undistributed profit at the beginning increases/decreases by CNY 0.00.

Due to other influences, undistributed profit at the beginning totally increases/decreases by CNY 0.00.

30. Operating revenue and cost of sales

Item	Current period amount		Previous period amount	
	Operating Revenue	Cost of sales	Operating Revenue	Cost of sales
Primary business	23,186,902,149.00	5,527,417,445.92	19,468,365,663.88	6,285,763,095.97
Other business	972,899,845.68	825,824,752.35	449,576,574.28	395,385,466.19
Total	24,159,801,994.68	6,353,242,198.27	19,917,942,238.16	6,681,148,562.16

31. Taxes and surcharges

Item	Current period amount	Previous period amount
Consumption tax	3,052,824,791.60	719,619,698.60
Urban maintenance and construction tax	306,402,753.67	187,348,938.98
Educational surcharge	304,586,562.85	158,110,821.96
Property tax	61,463,159.37	56,062,041.01
Land use tax	22,733,353.58	21,020,413.58
Stamp tax	10,995,368.32	9,705,637.17
Increment tax on land value	10,699,953.12	
Environmental protection tax	224,031.57	
Others		2,280.00
Total	3,769,929,974.08	1,151,869,831.30

Other statements :

According to Notice on further Strengthening the Collection and Management of Liquor Consumption Tax (Guoshuihan [2017] No. 144) issued by the State Administration of Taxation(SAT) issued, if a liquor manufacturing enterprise sets up multi-level sales units selling liquor, the SAT should verify the lowest assessable price of the manufacturing enterprise based on external sales price of final sales unit. Since 1 May 2017, the lowest

assessable price of liquor consumption tax has been adjusted to 60% uniformly from 50% to 70%. The tax payment of the Company's liquor consumption tax has been changed from withholding and remitting tax by trustee from direct payment by the liquor manufacturing enterprise since 1 September 2017. The accounting method of consumption tax was changed from manufacturing consignment reckoned in cost of liquor production to self-production and self-sale reckoned in consumption taxes and surcharges. The tax price of liquor consumption tax with ad valorem taxation has been changed from composite assessable price to the lowest assessable price of the manufacturing enterprise based on external sales price of final sales unit since 1 May 2017.

32. Selling and distribution expenses

Item	Current Period	Previous Period
Advertising promotion expense	1,492,333,124.96	1,210,783,150.98
Payroll	505,358,495.38	484,601,462.80
Shipping and handling cost[Note]	5,385,839.29	233,747,902.25
Labor expense	94,353,482.05	112,430,439.21
Travel expense	371,943,599.53	275,629,936.19
Business entertainment expense	2,468,968.74	1,881,714.48
Other expense	89,558,118.27	68,372,501.14
Total	2,561,401,628.22	2,387,447,107.05

Other statements:

The transportation cost of finished goods was previously borne by the Company, and it was borne by the distributor in this period.

33. General and administrative expenses

Item	Current Period	Previous Period
Payroll	645,451,421.56	546,050,904.30
Travel expense	51,131,089.76	46,464,950.04
Office allowance	9,563,500.30	9,035,598.20
Wate, electric and steam expense	64,140,517.86	55,857,399.91
Business entertainment expense	17,889,974.15	13,876,207.36
Depreciation cost	473,056,556.54	409,604,948.24
Rental expense	9,114,114.28	12,784,133.46
Repair charge	42,487,322.35	45,643,052.23
Amortization of intangible assets	50,118,316.96	45,154,640.83
Vehicle use expense	19,765,733.87	15,547,860.17
Shipping and handling cost	43,220,136.60	52,448,446.71
Other expense	278,326,418.38	253,934,718.28
Total	1,704,265,102.61	1,506,402,859.73

34. Research and Development expenses

Item	Current Period	Previous Period
Materials expenses	5,487,765.94	7,595,141.60
Payroll	13,387,099.46	10,757,741.42
Other expense	8,690,352.23	7,392,364.18
Total	27,565,217.63	25,745,247.20

35. Financial expenses

Item	Current Period	Previous Period
Interest expenses	3,273.00	3,927.00
Less: Interest income	69,133,580.05	48,793,842.12
Plus: Losses from currency exchange	652,223.14	11,705,912.52
Plus: Bank charges	3,339,447.15	3,171,671.13
Total	-65,138,636.76	-33,912,331.47

36. Impairment losses

Item	Current Period	Previous Period
Bad debt loss	1,098,948.45	2,151,140.21
Inventory value loss		920,789.05
Goodwill impairment loss		19,795,848.86
Total	1,098,948.45	22,867,778.12

37. Other income

Sources of other income	Current Period	Previous Period
Government grants received	59,870,221.67	44,745,640.94
Withholding personal tax commission	3,482,761.39	
Total	63,352,983.06	44,745,640.94

