



洋河股份

YANGHE

Jiangsu Yanghe Distillery Co., Ltd.

2021 Annual Report

April 2022

Section I Important Statements, Contents and Definitions

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

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

All directors attended the board meeting to review this report.

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

In the annual report, the possible risks in the operation of the Company are described in detail (see 11.Outlook for the Future Development of the Company in Section III Management Discussion and Analysis). Investors are kindly reminded to pay attention to relevant content.

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

The Company's Chinese 2021 Annual Report was publicly disclosed on the Shenzhen Stock Exchange and www.cninfo.com.cn on 29 April 2022. If there are any differences between the 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 Management Discussion and Analysis.....	10
Section IV Corporate Governance.....	33
Section V Environment and Social Responsibility.....	67
Section VI Significant Events.....	71
Section VII Changes in Shares and Information about Shareholders.....	94
Section VIII Information about Preference Shares.....	103
Section IX Information about Bonds.....	104
Section X Financial Report.....	105

Definitions

Term	Reference	Definition
The Company, This Company, Yanghe	Refer to	Jiangsu Yanghe Distillery Co., Ltd.
Yanghe Group, Controlling shareholder	Refer to	Jiangsu Yanghe Group Co.,Ltd.
The current year, In the reporting period	Refer to	1 Jan. 2021 to 31 Dec. 2021
The report	Refer to	2021 Annual Report
Yuan, Ten thousand yuan, A hundred million yuan	Refer to	CNY 0.00, CNY 10,000.00, CNY 100,000,000.00
The shareholders' meeting, the board of directors, the board of supervisors	Refer to	The shareholders'meeting, the board of directors and the board of supervisors of the Company
Articles of incorporation	Refer to	Articles of incorporation of Jiangsu Yanghe Distillery Co., Ltd.
SSE	Refer to	Shenzhen Stock Exchange
SRC,CSRC	Refer to	China Securities Regulatory Commission
SAC of Suqian, SASAC of Suqian	Refer to	State-owned Assets Supervision and Administration Commission of Suqian
Suya Jincheng, Accounting firm	Refer to	Suya Jincheng CPA LLP
Blue Alliance	Refer to	Jiangsu Blue Alliance Co., Ltd.
Yanghe Branch of the Company	Refer to	Jiangsu Yanghe Distillery Co., Ltd. Yanghe Branch
Siyang Branch of the Company	Refer to	Jiangsu Yanghe Distillery Co., Ltd. Siyang Branch
Shuanggou Distillery	Refer to	Jiangsu Shuanggou Distillery Stock Co.,Ltd.
Guijiu Comapny	Refer to	Guizhou Guijiu Co., Ltd.
Lihuacun Distillery	Refer to	Hubei Lihuacun Distillery Co., Ltd.
Inside and outside the province	Refer to	Inside and outside Jiangsu Province

Section II Company Profile and Key Financial Results

1. Corporate information

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

2. Contact us

	Company secretary	Representative for securities affairs
Name	Lu Hongzhen	Sun Dali
Address	No. 118, Jiudu Avenue, Yanghe District, Suqian City, Jiangsu Province.	No. 118, Jiudu Avenue, Yanghe District, Suqian City, Jiangsu Province.
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3. Information disclosure and place where the annual report is kept

The website of the stock exchange where the company discloses the annual report	Securities Times, Shanghai Securities Times, China Securities Journal, Securities Daily
Media name and website of the annual report disclosed by the company	http://www.cninfo.com.cn
Place where the Annual Report of the Company is kept	Shareholder reading room, the headquarters of the Company, Suqian City, Jiangsu Province

4. Company registration and alteration

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

5. Other relevant information

Accounting firm engaged by the Company

Name of the accounting firm	Suya Jincheng CPA LLP
Business address of the accounting firm	14-16/F., Block A, Zhengtai Center, No.159 Taishan Road, Jianye District, Nanjing, Jiangsu Province
Name of accountants for writing signature	Li Laimin, Li Yan

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

Applicable v N/A

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

Applicable v N/A

6. Key accounting data and financial indicators

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

	2021	2020	YoY Change	2019
Operating revenues (CNY)	25,350,178,204.45	21,101,051,131.79	20.14%	23,126,476,885.07
Net profits attributable to shareholders of the Company (CNY)	7,507,682,797.40	7,482,228,633.63	0.34%	7,382,822,726.87
Net profits attributable to shareholders of the Company before non-recurring gains and losses (CNY)	7,372,758,257.29	5,652,068,941.98	30.44%	6,555,890,029.81
Net cash flows from operating activities (CNY)	15,318,165,480.53	3,978,790,835.80	285.00%	6,797,891,871.41
Basic earnings per share (CNY/share)	5.0141	4.9843	0.60%	4.8991
Diluted earnings per share (CNY/share)	5.0141	4.9843	0.60%	4.8991
Weighted average ROE	18.55%	20.20%	-1.65%	21.21%
	At the end of 2021	At the end of 2020	YoY Change	At the end of 2019
Total assets (CNY)	67,798,704,193.76	53,866,259,306.59	25.86%	53,455,037,840.98
Net assets attributable to shareholders of the Company (CNY)	42,486,209,789.59	38,484,583,983.54	10.40%	36,508,835,491.47

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

Applicable v N/A

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

Applicable v N/A

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

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

Applicable v N/A

No such differences during this period.

2. Differences in the net profits and net assets disclosed in the financial reports prepared under the outbound

and China accounting standards

Applicable √ N/A

No such differences during this period.

8. Key financial results by quarter

Unit: CNY

	Q1	Q2	Q3	Q4
Operating revenues	10,520,001,017.41	5,023,263,888.13	6,398,931,341.75	3,407,981,957.16
Net profits attributable to shareholders of the Company	3,862,525,751.53	1,798,920,060.49	1,551,077,792.96	295,159,192.42
Net profits attributable to shareholders of the Company before deducting non-recurring profits and losses	3,810,668,717.54	1,357,214,536.05	1,682,026,888.45	522,848,115.25
Net cash flows from operating activities	2,919,559,010.60	-826,313,876.01	3,380,809,975.07	9,844,110,370.87

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.

Applicable √ N/A

9. Non-recurring profits and losses

Unit: CNY

Item	2021	2020	2019	Note
Profit or loss from disposal of non-current assets (including the write-off portion of the impairment provision)	-10,687,905.76	-4,735,638.66	13,797,266.00	
Government grants included in the profit or loss for the current period (except those closely related to the normal business of the company, in line with the provisions of national policies, and continuously enjoyed according to a certain standard quota or quantity)	87,366,302.47	98,175,595.19	85,605,383.19	
Except for the effective hedging business related to the normal business of the company, profits and losses from changes in fair value arising from holding trading financial assets and trading financial liabilities, as well	153,349,470.08	2,356,818,184.75	973,456,912.43	

as the investment income obtained from the disposal of trading financial assets, trading financial liabilities and financial assets available for sale				
Impairment provision reversal of the accounts receivables on which the impairment test is carried out individually	12,009,031.70			
Other non-operating income and expenditure except above-mentioned items	-31,556,128.88	-11,429,697.22	12,845,147.02	
Other profit and loss items that conform to the definition of non-recurring profits and losses	3,484,445.51	818,031.70	1,670,388.78	
Less: Corporate income tax	79,096,331.61	609,395,883.18	260,122,467.95	
Minority interests (after tax)	-55,656.60	90,900.93	319,932.41	
Total	134,924,540.11	1,830,159,691.65	826,932,697.06	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable √ N/A

The company has no specific circumstances of other profit and loss items that meet the definition of non-recurring profit and loss.