38. Investment income

Item	Current Period	Previous Period
Investment income from long-term equity investments under the equity method	1,819,591.30	-1,299,882.30
Investment income gained during the period of holding the available-for-sale financial assets and others	35,123,288.49	17,800,330.17
Investment income from disposing available-for-sale financial assets	56,995,537.28	90,627,738.02
Other investment income[Note]	824,354,377.42	516,824,879.08
Total	918,292,794.49	623,953,064.97

Other statements:

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

39. Gains from disposal of assets

Sources of gains from disposal of assets	Current Period	Previous Period
Gains from disposal of fixed assets	24,568,477.22	-8,598,844.11

40. Non-operating incomes

Item	Current Period	Previous Period	The amount included in the extraordinary
Liquidated damages income	15,698,217.08	11,966,175.47	15,698,217.08
Withholding personal tax commission		2,400,925.65	
Compensation payment	10,840,761.81	4,244,301.19	10,840,761.81
Account payables that are unable to pay	9,540,839.98		9,540,839.98

Others	1,851,187.31	1,210,652.45	1,851,187.31
Total	37,931,006.18	19,822,054.76	37,931,006.18

41. Non-operating expenses

Item	Current Period	Previous Period	The Amount Included in Extraordinary
Losses from retirement of fixed asset	2,364,904.26		2,364,904.26
Donation expenses	8,890,000.00	4,255,000.00	8,890,000.00
Integrated fund	68,150.83	77,868.28	
Reparations	227,180.00	441,197.00	227,180.00
Others	846,799.20	3,566,467.53	846,799.20
Total	12,397,034.29	8,340,532.81	12,328,883.46

42. Income tax expense

(1) Statement of income tax expense

Item	Current Period	Previous Period
Current Period Income Tax	2,792,139,209.45	2,316,822,437.89
Deferred Income Tax	-68,283,315.11	-87,654,013.74
Total	2,723,855,894.34	2,229,168,424.15

(2) Adjustment for Accounting Profit and Income tax expense

Item	Current Period Amount
Income Tax Expenses Determined by Statutory/Applicable Tax Rate	10,839,185,788.84
Impact from Subsidiaries' Different Tax Rates	2,709,796,447.21
Adjust for Impact from Income Tax Expense in Previous Period	-1,107,326.22
Impact from Non-taxable Income	6,716,079.57
Non-Deductible Costs, Expenses and Losses	-7,149,187.35
Deductible from Deferred Tax Assets in Previous Period	6,906,147.12
Temporary Differences Due to Unrecognized Deferred tax Asset during Current Period	-643,676.49
Others	9,337,410.50
Income Tax Expense	2,723,855,894.34

43. Other comprehensive income

Details in Notes VI. 27 "Other Comprehensive Incomes"

44. Notes to the cash flow statement

(1) Cash received from other operation activities

Item	Current Period	Previous Period
Risk deposit	41,386,027.21	47,312,595.70
Security deposit	1,078,922,221.42	153,130,574.87
Interest income	69,133,580.05	48,793,842.12
Liquidated damages income	15,698,217.08	16,210,476.66
Withholding personal tax	3,482,761.39	2,400,925.65

commission		
Government grants	51,034,055.00	35,893,640.94
Others	233,913,582.83	123,690,396.17
Total	1,493,570,444.98	427,432,452.11

(2) Cash paid for other operating activities

Item	Current Period	Previous Period
Transportation fee	73,756,101.88	275,767,664.19
Advertising promotion expense	1,514,147,166.86	1,150,193,005.98
Rental expense	11,809,301.97	15,515,018.50
Repair charge	42,532,923.93	45,714,951.47
Travel expense	393,625,149.65	313,614,903.30
Entertainment expense	20,358,942.89	15,832,355.68
Insurance expenses	4,809,096.29	2,398,922.19
Labor expense	135,194,429.87	113,395,206.68
Others	990,691,742.63	282,226,385.55
Total	3,186,924,855.97	2,214,658,413.54

(3) Cash received for other financing activities

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

(4) Cash paid for other financing activities

Item	Current Period	Previous Period
Payments for the loans to original shareholders of a subsidiary before the business combinations not under common control		246,204,388.41
Letter of credit guarantee deposit		1,500,000.00
Total		247,704,388.41

45. Supplementary information to consolidated statement of cash flow

(1) Supplementary information to consolidated statement of cash flow

Item	Current Period	Previous Period
Reconciliation of net profit to cash flow from operating activities	--	--
Net profit	8,115,329,894.50	6,618,786,143.67
Add: provision for asset impairment	1,098,948.45	22,867,778.12
Depreciation of fixed asset, oil and gas assets and productive biological assets	707,143,699.48	644,638,788.64
Amortization of intangible assets	50,118,316.96	45,154,640.83
Amortization of long-term deferred expenses	184,008.16	1,101,434.65
Losses from disposal of fixed assets, intangible assets and other long-term assets	-24,568,477.22	8,598,844.11
Losses on write-off of fixed assets	2,364,904.26	
Financial expenses	655,496.14	11,709,839.52
Losses on investments	-918,292,794.49	-623,953,064.97