Description of defining non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Listed Companies -Non-recurring Profits and Losses as recurring profit and loss items

Applicable √ N/A

There is no such situation that the company classifies the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Listed Companies -Non-recurring Profits and Losses as recurring profit and loss items.

Section III Management Discussion and Analysis

1. Industry conditions faced by the company during the reporting period

According to the data of the National Bureau of Statistics, there were 965 baijiu enterprises above designated size nationwide in 2021, a decrease of 75 compared with the previous year; the output of Chinese Baijiu was 7,156,300.00 kiloliters, a year-on-year decrease of 0.59%; The operating revenue was CNY603.348 billion, a year-on-year increase of 18.69%; the total profit was CNY170.194 billion, a year-on-year increase of 32.95%. The total production and sales volume of Chinese Baijiu industry were stable, and the competitions among famous liquor producing areas, regional markets and price segments intensified, the trend of consolidation, branding and premiumization became more prominent. The development quality of Chinese Baijiu industry was further improved.

Yanghe is a large Chinese baijiu production enterprise enjoying high brand awareness and reputation nationwide. It is the only enterprise in the Chinese baijiu industry that owns two famous Chinese Baijiu, Yanghe and Shuanggou, two time-honored Chinese brands and six well-known Chinese trademarks. The company's leading products are Dream Blue, Sky Blue, Ocean Blue, Sujiu, Zhenbaofang, Yanghe Daqu, Shuanggou Daqu and so on. During the reporting period, the company complied with the development trend of the industry, actively responded to market competition, and achieved an operating revenue of CNY25.35 billion, a year-on-year increase of 20.14%; the company realized a net profit attributable to shareholders of listed companies of CNY7.508 billion, a year-on-year increase of 0.34%; it realized a net profit of CNY7.373 billion excluding non-recurring profits and losses attributable to shareholders of listed companies, with a year-on-year increase of 30.44%. The sales scale of the company ranked among the top three in the industry.

2. Main Businesses of the Company During the Reporting Period

The company shall comply with the disclosure requirements of food and wine manufacturing industries in Self-regulatory Guidelines for Listed Companies in Shenzhen Stock Exchange No. 3 - Industry Information Disclosure

The main business of the company is the production and sales of Chinese Baijiu, it is produced by solid-state fermentation and it sales mainly adopt two modes: wholesale distribution and online direct sales. The company's main business and business model did not change during the reporting period. According to the Industry Classification Guidelines for Listed Companies (revised in 2012) issued by the CSRC, the company belongs to the "C15 wine, beverage and refined tea manufacturing industry".

Information about brand operation

The Company's products include Dream Blue, Sujiu, Sky Blue, Zhenbaofang, Ocean Blue, Yanghe Daqu, Shuanggou Daqu, Guijiu, Sidus Wine and so on. According to the price range standard of ex-factory price, the Company groups the products into mid/high end and ordinary products. The mid/high end products refer to those with ex-factory price \geq CNY 100 / 500ml, mainly including Dream Blue craft class, Dream Blue M9, Dream Blue M6 +, Dream Blue Crystal version, Su wine, Sky Blue, Zhenbaofang (Difang, Shengfang), Ocean Blue and so on. Ordinary products refer to those with ex-factory price $<$ CNY 100 / 500ml, mainly including Yanghe Daqu and Shuanggou Daqu.

The revenue of various products is as follows:

Unit: CNY

Products	Operating revenue	
	2021	YoY change
Mid/high end products	21,520,732,572.97	21.95%
Ordinary products	3,117,941,516.60	16.05%

Main sales model

The Company sells its products mainly through distributors. Its sales models include wholesale distribution and online direct selling, among which wholesale distribution is the main sales model.

Applicable N/A

1. Disclosure of main business composition by different types

Unit: CNY

Types	Operating revenue	YoY change	Operating cost	YoY change	Gross margin	YoY change
By sales model						
Wholesale distribution	24,274,039,992.27	21.32%	5,650,652,950.90	8.71%	76.72%	5.31%
Online direct selling	364,634,097.30	11.85%	52,210,097.57	14.00%	85.68%	8.98%
Subtotal	24,638,674,089.57	21.17%	5,702,863,048.47	8.76%	76.85%	2.64%
By geographical segment						
Jiangsu	11,555,538,148.01	20.87%	2,936,974,469.96	7.46%	74.58%	3.17%
Ex-Jiangsu	13,083,135,941.56	21.43%	2,765,888,578.51	10.18%	78.86%	2.16%
Subtotal	24,638,674,089.57	21.17%	5,702,863,048.47	8.76%	76.85%	2.64%
By product						
Mid/high end products	21,520,732,572.97	21.95%	4,029,165,777.86	13.31%	81.28%	1.43%
Ordinary products	3,117,941,516.60	16.05%	1,673,697,270.61	-0.82%	46.32%	9.13%
Subtotal	24,638,674,089.57	21.17%	5,702,863,048.47	8.76%	76.85%	2.64%

The company's main products are classified according to the price range standard of ex-factory price, including medium/high end products ≥ 100 CNY / 500ml and ordinary products < 100 CNY / 500ml.

2. Disclose the number of distributors according to regional classification

Geographical segment	Distributor number at the end of the reporting period	Increase number during the reporting period	Decrease number during the reporting period
Jiangsu	2,950	314	480
Ex-Jiangsu	5,192	1,377	2,120
Total	8,142	1,691	2,600

During the reporting period, the change in the number of distributors was mainly due to the company's focus on

building strategic leading products and optimizing the structure and layout of distributors around the principle of being close to distributors, stabilizing distributors, supporting distributors and enriching distributors.

3. Settlement method and distribution method

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

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

In 2021, the total sales amount of the top five distributors was CNY 1083.7888 million, accounting for 4.28% of the total sales of this year. Among the sales of the top five distributors, the sales from related parties were CNY 0, accounting for 0% of the total sales of this year. The total amount of receivables of the top five distributors at the end of the period was zero.

Retail stores accounted for more than 10%.

Applicable N/A

Online direct selling

Applicable N/A

Unit: CNY

Online direct selling	Sales amount in 2021	Sales amount in 2020	YoY change
T-mall, JD.COM and other platforms	364,634,097.30	326,000,641.26	11.85%

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

Applicable N/A

Procurement mode and content

Unit: CNY

Procurement mode	Procurement content	Amount
Market bidding	raw materials and packaging materials	6,333,451,743.89
Marketing purchase	Energy	393,687,292.50

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

Applicable N/A

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

Applicable N/A

Main production mode

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

Commissioned production

Applicable N/A

The main components of operating costs

Unit: CNY

Types	Cost item	2021		2020		YoY change
		Amount	As a percentage of operating cost	Amount	As a percentage of operating cost	

Chinese Baijiu	Direct materials	4,033,119,166.37	64.47%	3,735,886,638.99	63.84%	7.96%
	Direct labor	1,083,148,551.48	17.32%	900,387,427.26	15.39%	20.30%
	Fuels and energy	234,523,774.33	3.75%	211,348,204.70	3.61%	10.97%
	Manufacturing overhead	252,473,495.64	4.04%	297,087,576.41	5.08%	-15.02%

Output and inventory

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

Types	Item	Unit	2021	2020	YoY change
Chinese Baijiu	Sales	Ton	184,001.07	155,757.37	18.13%
	Production	Ton	204,331.95	161,498.22	26.52%
	Inventory	Ton	44,228.48	23,897.60	85.08%

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

Inventory of finished Baijiu (ton)	Inventory of semi-finished Baijiu (including raw liquor) (ton)
44,857.61	619,449.64

3. Capacity of the Company

Name of production entity	Design capacity of finished products (ton)	Actual capacity in 2021 (ton)
Yanghe (including Yanghe branch and Siyang branch)	222,545	149,518.69
Shuanggou Distillery	97,040	52,588.63

3. Analysis of core competitiveness

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

1. Natural environment advantage

The Company is located in Suqian, the capital of Chinese Baijiu with 'three rivers, two lakes and one wetland'. As one of the three famous wetlands in the world, Suqian enjoys equal popularity with the Scotch whisky producing area and the French Cognac producing area. The long history and unique ecological environment provide a good source of water, soil and air for production for liquor production. Especially the microorganism condition is significantly beneficial to production. The Yanghe distillery 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 the 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.

2. Quality advantage

Considering the diversification and individuation of consumption demand, the Company took the lead in breaking the traditional classification of Baijiu flavor. The Company classifies Baijiu based on taste and emphasizes the value of taste. The Company strengthens the mellowness of Baijiu, puts forward the new style of

the mellow Baijiu quality, and deeply meets core demand of target consumers. It has successfully established new craft of mellow Baijiu production and system framework of mellowness mechanism, which caters to market consumption. In June 2008, 'Mellowness', a special type of Yanghe, was first written into the national standard in China Protected Geographical Indication Product- Yanghe Daqu (Standard No. GB/T220406-2008). In October, 2019, the company formulated the group standard named "Mellow Baijiu" (i.e. t/cbj2104-2019), which further enriched and improved the relevant standards of mellow Baijiu.

3. Talent advantage

The Company has 39 Masters of Chinese Baijiu, 78 provincial Baijiu tasting committee members and 1926 technicians. The Company also has 10 national and provincial technical research and development platforms. The obvious advantage of technical talents provides technical support for the continuous improvement of mellow Baijiu quality. In 2020, the project of "Research and Application of Key Technology and Intelligent Production of Mellowness Flavor Brewing" won the first prize of "Food Industry Science and Technology Award". In 2021, the project of "key technology and industrialization of efficient and safe production of traditional brewing food" won the second prize of "science and technology progress award of the Ministry of education". The company won the second to fifth champion of the national liquor taster contest sponsored by China Alcoholic Drinks Association, and the representatives of the company won the top ten of the fifth national liquor taster contest, which fully demonstrated the strong talent advantage of the company.

4. Brand advantage

The Company, as one of the eight traditional well-known Baijiu enterprises, is the only one which has two famous Chinese Baijiu brands, namely Yanghe and Shuanggou, two Chinese time-honored brands, and six Chinese well-known trademarks, including Yanghe, Shuanggou, Yanghe Spirit Classic, Zhenbaofang, Dream Blue, and Su. With a brand value of \$7.09 billion, the company was selected into the "2021 Top 50 Global Spirits Brand Values" released by a world-renowned brand value research institution called Brand Finance, ranking third in the world. In 2021, the company ranked 95th in the "China's 500 Most Valuable Brands" released by World Brand Lab with a brand value of CNY64.21 billion. In 2022, the company's brand value ranked 342 in the list of "2022 Global Top 500 Brand Values" released by Brand Finance.

5. Marketing network advantage

The company has a marketing team with the largest number of personnel, the latest ideas and the strongest execution. Its marketing network has penetrated into all counties and regions in China; the high-speed channel for distribution has been basically built, laying a solid foundation for future market expansion and category extension.

4. Analysis of main business

1. Overview

During the reporting period, guided by the "14th five year plan" strategic plan and closely focusing on the "12345" strategic system, the company took the initiative to seize the "Benefits" of industry structure adjustment, actively responded to the "Challenges" of competition among leading enterprises, fully promoted the major project of transforming old and new kinetic energy, fully implemented the key projects of improving operation quality and efficiency, and promoted the company to achieve steady progress and steady development. In 2021, the company achieved operating revenue of CNY 25.35 billion, a year-on-year increase of 20.14%; Net profit attributable to shareholders of listed companies has reached CNY7.508 billion, a year-on-year increase of 0.34%; Net profit attributable to shareholders of listed companies after deducting non-recurring profits and losses is CNY 7.373 billion, a year-on-year increase of 30.44%.

Accelerate the transformation and upgrading of marketing methods and condense the potential energy of reform and innovation. Adhering to the market orientation and competition orientation, focusing on the high-end and brand strategy, the company has built a "2 + 5 + 10" leading product layout, implemented the "First-hand Project", and completed the termination of 715 SKUs, making the product planning clearer. By deeply adjusting the marketing structure and promoting the downward compatibility of marketing organizations, all brands of the company have realized independent operation. The company adhered to the concept of "Related Distributors, Comfort Distributors, Support Distributors and Enrich Distributors", continued to improve the dealer system, comprehensively carried out special inspections on the business environment, vigorously rectified the market order and continuously optimized the business environment. During the reporting period, the product prices increased steadily, the cost control was accurate and efficient, and the company's management was standardized and orderly; Sales volume of leading products such as Dream Blue, Ocean Blue and Sky Blue increased steadily, the national layout of Shuanggou brand achieved significant progress, and the growth of Guijiu brand was significant.

Accelerate the optimization of the company's system and management mechanism and release the power spontaneously generated within the company. The company adhered to the guidance of "market-oriented and efficiency-oriented", promoted institutional reform guided by encouraging aspirants, launches "the first phase of shareholding plan" for core backbone and "14th five year-profit increment sharing plan" for employees, which improved the salary of employees, built a reward and punishment mechanism of "strengthening growth, incentive and binding force", strengthened the accountability mechanism based on "position, stage and assessment results", and promoted the selection mechanism of "youth, knowledge and specialization". This not only improved the employee incentive system and welfare system, but also created a fair competition environment and ignited the struggle passion of all employees for "secondary entrepreneurship".

Strengthen product quality and activate the potential of product matrix. The company adhered to the concept of "quality first and consumer first" and spared no effort to promote the revolution of taste quality, which has significantly enhanced the taste of the raw liquor and successfully refreshed a variety of good products such as Sky Blue, Dream Blue Crystal version and Shuanggou Zhenbaofang. The company's technical team won the top ten in the fifth national liquor taster contest, and won the third place in the light industry brand and the third place in the Baijiu brand reputation index, which promoted the improvement of both product strength and brand strength. The company continued to speed up smart production and it has realized linkage and interworking in the four fields of brewing, taste, quality and logistics. The company successfully launched financial sharing platform and initially set up a "human effect model" on marketing, brewing and packaging. It also achieved substantial results in increasing revenue and reducing expenditure, encouraging all employees to participate in improvement activities related to improving operation quality, product quality and economic benefits, so as to further improve the operation efficiency of the company.