Item	Current Period	Previous Period
Decrease in deferred tax asset	-64,344,859.11	-81,584,147.28
Increase in deferred tax liabilities	-3,938,515.05	-541,555.63
Decrease in inventory	-1,027,648,654.29	-634,118,034.37
Decrease in operation receivables	49,163,073.33	-20,895,686.14
Increase in operation payables	2,169,483,775.16	891,404,818.16
Net Cash Flow from Operating Activities	9,056,748,816.28	6,883,169,799.31
Significant investing and financing activities not involving cash flow	--	--
Net change in cash and cash equivalents	--	--
Closing balance of cash	3,615,348,307.97	1,749,952,876.18
Less : opening balance of cash	1,749,952,876.18	2,456,627,358.97
Net change in cash and cash equivalents	1,865,395,431.79	-706,674,482.79

(2) Composition of cash and cash equivalents

Item	Closing Balance	Opening Balance
Cash	3,615,348,307.97	1,749,952,876.18
Including: cash on hand	24,103.07	4,883.33
Unrestricted bank deposit	3,602,515,767.58	1,726,983,843.15
Other unrestricted cash & cash equivalents	12,808,437.32	22,964,149.70
Closing balance of cash and cash Equivalents	3,615,348,307.97	1,749,952,876.18

46. Foreign currency transactions

(1) Foreign currency balance

Item	Closing Balance in foreign currency	Exchange rate	Closing Balance in CNY
Cash and cash equivalents	--	--	50,283,591.25
Including: USD	5,234,266.36	6.8632	35,923,816.88
EUR			
HKD	1,153,729.70	0.8762	1,010,897.96
CLF	1,356,097,790.00	0.0098436	13,348,876.41
Other receivables			240,078.59
Including: HKD	273,999.76	0.8762	240,078.59
Accounts payable			3,392,242.64
Including: USD	494,265.45	6.8632	3,392,242.64
Other payables			3,005,704.13
Including: HKD	3,430,385.91	0.8762	3,005,704.13
Accounts receivables	--	--	
Including: USD			
EUR			
HKD			
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	PESO	Currency in the main economic environment of business operations

47. Government grants

(1) Details of government grants

Item	Amount	Presentation	Amount included in profit or loss
Funds for supporting local industries	9,081,955.00	Other income	9,081,955.00
Guiding funds for the development of local industries	23,845,100.00	Other income	23,845,100.00
Funds for local industrial development	4,000,000.00	Other income	4,000,000.00
Subsidy of pollution discharge	3,000,000.00	Other income	3,000,000.00
2017 enterprise research and development expense provincial financial subsidy funds	1,000,000.00	Other income	1,000,000.00
2017 Siyang county industrial development guidance funds	1,000,000.00	Other income	1,000,000.00

Subsidies for the clean renovation of coal-fired boilers	3,800,000.00	Other income	3,800,000.00
2017 Provincial supplementary funds for the training of highly skilled talents in short supply	870,000.00	Other income	870,000.00
The first batch of special funds for 2017 talent introduction needed for development	630,000.00	Other income	630,000.00
Special funds for urgent needed talents for the development of north Jiangsu	610,000.00	Other income	610,000.00
The first batch of 2017 award and subsidy projects of municipal industrial development guidance fund (industrial development)	513,000.00	Other income	513,000.00
Industrial tourism toilet special guide fee	340,000.00	Other income	340,000.00
2018 Special fund for provincial business development (e-commerce development project)	300,000.00	Other income	300,000.00
2018 Provincial key research and development plan (industrial foresight and generic key technology) project	300,000.00	Other income	300,000.00
Suqian guiding funds for industrial development	150,000.00	Other income	150,000.00
2017 Siyang County Finance Bureau tourism special funds	80,000.00	Other income	80,000.00
Others	1,514,000.00	Other income	1,514,000.00
Transfer from the deferred income in the current period	8,836,166.67	Other income	8,836,166.67
Total	59,870,221.67		59,870,221.67

VIII. Changes in consolidated scope

1. Others

Establishment of subsidiaries

(1) On June 2018, the Company and its controlling subsidiary Su Wine Group Jiangsu Wealth Management Co., Ltd. respectively subscribed CNY 150,000 to set up Jiangsu Yanghe Investment Management Co., Ltd.. It is included in the consolidated financial statements from June 2018.

(2) On May 2018, the controlling subsidiary Su Wine Group Trade Co., Ltd. subscribed CNY 50,000 to set up Su Wine Group Nanjing Operation Management Co., Ltd. It is included in the consolidated financial statements from May 2018.