Strengthen social responsibility and consolidate industrial ecological efficiency. The company adhered to the concept of altruism and ecological supremacy, vigorously implemented the "Dream Culture" project, and actively assumed social responsibility while realizing its own development. The company further fulfilled its responsibility to protect the environment by adhering to energy conservation, emission reduction, recycling and green development; It continued to build a manufacturer relationship that treats manufacturers sincerely and ensures that transactions are fair, honest and pure, so as to further consolidate the manufacturer entrepreneurship community and business community; It strengthened communication with shareholders, investors and medias,

further enhancing mutual understanding and trust; "Yanghe Baijiu Brewing Technology" was selected into the National Intangible Cultural Heritage List, and its intellectual property such as Fengcang Ceremony, Guyu forum and the Toupai Liquor Kaijiao Festival were deeply rooted in the hearts of the people, further expanding the influence of the liquor city; The company actively supported China's aerospace industry, vigorously supported the fight against floods and epidemics, and fully promoted the revitalization of rural areas. Public benefit activities such as "I love Sky Blue" and "Support learning and Interpret dream public benefit activities " have entered hundreds of cities, further enabling the company to promote the development of China and all ethnic groups.

2. Revenues and cost of sales

(1) Breakdown of operating revenues

Unit: CNY

	2021		2020		YoY change
	Amount	As a percentage of operating revenues	Amount	As a percentage of operating revenues	
Total	25,350,178,204.45	100%	21,101,051,131.79	100%	20.14%
By business segment					
Liquor	24,638,674,089.57	97.19%	20,334,282,442.98	96.37%	21.17%
Other	711,504,114.88	2.81%	766,768,688.81	3.63%	-7.21%
By product					
Baijiu	24,440,221,392.60	96.41%	20,152,435,029.41	95.50%	21.28%
Wine	198,452,696.97	0.78%	181,847,413.57	0.86%	9.13%
Other	711,504,114.88	2.81%	766,768,688.81	3.63%	-7.21%
By geographical segment					
Jiangsu	11,800,507,954.17	46.55%	9,990,396,422.72	47.35%	18.12%
Ex-Jiangsu	13,549,670,250.28	53.45%	11,110,654,709.07	52.65%	21.95%
By sales model					
Wholesale distribution	24,274,039,992.27	95.75%	20,008,281,801.72	94.82%	21.32%
Online direct selling	364,634,097.30	1.44%	326,000,641.26	1.55%	11.85%
Other	711,504,114.88	2.81%	766,768,688.81	3.63%	-7.21%

(2) Business segment, products, geographical segments or sales models contributing over 10% of the operating revenues or profits

√Applicable N/A

Unit: CNY

	Operating revenues	Cost of sales	Gross profit margin	YoY change of operating revenue	YoY change of cost of sales	YoY change of gross profit margin
By business segment						
Liquor	24,638,674,089.57	5,702,863,048.47	76.85%	21.17%	8.76%	2.64%
By product						

Baijiu	24,440,221,392.60	5,603,264,987.82	77.07%	21.28%	8.91%	2.60%
By geographical segment						
Jiangsu	11,555,538,148.01	2,936,974,469.96	74.58%	20.87%	7.46%	3.17%
Ex-Jiangsu	13,083,135,941.56	2,765,888,578.51	78.86%	21.43%	10.18%	2.16%
By sales mode						
Wholesale distribution	24,274,039,992.27	5,650,652,950.90	76.72%	21.32%	8.71%	5.31%
Online direct selling	364,634,097.30	52,210,097.57	85.68%	11.85%	14.00%	8.98%

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

(3) Whether revenue from physical sales is higher than service revenue

Applicable N/A

By business segment	Item	Unit	2021	2020	YoY change
Baijiu	Sales volume	Ton	184,001.07	155,757.37	18.13%
	Production volume	Ton	204,331.95	161,498.22	26.52%
	Inventory volume	Ton	44,228.48	23,897.6	85.08%
Wine	Sales volume	Ton	2,654.55	3,202.27	-17.10%
	Production volume	Ton	2,856.66	2,985.04	-4.30%
	Inventory volume	ton	629.13	427.02	47.33%

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

Applicable N/A

At the end of the reporting period, the inventory of Baijiu and red wine increased significantly, mainly due to the increase of the dealer's order plan at the end of the year, which led the company to increase its inventory to meet the market demand.

(4) Execution of significant sales contracts and significant purchase contracts in the reporting period

Applicable N/A

(5) Breakdown of cost of sales

By business and product segment

Unit: CNY

By business segment	Item	2021		2020		YoY change
		Amount	As a percentage of cost of sales	Amount	As a percentage of cost of sales	
Liquor		5,702,863,048.47	91.17%	5,243,536,119.11	89.60%	8.76%

Unit: CNY

By product segment	Item	2021		2020		YoY change
		Amount	As a percentage of cost of sales	Amount	As a percentage of cost of sales	
Liquor	Direct materials	4,128,993,712.95	66.01%	3,831,187,362.53	65.47%	7.77%
Liquor	Direct labor	1,085,084,143.74	17.35%	902,098,885.05	15.42%	20.28%
Liquor	Fuels and energy	235,359,439.08	3.76%	212,167,471.34	3.63%	10.93%
Liquor	Manufacturing overhead	253,425,752.70	4.05%	298,082,400.19	5.09%	-14.98%

Note: Nil

(6) Changes in the scope of the consolidated financial statements for the reporting period√Applicable N/A

Establishment of subsidiaries

- (1) In March 2021, Jianguo Shuanggou Liquor Co., Ltd., a holding subsidiary, invested CNY 100 million to establish Jianguo Shuanggou Liquor Sales Co., Ltd., accounting for 100% of its registered capital. It was included in the consolidated financial statements from March 2021.
- (2) In April 2021, the company and Suqian Industrial Development Group Co., Ltd. jointly invested 20 million yuan to establish Jianguo jiushang Internet Technology Co., Ltd., of which the company invested CNY 10.2 million, accounting for 51% of its registered capital; Suqian Industrial Development Group Co., Ltd. invested CNY 9.8 million, accounting for 49% of its registered capital. It was included in the consolidated financial statements from April 2021.
- (3) In July 2021, the company subscribed CNY 50 million to establish Jianguo Yanghe Cultural Tourism Co., Ltd., accounting for 100% of its registered capital. It was included the consolidation scope of the consolidated financial statements from July 2021.
- (4) In July 2021, the holding subsidiary Jianguo Yanghe Cultural Tourism Co., Ltd. and Suqian Cultural Tourism Development Group Co., Ltd. jointly invested 20 million yuan to establish Jianguo Yanghe Cultural Tourism Operation Co., Ltd., of which Jianguo Yanghe Cultural Tourism Co., Ltd. invested CNY 16 million, accounting for 80.00% of its registered capital; Suqian Cultural Tourism Development Group Co., Ltd. invested CNY 4 million, accounting for 20.00% of its registered capital. It was included in the consolidated financial statements from July 2021.
- (5) In November 2021, the company subscribed CNY 24 million to establish Siyang Tianlan Packaging Service Co., Ltd., accounting for 100% of its registered capital. It was included in the consolidated financial statements from November 2021.

(7) Major changes in the business, products or services in the reporting period Applicable √ N/A**(8) Main customers and suppliers**

Sales to major customers of the Company

Total sales from top five customers (CNY)	1,083,788,758.68
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Total sales from top five customers as a percentage of the total sales	4.28%
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	391,560,636.83	1.54%
2	Customer B	226,967,130.43	0.90%
3	Customer C	158,525,736.01	0.63%
4	Customer D	156,335,302.56	0.62%
5	Customer E	150,399,952.85	0.59%
Total	--	1,083,788,758.68	4.28%

Other information on major customers

Applicable v N/A

Major suppliers of the Company

Total purchase from top five suppliers (CNY)	1,575,004,211.01
Total purchase from top five suppliers as a percentage of the total sales	23.41%
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	572,738,355.02	8.51%
2	Supplier B	299,940,289.47	4.46%
3	Supplier C	253,742,730.34	3.77%
4	Supplier D	229,629,656.86	3.41%
5	Supplier E	218,953,179.32	3.26%
Total	--	1,575,004,211.01	23.41%

Other information on major suppliers

Applicable v N/A

3. Expense

Unit: CNY

	2021	2020	YoY change	Reason for any significant change
Selling and distribution expenses	3,544,364,889.54	2,603,804,157.78	36.12%	The sales revenue increased in the current period, the salary of sales staff increased, and the sales expenses such as payroll,

				promotion expenses and travel expenses increased accordingly.
General and administrative expenses	1,830,080,139.18	1,729,080,201.93	5.84%	
Finance expenses	-399,145,509.96	-87,234,764.39	-357.55%	The amount of current deposits increased significantly, which led to the increase of interest income and the decrease of financial expenses.
R&D expenses	258,458,102.63	260,094,291.03	-0.63%	

The company shall comply with the disclosure requirements of food and wine manufacturing businesses in Self Regulatory Guidelines for Listed Companies in Shenzhen Stock Exchange No. 3 - Industry Information Disclosure

The composition of selling and distribution expenses

Unit: CNY 10,000

Item	Current period amount	As a percentage of selling and distribution expenses	Previous period amount	As a percentage of selling and distribution expenses	YoY change
Advertising and promotion expense	191,182.70	53.94%	141,109.00	54.19%	35.49%
Payroll	106,584.47	30.07%	64,627.10	24.82%	64.92%
Travel expense	39,043.27	11.02%	35,343.47	13.57%	10.47%
Labor expense	8,872.30	2.50%	11,797.58	4.53%	-24.80%
E-commerce expense	3,780.13	1.07%	2,413.08	0.93%	56.65%
Other expense	4,973.62	1.40%	5,090.17	1.95%	-2.29%
Subtotal	354,436.49	100.00%	260,380.42	100.00%	36.12%

Analysis of changes:

- (1) Advertising and promotion expenses in this period increased by 35.49% over the same period of last year, mainly due to the growth of sales revenue and the corresponding increase of promotion expenses.
- (2) Payroll in this period increased by 64.92% over the same period of last year, mainly due to the increase in sales revenue in this period, the increase in the salary of employees in the sales department and the increase in the number of employees, resulting in the increase in payroll.
- (3) The amount of E-commerce expenses in this period increased by 56.65% over the same period of last year, mainly due to the increase in online sales in this period and the corresponding increase in E-commerce expenses.

4. R&D input

Applicable N/A

Name of main R & D projects	Purpose	Progress	Objectives to be achieved	Expected impact on future development
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Intelligent Brewing Project	Establish a standardized production system to realize digital and intelligent production.	The output and efficiency have reached the standard in September 2021	1. To build industry-leading digital and automatic production workshops; 2. To realize the data tracing of the whole brewing process, and make the brewing production more visible, controllable and analyzable.	1. Make the production process standardized and accurate, and make the product quality more stable. 2. Greatly improve production efficiency and work efficiency, so as to achieve energy conservation and emission reduction more effectively
Research on functional yeast based on flavor orientation	Improving the application of functional yeast in brewing	Successfully popularized and applied in September 2021	1. To deeply study the biochemical functions of yeast, produce biological functional yeast with the functions of scarification, fermentation, aroma generation or flavor production. 2. To clarify the influence of yeast on the flavor of Mianrou Baijiu, and to construct functional microbial community related to the flavor system.	Constantly enrich the application results of microorganisms in the brewing process, which has reference significance for the further research and application of Baijiu flavor.
Research on the classification method of raw liquor based on consumption and research on the matching of taste	Establish a market-oriented raw liquor classification model and a model for matching the taste demand of Baijiu	Successfully established in May 2021	To formulate the classification standards of various types of raw liquor and the calculation standards and models of resource demand.	Make the quality of all grades of raw liquor and the quality of all series of Baijiu better match the market demand.

Information about R&D personnel

	2021	2020	YoY change
Number of R&D personnel	575	549	4.74%
R&D personnel as a percentage in total employees	3.20%	3.47%	-0.27%
Educational background of R & D personnel	---	---	---
Bachelor degree	156	159	-1.89%
Master degree	54	57	-5.26%
Age of R & D personnel	---	---	---

Under 30	58	77	-24.68%
Between 30 and 40	340	333	2.10%

Information about R&D input

	2021	2020	YoY change
R&D input (CNY)	270,723,001.71	269,360,145.63	0.51%
R&D input as a percentage in operating revenues	1.07%	1.28%	-0.21%
Capitalized R&D input (CNY)	12,264,899.08	9,265,854.60	32.37%
Capitalized R&D input percentage in total R&D input	4.53%	3.44%	1.09%

Reasons and effects of YoY change in the composition of R & D personnel.

Applicable N/A

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

Applicable N/A

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

Applicable N/A

5. Cash flow

Unit: CNY

Item	2021	2020	YoY change
Subtotal of cash inflows from operating activities	37,538,099,673.95	21,900,973,449.03	71.40%
Subtotal of cash outflows from operating activities	22,219,934,193.42	17,922,182,613.23	23.98%
Net cash flows from operating activities	15,318,165,480.53	3,978,790,835.80	285.00%
Subtotal of cash inflows from investing activities	28,170,298,911.57	30,896,999,982.51	-8.83%
Subtotal of cash outflows from investing activities	26,333,634,597.28	26,424,165,197.95	-0.34%
Net cash flows from investing activities	1,836,664,314.29	4,472,834,784.56	-58.94%
Subtotal of cash inflows from financing activities	950,750,000.00		
Subtotal of cash outflows from financing activities	4,498,567,810.77	5,504,913,990.79	-18.28%
Net cash flows from financing activities	-3,547,817,810.77	-5,504,913,990.79	35.55%
Net increase in cash and cash equivalents	13,603,817,188.08	2,943,041,513.62	362.24%

Explanation of why the data above varied significantly.

Applicable N/A

(1) The cash inflow from operating activities in the current period increased by 71.40% over the previous period, mainly due to the increase in sales revenue and advance on sales in the current period.