(3) On November 7 2018, the controlling subsidiary Su Wine Group Trade Co., Ltd. subscribed 10 million yuan to set up Jiangsu Zhongshiji Wine Industry Co., Ltd. As of

December 31 2018, it has not made any actual investment. It is included in the consolidated financial statements from November 2018.

Cancellation of subsidiaries

(1) Sihong Shuangtai Package Co., Ltd., the controlling subsidiary in this period, conducted liquidation and cancellation. On May 29, 2018, it obtained the notice of company approval for cancellation registration issued by Sihong County Market Supervision and Administration Bureau. It will no longer be included in the consolidated financial statements from June 2018.

(2) The controlling subsidiary, Sue Wine Group Trade Co., Ltd. merged Nanjing Huiteng Media Technology Co., Ltd. On November 7, 2018, it obtained the notice of company approval for cancellation registration issued by Nanjing Jianye District Market Supervision and Administration Bureau.

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	Suqian, Jiangsu	Suqian, Jiangsu	Commerce	100.00%		Establishment

Name of subsidiaries	Major business location	Place of registration	Nature of business	Shareholding		Acquisition method
				Direct	Indirect	
Liquor Operation Mangement Co.,Ltd.	province	province				
Jiangsu Shuanggou Liquor OperationCo.,Ltd.	Sihong, Jiangsu province	Sihong, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Dongdi Union International Trade Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment
Jiangsu Dongdixinghui International Trade Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment
Suqian Blue Dream Trade Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Siyang Lantu Liquor OperationCo.,Ltd.	Siyang, Jiangsu province	Siyang, Jiangsu province	Commerce	100.00%		Establishment
JSSJ Industry (HK) Holdings Co., Limited	Hong Kong, China	Hong Kong, China	CORP		100.00%	Establishment
Hubei Lihuacun Trade Co.,Ltd.	Shiyan, Hubei province	Yunxian, Hubei province	Commerce		100.00%	Establishment
Jiangsu Shuanggou Distillery Stock Co., Ltd.	Sihong, Jiangsu province	Sihong, Jiangsu province	Liquor manufacture and sales	99.99%	0.01%	Business combinations involving enterprises not under common control
Sihong Shuangtai Package Co.,Ltd.	Sihong, Jiangsu province	Sihong, Jiangsu province	Liquor packaging		100.00%	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	Suqian, Jiangsu province	Suqian, Jiangsu province	Biological engineering research, enzyme	100.00%		Establishment

Name of subsidiaries	Major business location	Place of registration	Nature of business	Shareholding		Acquisition method
				Direct	Indirect	
Co.,Ltd.			preparation research and technology transfer			
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
NanjingTongmeng City Logistics Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Freight Transport, Warehouse service		99.99%	Business combinations involving enterprises not under common control
Nanjing jinling Tongmeng City Logistics Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Nanjing Oubaosi International Trade Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Import and export business of self-run goods, agency goods and technology		100.00%	Business combinations involving enterprises not under common control
Huaian Tongmeng City Logistics Co.,Ltd.	Huaian, Jiangsu province	Huaian, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Changzhou Jiezhong 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

Name of subsidiaries	Major business location	Place of registration	Nature of business	Shareholding		Acquisition method
				Direct	Indirect	
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 Guiju 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 Guiju Liquor	Guiyang,	Guiyang, Guizhou	Commerce		100.00%	Establishment

Name of subsidiaries	Major business location	Place of registration	Nature of business	Shareholding		Acquisition method
				Direct	Indirect	
Operation Management Co.,Ltd.	Guizhou province	province				
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
Nanjing Huiteng Media Technology Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Internet technology development, design, production, agency, release announcement		100.00%	Establishment
Jiangsu Shuanggou Healthy Liquor Research institute Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Healthy wine, nutrition and health food research and development		100.00%	Establishment
ZYG Technology Investment Ltd	British Virgin Islands	British Virgin Islands	Industrial investment		71.03%	Business combinations involving enterprises not under common control
Jiangsu Blue Dream E-commerce Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Yanghe Weiketang Network Technology Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Network technology development, technical consultation, technical servic	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	95.00%		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	100.00%		Establishment

Name of subsidiaries	Major business location	Place of registration		Nature of business	Shareholding		Acquisition method
					Direct	Indirect	
				construction services			
Jiangsu Yanghe Investment Management Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Jiangsu	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	Jiangsu	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	Jiangsu	Food sales, Gift sales		100.00%	Establishment

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:

	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Associates:	--	--
Aggregated carrying amount of investments	9,423,328.82	1,980,046.94
Aggregate of the following items calculated in proportion to shareholding	--	--
Joint ventures:	--	--
Aggregate of the following items calculated in proportion to shareholding	--	--
--Net profit	1,819,591.30	-1,299,882.30
-- Total comprehensive income	1,819,591.30	-1,299,882.30

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) Notes receivables and Accounts receivables

The Company mainly trades with franchiser, 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 December 31, 2018. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivables.