- (2) The net cash flow from operating activities in the current period increased by 285.00% over the previous period, mainly due to the increase of sales revenue and advance on sales in the current period, and the increase of cash inflow from operating activities was greater than that of cash outflow from operating activities.
- (3) The net cash flow from investment activities in the current period decreased by 58.94% compared with the previous period, mainly due to the decrease of cash inflow from investment activities in the current period.
- (4) The net cash flow from financing activities in the current period increased by 35.55% over the previous period, mainly due to the increase of cash inflow from financing activities and the decrease of cash outflow from financing activities in the current period.
- (5) The net increase in cash and cash equivalents in the current period increased by 362.24% over the previous period, mainly due to the significant increase in the net cash flow from operating activities in the current period.

The significant difference between the net cash flow and net profit from operating activities in the current period is due to the substantial increase in contract liabilities at the end of the period

√Applicable N/A

5. Analysis of non-core business

√Applicable N/A

Unit: CNY

	Amount	As a percentage of total profits	Reasons	Sustainability
Investment income	900,613,478.22	9.05%	Mainly due to the investment income generated by wealth management products and equity investment	No
Changes in fair value	-721,212,806.81	-7.25%	Mainly due to changes in fair value of financial assets held for trading	No
Asset impairment	-7,175,293.45	-0.07%	Mainly due to provision for stock obsolescence	No
Non-operating income	20,718,383.00	0.21%	Mainly due to compensation and liquidated damages income	No
Non-operating expenses	63,220,053.35	0.64%	Mainly due to donation expenses and losses from retirement of fixed assets	No

6. Analysis of assets and liabilities

1. Significant changes of asset items

Unit: CNY

	As at the end of 2021		As at the beginning of 2021		Change In percenta ge	Explanation about any significant changes
	Amount	As a percen tage of total assets	Amount	As a percenta ge of total assets		
Cash and cash equivalents	20,955,831,010.12	30.91%	7,243,186,362.29	13.45%	17.46%	The net cash flow generated from operating activities in the current period increased significantly, and the deposits increased accordingly.
Accounts receivable	1,247,949.91		4,225,230.90	0.01%	-0.01%	
Inventories	16,803,093,441.81	24.78%	14,852,694,146.30	27.57%	-2.79%	
Long-term equity investments	32,743,397.31	0.05%	29,528,377.16	0.05%	0.00%	
Fixed assets	6,276,466,308.05	9.26%	6,882,953,634.34	12.78%	-3.52%	
Construction in progress	525,497,000.26	0.78%	223,468,482.24	0.41%	0.37%	
Right-of-use asset	19,610,113.75	0.03%	8,610,167.63	0.02%	0.01%	
Contract liability	15,804,521,430.17	23.31%	8,801,346,891.32	16.34%	6.97%	
Long-term borrowings	36,360.00	0.00%	36,360.00	0.00%	0.00%	
Lease Liabilities	10,729,824.19	0.02%	6,526,252.85	0.01%	0.01%	
Financial assets held for trading	10,953,894,328.01	16.16%	14,301,978,905.17	26.55%	-10.39%	Due to the decrease of bank wealth management products and trust products purchased in the current period
Other non-current financial assets	7,635,942,149.06	11.26%	6,366,958,225.81	11.82%	-0.56%	

The proportion of overseas assets is relatively high.

Applicable N/A

2. Assets and liabilities measured at fair value

Applicable N/A

Unit: CNY

Item	Opening balance	Changes in fair value recognized in profit or loss	Changes in the cumulative fair value recorded into equity	Provision for impairment	Amount of purchase	Amount of sale	Other changes	Closing balance
Financial Assets								
1. Financial assets held for trading (excluding derivative financial assets)	20,668,937,130.98	-721,212,806.81			25,910,110,341.89	27,266,561,244.92	-1,436,944.07	18,589,836,477.07
Total	20,668,937,130.98	-721,212,806.81			25,910,110,341.89	27,266,561,244.92	-1,436,944.07	18,589,836,477.07
Financial liabilities	0.00							0.00

Other changes

No

Whether measurement attribution of main assets changed significantly during this period

 Applicable N/A**3. Restricted asset rights as of the end of this reporting period**

No

7. Investment

1. Total investment

 Applicable N/A

Investment made in the reporting period (CNY)	Investment made in the prior year (CNY)	YoY change
3,840,110,341.89	2,204,658,425.17	74.18%

2. Significant equity investment made in the reporting period

 Applicable N/A

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

 Applicable N/A

4. Investment in financial assets

 Applicable N/A

(1) Securities investment

Unit: CNY

Category of securities	Stock code	Abbr. of securities	Initial investment cost	Accounting measurement model	Opening balance	Changes in fair value recognized in profit or loss	Changes in the cumulative fair value recorded into equity	Amount of purchase	Amount of sale	Profit and loss during the reporting period	Closing balance	Accounting subject	Capital source
Other	Nil	Shanghai Yunfeng Xincheng Investment Center (L.P.)	1,252,231,763.94	Fair value				1,280,000.00	27,768,236.06		1,252,231,763.94	Other Non-current financial assets	Owned Fund
Domestic and foreign stocks	601696	BOCI Securities	300,000.00	Fair value	1,748,210.516.99	-686,368,417.39				7,581,388.92	1,061,842,099.60	Other Non-current financial assets	Owned Fund
Other	Nil	CHINA MINSHENG TRUST Co., Ltd.	650,000.00	Fair value		-65,000.00		650,000.00			585,000.00	Other Non-current financial assets	Owned Fund
Other	Nil	Pan Mao (Shanghai) Investment Center (L.P.)	276,185,376.22	Fair value	367,752.505.44	12,007,934.41			18,849,243.44	41,905,223.80	360,911,196.41	Other Non-current financial assets	Owned Fund
Other	Nil	Lianchu Reserve Securities Co., Ltd.	330,000.00	Fair value	222,147.671.83	107,852,328.17					330,000.00	Other Non-current financial assets	Owned Fund
Other	Nil	CICC Jiatai Phase II (Tianjin) Equity Investment Fund Partnership (L.P.)	160,801,819.08	Fair value	229,114.922.40	136,863,367.24			64,445,934.03		301,532,355.61	Other Non-current financial assets	Owned Fund
Other	Nil	Jinshi Kunxiang Equity Investment(H	236,368,774.30	Fair value	283,677.410.32	38,883,912.39			63,631,225.70		258,930,097.01	Other Non-current financial assets	Owned Fund

		angzhou)Part nership(L.P.)											
Domestic and foreign stocks	VSPT	Vina San Pedro	425,350, 132.53	Fair value	334,3 93,92 6.45	-96,98 1,815. 62				21,609 ,851.2 6	237,41 2,110. 83	Other Non-current financial assets	Ow ned Fun d
Other	Nil	Suzhou Danqing Phase II Innovative Pharmaceutic al Industry Investment Partnership (L.P.)	181,595, 937.40	Fair value	197,1 43,80 5.24	54,167 ,201.7 9			18,404 ,062.6 0		232,90 6,944. 43	Other Non-current financial assets	Ow ned Fun d
Other	Nil	Chongqing Trust • Jinyang No.1 Collective Fund Trust Plan	200,000, 000.00	Fair value	200,4 70,13 6.99	-42,73 9.73				15,599 ,999.9 9	200,42 7,397. 26	Financial assets held for trading	Ow ned Fun d
Other securities investments held at the end of this period			3,287,92 0,072.32	--	13,61 6,749, 959.6 8	-192,6 42,990 .21		4,510, 110,34 1.89	14,511 ,212,5 43.09	611,63 2,212. 87	3,421, 567,82 4.20	--	--
Total			7,300,45 3,875.79	--	17,19 9,660, 855.3 4	-691,2 61,218 .95	0.00	6,440, 110,34 1.89	14,704 ,311,2 44.92	698,32 8,676. 84	8,242, 761,78 9.29	--	--
Disclosure date of the announcement of the board of directors for the approval of securities investment			April 27, 2021										
Disclosure date of announcement of shareholders' committee for approval of securities Investment (if any)			May 27, 2021										

(2) Derivative investments

Applicable v N/A

No such cases in the reporting period.