(2) Other receivable

The other receivables are mainly deposits, security 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.

The amount included in notes receivables and accounts receivables which are not overdue, impaired, and financial assets overdue but not impaired, duration analysis are as follows:

Item	Closing Balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Notes receivable and Account receivable	247,072,542.59	995,518.37	123,378.21	2,061,671.49	250,253,110.66
Other receivable	5,600,638.03	7,283,730.25	1,345,777.77	16,366,022.83	30,596,168.88

(Continued)

Item	Opening Balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Notes receivable and Account receivable	217,962,053.12	3,621,893.85	12,493.33	2,049,351.46	242,957,583.97
Other receivable	14,638,635.49	2,497,442.07	7,213,051.26	14,839,793.55	39,188,922.37

(3) The impairment of financial assets are CNY 65,747,048.93 deposit in ICBC Zhenzhou Jiefang Road Branch and Kaifeng Haode Branch. The security deposit paid to Jiangsu Juntai Properties Co., Ltd. and Suqian Guotai Department Store Co., Ltd. bankruptcy administrator was CNY 15,000,000.00. The bad debts provision is CNY 47,839,924.27, and for the investment in Suqian Traffic Investment Co., Ltd., the available-for-sale financial assets measured by cost is CNY 948,000.00, with full impairment provision.

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 Company's financial liabilities according to the expiration of the remaining contract obligations as follows:

Item	Closing Balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Notes payable and 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
Special payable				198,404,248.85	198,404,248.85

(Continued)

Item	Opening Balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Notes payable and Account payables	1,119,603,574.47				1,119,603,574.47
Other payables	5,620,040,515.94				5,620,040,515.94
long-term loan		145,452.00			145,452.00
Special payable				199,107,530.75	199,107,530.75

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 carrying amounts in CNY of the Company's assets and liabilities denominated in foreign currencies are summarized below:

Item	Closing Balance			Opening Balance		
	Balance in foreign currency	Exchange rate	Balance in CNY	Balance in foreign currency	Exchange rate	Balance in CNY

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	5,234,261.55	6.8632	35,923,783.86	54,045,724.59	6.5342	353,145,573.62
HKD	1,153,729.70	0.8762	1,010,897.96	988,300.75	0.83591	826,130.48
CLF	1,356,097,790.00	0.0098436	13,348,876.41			
Other receivables						
Include: USD						
HKD	273,999.76	0.8762	240,078.59	227,665.60	0.83591	190,307.95
Available-for-sale financial assets						
Include: USD	9,660,971.29	6.8632	66,305,178.14	8,058,272.79	6.5342	52,654,366.05
CLF	28,928,067,943.20	0.009844	284,756,163.23			
Account payables						
Include: USD	494,265.45	6.8632	3,392,242.64	198,911.03	6.5342	1,299,724.45
CLF	6,139,589.00	0.009844	60,435.62			
Other payables						
Include: HKD	3,430,385.91	0.8762	3,005,704.13	2,436,507.98	0.83591	2,036,701.39
CLF	168,352.00	0.009844	1,657.19			
Net amount			395,124,938.61			403,479,952.26

XI. Fair value disclosure

1. Continuous measurement at fair value and discontinuous measurement at fair value

Item	Closing fair value			
	Level 1	Level 2	Level 3	Total
Disclosure of continuous measurement at fair value	--	--	--	--
2. Available-for-sale financial assets	284,756,163.23			284,756,163.23
(2) Equity instrument investment	284,756,163.23			284,756,163.23
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			
Available-for-sale financial assets	284,756,163.23	284,756,163.23	
Include: Equity instrument investment	284,756,163.23	284,756,163.23	Closing price in local open market

Total amount of assets measured at fair value continuously	284,756,163.23	284,756,163.23	
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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

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
Jiangsu Su Wine Cultural Transmission Co.,Ltd.	Joint venture
Nanjing Hesong Culture TechnologyCo.,Ltd.	Joint venture
Jiangsu Xinghe Investment Management Co.,Ltd.	Joint venture

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

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

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	23,075,164.23			
Nanjing Hesong Culture Technology Co.,Ltd.	Advertising and general publicity expense	21,460,376.65			

Table of sales of goods/rendering of labor services

Related Party	Transaction Content	Amount in current period	Amount in previous period
Shanghai Haiyan Logistics Development Co.,Ltd.	Sales of liquor	24,698,678.39	21,254,112.01
Jiangsu Su WineCultural Transmission Co.,Ltd.	Sales of liquor	34,464,141.85	29,337,312.84

(2) Related party leasing

The Company as Lessor :

Name of lessee	Type of leased asset	Leasehold income recognized during current reporting period	Leasehold income recognized during previous reporting period

The Company as Lessee :

Name of lessor	Type of leased asset	Leasing fee recognized during current reporting period	Leasing fee recognized during previous reporting period
Jiangsu Yanghe Group Co.,Ltd.	Building		666,666.67

(3) Other related party transactions

Deposit business

Su Wine Group Jiangsu Wealth Management Co., Ltd, the holding subsidiary, collected CNY 15,000.00 of one-year deposit in Suning Consumption Finance Co., Ltd and collected deposit interest of CNY 9,903,472.22.

Jiangsu Yanghe Investment Management Co., Ltd., the holding subsidiary, deposited CNY 50 million, CNY 50 million, CNY 50 million, CNY 50 million, CNY 50 million and CNY 10 million of one-year deposits in Suning Consumption Finance Co., Ltd. on November 6, November 9, November 16, November 19 and December 7, 2018 separately, with a total deposit of CNY 300 million and an annual interest rate of 6.50%.

6. Receivables and payables of related parties

(1) Payables

Item	Related Party	Closing Balance	Opening Balance
Advance from customer	Shanghai Haiyan Logistics Development Co., Ltd.	8,427,121.32	244,800.00
Advance from customer	Jiangsu Su Wine Cultural Transmission Co., Ltd.	4,541,664.83	
Other Payables	Shanghai Haiyan Logistics Development Co., Ltd.	801,624.00	120,920.00
Other Payables	Jiangsu Su Wine Cultural Transmission Co., Ltd.	933,060.00	100,000.00

XIII. Commitments and contingencies

1. Significant commitments

Significant commitments existing on the balance sheet date

By the end of 31 December 2018, there were no significant commitments needed to be disclosed.

2. Contingencies

(1) Significant contingencies existing on the balance date

Su Wine Group Trade Co., Ltd., the holding subsidiary, deposited CNY 1.3 billion in ICBC Zhengzhou Jiefang Road Branch and ICBC Kaifeng Dehao Branch. For the tort liability dispute events, Su Wine Trade Group had started civil proceedings to recover losses from the relevant responsible unit and person. On 12 February 2015, the Company received the case acceptance notice from Jiangsu Suqian Intermediate People's Court and the court has put on record. According to the civil ruling paper from Jiangsu Higher People's Court separately on 30 October 2015 and 14 December 2015, the above tort liability dispute case was accepted by Jiangsu Suqian Intermediate People's Court. Some infringers involved in criminal offence were tried. By the end of 31 December 2018, the amount not yet recovered was CNY65,747,048.93.

On July 16, 2018, regarding the tort liability dispute case of ICBC Zhengzhou Jiefang Road Branch, Su Wine Group Trade Co., Ltd. applied for a change of 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). The case has been heard twice by the Jiangsu Suqian Intermediate People's Court and court debate was over, and the decision will be made at a later date.

Due to the need to further sort out and supply relevant evidences, Su Wine Group Trade Co., Ltd. applied to withdraw the lawsuit about the tort liability dispute events involving ICBC Kaifeng Haode Branch mentioned above on December 19, 2018.

Except for the above event, by the end of 31 December 2018, the Company had no other significant contingencies required to be disclosed.

XIV. Post balance sheet event

1. The distribution of profits

Profits or dividends planed to be distributed	4,822,361,600.00
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XV. Other important information

1. Segment information

(1) Other statement

The Company mainly engaged in liquor business, and it is unnecessary disclose the division information data.

XVI. Notes to main items of parent company financial statements

1. Notes receivable and accounts receivable

Item	Closing Balance	Opening Balance
Notes receivable	143,456,446.32	162,947,960.82
Accounts receivable	697,277,202.71	7,526,709,429.22
Total	840,733,649.03	7,689,657,390.04

(1) Notes receivable

1) Classification of notes receivable

Item	Closing Balance	Opening Balance
Bank acceptance bill	143,456,446.32	162,947,960.82
Total	143,456,446.32	162,947,960.82

2) Notes receivable that have been endorsed to other parties by the Company but have not expired at the end of year

Item	Derecognition at period end	Not derecognition at period end
Bank acceptance bill	83,665,000.00	
Total	83,665,000.00	

(2) Accounts receivable

1) Disclosure of accounts receivable by categories

Type	ClosingBalance					OpeningBalance				
	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	
Accounts receivable tested for impairment on the portfolio with characteristics of credit risk	697,277,202.71	100.00%			697,277,202.71	7,526,709,429.22	100.00%			7,526,709,429.22
Total	697,277,202.71	100.00%			697,277,202.71	7,526,709,429.22	100.00%			7,526,709,429.22

Accounts receivable with significant single amount and tested for impairment individually:

Applicable N/A

In the portfolio, accounts receivable tested for impairment by aging analysis method:

Applicable N/A

In the portfolio, accounts receivable tested for impairment by balance percentage method:

Applicable N/A

In the portfolio, accounts receivable tested for impairment by other methods:

Other portfolios are account receivables of holding subsidiaries with no provision for bad debt.