5. Use of fund-raising

Applicable v N/A

No such cases in the reporting period.

8. Sale of major assets and equity Interests

1. Sale of major Assets

Applicable N/A

No such cases in the reporting period

2. Sale of major equity Interests.

Applicable N/A

9. 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	27,078,029,132.54	5,504,267,883.49	24,024,388,479.86	6,041,282,501.71	4,640,687,749.50
Jiangsu Shuanggou Distillery Stock Co., Ltd.	Subsidiary	Production and sales of Baijiu	110,000,000.00	8,356,051,985.87	3,547,504,679.60	1,787,018,049.06	1,397,896,171.86	1,463,226,609.84
Jiangsu Shuanggou Liquor Operation Co., Ltd.	Subsidiary	Wholesaling and retailing of prepackaged food	5,000,000.00	2,853,016,801.66	1,492,438,768.18	4,870,580,115.82	1,988,941,143.94	1,491,577,004.07

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
Jiangsu Shuanggou Liquor Sales Co., Ltd	Establishment	Tiny
Jiangsu Jiushang Internet Technology Co., Ltd	Establishment	Tiny
Jiangsu Yanghe Cultural Tourism Co., Ltd	Establishment	Tiny
Jiangsu Yanghe Cultural Tourism Operation Co., Ltd	Establishment	Tiny
Siyang Tianlan Packaging Service	Establishment	Tiny

Co., Ltd		
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10. Structured entities controlled by the Company

Applicable v N/A

11. Outlook for the future development of the Company

(1) Development strategy

Looking into the 14th Five-Year Period, Yanghe will adhere to the central idea of focusing on costumers, two famous brands and brand diversification, and take attaching importance to quality, brand, culture and innovation as the leading ideology, to build the "12345" strategic system, to create a wave leading Yanghe and a surging power Shuanggou. The company will build a leading Yanghe and an energetic Shuanggou, and achieves a more balanced, high-quality and efficient development. Yanghe will become a Chinese flavor that Chinese are proud of and a Chinese card that will be remembered by the world.

(2) Business plan

2022 is an important year for the company to accelerate development and make breakthroughs, and it is also a key year to rise to the challenge. The company will comply with the new global situation and requirements, adapt to the new normal and new challenges of the industry, create the "Second Stage" of "Secondary Entrepreneurship" with "Product Driven, Marketing Driven, Brand Driven, Organization Driven and Cultural Driven", and realize the development pattern of "Pursue high quality while ensuring stability, Pursue sustainable development while keeping moving Forward, Pursue healthy development while maintaining good condition". The company's business goal in 2022 is to achieve a year-on-year increase of more than 15% in operating revenue.

1. **Product driven.** The company will closely follow the consumption upgrading and changes in market demand, and strengthen the implementation of product life cycle management with the work goal of "making the product line clearer, focusing on leading products, promoting high-end products and making new plans for old brands"; the company will further promote the quality revolution, build a more systematic and comprehensive technical system, speed up the operation of key construction projects such as high-end baijiu storage, continue to promote the quality of raw liquor and spare no effort to improve product quality.
2. **Marketing Driven.** Focusing on "the marketing headquarters is responsible for the overall planning and the business division is responsible for the specific implementation", and through the concept of driving the organization through business, the marketing organization can carry out business more widely and conveniently and continuously cultivate the market; The company will focus on the nationalization and high-end of products, promote the optimization of Yanghe product structure, and expand the increment of Shuanggou and expensive wine; the company will balance the volume and price in the Jiangsu market, optimize the product mix in markets outside Jiangsu, and expand the revenue scale of key markets in other areas outside of Jiangsu; the company plans to strengthen the construction of business environment, improve the dealer management system, improve the operation and service level of consumers, and promote higher quality marketing development.
3. **Brand driven.** The company will adhere to the "four high" principle, which means that the company occupies a high position in terms of product occupancy, differentiation, resonance and reputation, systematically study the brand construction path and operation mode, formulate the strategic direction, combat concept and tactical measures of brand construction, achieve clear structure, clear objectives, reasonable division of labor and accurate strategy, and effectively improve the brand influence and brand reputation. In addition,

the company will systematically study the best way and operation mode of brand construction, formulate the strategic direction, combat concept and tactical measures of brand construction, achieve clear structure, clear objectives, reasonable division of labor and accurate strategy, and effectively improve the brand influence and brand reputation.

4. **Organization driven.** The company will strengthen the employment orientation of "survival of the fittest", adhere to the selection orientation of "youth, knowledge, specialization and nationalization", adhere to the education orientation of "young seedling type, afforestation type and shade type", build a "professional and practical" organization, "learning and research" organization, "reform and innovation" organization and "honest, diligent and thrifty" organization, and build a "secondary entrepreneurship" talent team with courage, determination and ambition.
5. **Cultural driven.** Guided by the "dream culture", the company will upgrade its corporate culture and carry forward the Yanghe cultural spirit with both traditional charm and contemporary value. Through the continuous strengthening of the company, the development of public welfare undertakings will be more detailed and refined, so as to realize the development dream and public welfare dream of Yanghe people; the company will strengthen the sharing, integration and win-win with consumers, dealers, suppliers, media and capital markets, and form a strong joint force with all sectors of society to build a common dream.

(3) Risks and challenges

1. Macroeconomic uncertainty risk. At present, although China's economy tends to be stable, gradually recovers and develops in a good direction, the world economic growth continues to slow down and the international economic and political environment is unpredictable; The great pressure of economic downturn has brought certain risks to the development of Baijiu industry.
2. Risk of intensified market competition. At present, the overall competition in the Baijiu market is intensifying. With the continuous improvement of market concentration, the industry will gradually enter the stage of accelerated competition, and the competition among Baijiu enterprises will become increasingly fierce.
3. Risks caused by the outbreak of COVID-19. At present, the epidemic situation abroad has not been effectively controlled, and the epidemic in China has also been breaking out in many places. There is still uncertainty risk in the epidemic prevention and control, which will have a certain impact on the total demand and consumption prospect of Baijiu, and then bring uncertainty to the growth of Baijiu industry.