2) Bad debt provision of the current period

The amount of bad debt provision is CNY 0.00; amount of bad debt provision recovered or transferred back in the current period is CNY 0.00.

3) Top five entities with the largest balances of the account receivables

Name of debtors	ClosingBalance	Proportion in the total	Provision amount
Jiangsu Yanghe Liquor Operation Management Co.,Ltd	610,858,742.66	87.61	
Hubei Lihuacun Liquor Industry Co.,Ltd.	75,497,839.31	10.83	
Siyang Lantu Liquor Operation Co.,Ltd.	10,920,620.74	1.56	
Total	697,277,202.71	100.00	

1. Other receivables

Item	ClosingBalance	Opening Balance
Dividend receivables	713,143.77	2,605,425,138.06
Other receivables	948,376,069.75	1,160,366,132.04
Total	949,089,213.52	3,765,791,270.10

(1) Dividend receivables**1) Dividend receivables**

Item	ClosingBalance	Opening Balance
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	713,143.77	2,605,425,138.06
Total	713,143.77	2,605,425,138.06

b) Significant dividend receivable whose aging is over 1 year

Item	Closing balance	Overdue period	Overdue reason	Whether impair and determination basis
None				

(2) Other receivables**1) Disclosure of other receivable by categories**

Type	ClosingBalance					OpeningBalance				
	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	
Other receivables with significant single amount and tested for impairment individually	15,000,000.00	1.55%	15,000,000.00	100.00%		15,000,000.00	1.27%	15,000,000.00	100.00%	
Other receivables tested for impairment on the portfolio with characteristics of credit risk	950,030,841.74	98.45%	1,654,771.99	0.17%	948,376,069.75	1,161,729,311.41	98.73%	1,363,179.37	0.12%	1,160,366,132.04
Total	965,030,841.74	100.00%	16,654,771.99	1.73%	948,376,069.75	1,176,729,311.41	100.00%	16,363,179.37	1.39%	1,160,366,132.04

Other receivable with significant single amount and tested for impairment individually :

√ Applicable □ N/A

Other receivables (by unit)	ClosingBalance			
	Other receivables	Provision for bad debt	Proportion of provision	Reason
Jiangsu Juntai Properties Co.,Ltd., Suqian Guotai Department Store Co.,Ltd. bankruptcy administrator	15,000,000.00	15,000,000.00	100.00%	Estimated unable to recover
Total	15,000,000.00	15,000,000.00	--	--

In the portfolio, accounts receivable tested for impairment by aging analysis method :

Applicable N/A

Aging	Closing Balance		
	Other receivables	Provision for bad debt	Proportion of provision
Subtotal of amount within 1 year			
With in 1 year	1,647,100.22	82,355.01	5.00%
Subtotal of amount within 1 year	1,647,100.22	82,355.01	5.00%
1-2 years	2,093,391.36	209,339.14	10.00%
2-3 years	177,136.79	53,141.04	30.00%
3-4 years	1,377,525.00	688,762.50	50.00%
4-5 years	169,299.40	135,439.52	80.00%
Over 5 years	485,734.78	485,734.78	100.00%
Total	5,950,187.55	1,654,771.99	27.81%

Statement of determining the basis of portfolio:

In the portfolio, accounts receivable tested for impairment by balance percentage method:

Applicable N/A

In the portfolio, other receivable tested for impairment by other methods :

Applicable N/A

2) Provision, recovery or reversal for bad debt in the current period.

The provision for bad debt was CNY 291,592.62 in the current period; the amount of recovery or reversal was CNY 0.00.

Significant recovery or reversal for bad debt in the current period:

Company name	recovery or reversal	Way of recovery

3) Disclosure of other receivable by nature

Nature	ClosingBalance	OpeningBalance
Loans of subsidiaries within the scope of the merger	944,080,654.19	1,155,861,401.41
Deposit	15,807,031.24	15,020,000.00
Business loans and cash reserve	3,953,955.18	3,572,581.57
Other	1,189,201.13	2,275,328.43
Total	965,030,841.74	1,176,729,311.41

(4) Top five entities with the largest balances of the other receivables

Company Name	Category	Closing Balance	Aging	Proportion in total receivables	Provisioning amount at period end
Guizhou Guijiu	Loans	753,604,192.86	171,710,000.00	78.09%	

Company Name	Category	Closing Balance	Aging	Proportion in total receivables	Provisioning amount at period end
Co.,Ltd.			within 1 year , 345,078,300.00 in 1 to 2 years, 236,815,892.86 2 to 3 years		
Hubei Lihuacun Liquor Industry Co.,Ltd.	Loans	139,841,961.60	56,069,261.60 with in 1 year , 4,160,000.00 in 1 to 2 years, 4,373,000.00 in 2 to 3years, CNY 16,600,000.00 in 3 to 4 years,CNY 39,800,000.00 in 4 to 5years	14.49%	
Jiangsu Shuanggou Distillery Stock Co., Ltd.	Loans	44,654,953.70	With in 1 year	4.63%	
Jiangsu Juntai Properties Co.,Lt., Suqian Guotai Department Store Co.,Ltd. bankruptcy administrator deposit	Deposit	15,000,000.00	Over 5 years	1.55%	15,000,000.00
Harbin Binzhou Brewery Co.,Ltd.	Loans	4,887,100.00	848,000.00 with in 1 year, 290,000.00 in 1 to 2 years, 3,749,100.00 in 4 to 5 years	0.51%	
Total	--	957,988,208.16	--	99.27%	15,000,000.00

3. Long-term equity investments

Item	Closing Balance			Opening Balance		
	Book balance	Impairment provision	Book Value	Book balance	Impairment provision	Book Value
Investment in subsidiaries	7,365,139,180.24	0.00	7,365,139,180.24	5,408,241,180.24	0.00	5,408,241,180.24
Investment of the joint venture and associated enterprise	0.00	0.00	0.00	0.00	0.00	0.00
Total	7,365,139,180.24		7,365,139,180.24	5,408,241,180.24		5,408,241,180.24

(1) Investment in subsidiaries

Investee	Opening Balance	Increase	Decrease	Closing Balance	Provision for impairment of the current period	Closing balance of provision for impairment
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Investee	Opening Balance	Increase	Decrease	Closing Balance	Provision for impairment of the current period	Closing balance of provision for impairment
Jiangsu Yanghe Package Co.,Ltd.	153,109,422.39			153,109,422.39		
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.	5,442,000.00	18,000.00		5,460,000.00		
Guizhou Guiju Co.,Ltd.	193,300,000.00			193,300,000.00		
Jiangsu Yanghe Weiketang Network Technology Co.,Ltd.	300,000.00			300,000.00		
Dream Blue Haichuanhui (Shiyan) Trade Investment Co.,Ltd.	15,738,379.62			15,738,379.62		
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		
Total	5,408,241,180.24	1,956,898,000.00		7,365,139,180.24		0.00

4. Operating revenue and cost of sales

Item	Current Period		Previous Period	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Primary business	8,929,113,755.67	4,329,862,499.55	6,723,099,100.17	5,495,546,962.23
Other business	790,965,922.15	733,774,470.86	564,333,847.88	529,578,197.52
Total	9,720,079,677.82	5,063,636,970.41	7,287,432,948.05	6,025,125,159.75

5. Investment income

Item	Current Period	Previous Period
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Income from long-term equity investments under the cost method	6,099,622,529.13	5,590,572,005.23
Income from long-term equity investments under the equity method		-2,074,635.42
Investment income from the disposal of long-term equity investment		5,873,795.89
Investment income from holding available-for-sale financial assets	16,371,813.72	13,940,148.16
Investment income from the disposal of available-for-sale financial assets	56,995,537.28	90,627,738.02
Other investment income	546,760,832.64	218,369,154.01
Total	6,719,750,712.77	5,917,308,205.89

XVII. Supplementary information

1. Detailed statement of non-recurring profits and losses

Applicable N/A

Item	Amount	Notes
Profit or loss from disposal of non-current assets	22,203,572.96	
Government grants accounted for, in the profit or loss for the current period (except for the government grants closely related to the business of the Company and given at a fixed amount or quantity in accordance with the state's uniform standards)	59,870,221.67	
Except for effectively hedging business related to normal business operations of the company, profit or loss arising from the change in the fair value of held-for-trading financial assets and liabilities, as well as investment profit or loss produced from the disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets	56,995,537.28	Disposal of available-for-sale financial assets
Other non-operating income and expenditure except above-mentioned items	27,967,026.98	
Other profit and loss items that conform to the definition of non-recurring profits and losses	827,837,138.81	
Less: Effect of income tax	248,875,376.58	
Effect of minority equity	139,932.20	
Total	745,858,188.92	--

Explain the reasons if the Company classifies an item as a non-recurring profit and loss according to the definition in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Profits*

and Losses, or classifies any non-recurring profit and loss item mentioned in the said explanatory announcement as a recurring profit and loss item

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	25.95%	5.3850	5.3850
Net profits attributable to ordinary shareholders of the Company after deduction of extraordinary gain and loss	23.56%	4.8901	4.8901

Section XII Documents Available for Preference

1. Financial statements signed and stamped by the legal representative, the financial head and the accounting supervisor;
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 the 2018 annual report signed by the legal representative.

The above documents placed in shareholder reading room of corporate headquarters.

Address: No.118 Middle Avenue, Yanghe Town, Suqian City, Jiangsu Province