12. Visits paid to the Company for research, communication, interview, etc. during the reporting period.

√Applicable N/A

Date of visit	Reception site	Way of visit	Type of visitor	Visitor	The main contents of the discussion and the information provided	Index to main inquiry information
May 21, 2021	Nanjing operation	Other	Other	Institutional and individual	Production, marketing,	Log Sheet of Investor Relations

	center			investors participating in the Company's 2020 annual results presentation online	management and finance of the company	Activities on 21 May 2021 on www.cninfo.com.cn (No: 2021- 001)
May 27, 2021	Headquarter	Field survey	Institution	Shareholders and investors who participated in the on-site communication at the Company's 2020 annual shareholders' meeting	The company's development strategy, brand planning, quality improvement, marketing transformation, etc	Log Sheet of Investor Relations Activities on 27 May 2021 on www.cninfo.com.cn (No: 2021- 002)
May 28, 2021	Headquarter	Telephone communication	Institution	102 investors from domestic and foreign institutions such as UBS, E Fund, Huaxia Fund and Genesis	Basic information of the enterprise, future strategic planning, leading brand promotion, dividend strategy, etc	Log Sheet of Investor Relations Activities on 28 May 2021 on www.cninfo.com.cn (No: 2021- 003)
July 20, 2021	Headquarter	Field survey	Institution	25 investors from Shenwan Hongyuan, Huatai Securities, China Merchants Securities, Guosheng securities, Huaxia Fund, etc	Measures for enterprise transformation, advantages and problems of enterprise development, etc	Log 002304 Information on Research Activities of Yanghe Co., Ltd on www.cninfo.com.cn (No: 2021- 004)
September 23, 2021	Headquarter	Field survey	Institution	9 investors from	Upgrading	Log 002304 Information on

				Zheshang Securities, Orient Asset Management, etc	and promotion of leading products, sales during the Mid-Autumn Festival, enterprise transformation and adjustment, etc	Research Activities of Yanghe Co., Ltd on www.cninfo.com.cn (No: 2021- 005)
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Section IV CORPORATE GOVERNANCE

1. Basic Situation of Corporate Governance

The company strictly follows the "Company Law", "Securities Law" and "Governance Guidelines for Listed Companies", "Shenzhen Stock Exchange Listing Rules", "Shenzhen Stock Exchange Listed Companies Standardized Operation Guidelines" and other relevant laws and regulations. Combining the actual development of the company, the company further improves its modern enterprise system and corporate governance structure. During the reporting period, the overall operation of the company was standardized, and the corporate governance situation complied with the requirements of the normative documents of the China Securities Regulatory Commission on the governance of listed companies.

1.1 Shareholders and shareholders' meetings

The responsibilities of the company's general meeting of shareholders are clear, with accurate rules of procedure and practical implementation. The calling, convening and deliberation procedures of the company's general meeting of shareholders comply with the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the General Meeting of Shareholders of the Company. All shareholders are treated equally, especially to ensure that small and medium shareholders enjoy equal status and ensure that small and medium shareholders can sufficiently exercise its own rights. The board of directors of the company earnestly implemented the resolutions of the general meeting of shareholders.

1.2 Directors and Board of directors

The responsibilities of the board of directors of the company are clear, and all directors can perform their duties conscientiously and responsibly. The board of directors of the company elects directors in strict accordance with the selection and appointment procedures stipulated in the Company Law and the Articles of Association. The board of directors of the company currently consists of 10 directors, 4 of which are independent directors. The composition of the board of directors conforms to the requirements of laws and regulations. The board of directors of the company strictly complies with the "Company Law", "Articles of Association" and other relevant regulations to regulate the deliberation and operation of the board of directors. All directors of the company can attend the board of directors in accordance with the "Procedure Rules of the Board of Directors", "Working System for Independent Directors" and other regulations, diligently and conscientiously review each case, making scientific and reasonable decisions on major issues of the company, and earnestly safeguarding the interests of the company and the legitimate rights and interests of all shareholders. The company's board of directors consists of four professional committees, namely the strategy committee, the nomination committee, the audit committee and the remuneration and appraisal committee. Each committee has a clear division of labor, clear powers and responsibilities, effective operation, and gives full play to their professional functions, providing scientific and professional opinion for the decision-making of the board of directors.

1.3 Supervisors and Board of Supervisors

The company's board of supervisors has clear responsibilities, and all supervisors can conscientiously and responsibly perform their duties. The board of Supervisors of the company election is in strict accordance with the recruitment procedures stipulated in the Company Law and the Articles of Association and etc. The board of

supervisors of the company is composed of 5 supervisors, among which 2 are employees' representatives. The composition of the members of the board of supervisors meets the requirements of laws and regulations. The board of supervisors operates in strict accordance with the company law, the company's articles and other regulations, the supervisors can attend the board requested by the rules of procedure of the board of supervisors, earnestly perform their duties, effectively supervising and expressing opinions on the major issues of the company, financial status, and how the directors and President perform. Safeguarding the legitimate rights and interests of the company and shareholders is also the duty of the board of supervisors.

1.4 Performance appraisal and incentive and restraint mechanism

The appointment of the company's directors, supervisors and senior management personnel is open and transparent, in line with relevant laws and regulations, and a fair and transparent management performance evaluation standard and incentive and restraint mechanism have been established. During the reporting period, the company conducted a performance appraisal on the goals set by the executive suites in accordance with the annual business plan, and all the executive suites have conscientiously performed their duties.

1.5 Performance appraisal and incentive and restraint mechanism

The controlling shareholder of the company shall exercise the rights of the investor and take the obligations in strict accordance with the requirements of the Company Law. The company and the controlling shareholder shall separate personnel, assets and finances, with independent organization and business, accounting independently and taking responsibilities and risks independently. During the reporting period, the controlling shareholder did not directly or indirectly interfere with the company's decision-making and business activities beyond the company's general meeting of shareholders, and there was no situation where the controlling shareholder harmed the legitimate rights and interests of other shareholders of the company. There is no major related transaction between the company and its controlling shareholder, there is no phenomenon that the controlling shareholder occupies the funds of the company, and the company does not provide guarantees for the controlling shareholder and its subsidiaries.

1.6 Investor relations activities

The company pays great attention to the management of investor relations and actively safeguards the legitimate rights and interests of the company's shareholders. In addition to performing information disclosure obligations diligently and honestly, the chairman, president and secretary of the board of directors maintain positive interactions with investors by receiving investor surveys, participating in online performance briefings and brokerage strategy meetings, etc. The securities department acting as a specialized relationship management agency, strengthens communication with investors through telephone, email, interactive and other methods, fully guaranteeing the investors' right to know, and safeguarding their legitimate rights and interests.

1.7 Stakeholders, environmental protection, social responsibility

The company fulfills its social responsibility obligations in accordance with the requirements of social responsibility, fully respects and safeguards the legitimate rights and interests of relevant stakeholders, realizes the coordination and balance of the interests of the society, government, shareholders, the company, employees and other parties, and jointly promotes the harmonious and stable development of the company. The company advocates the governance concept of 'green brewing, ecological enterprise', integrates ecological and environmental protection requirements into the company's development strategy and corporate governance process. The company maintaining its sustainable development, while it actively participates in social welfare undertakings and practices social responsibilities.

1.8 Information disclosure and transparency

In strict accordance with the requirements of the regulatory authorities, the company earnestly implements

the "Information Disclosure Management System", "Investor Relations Management System" and others, strengthens the management of information disclosure affairs, and earnestly fulfills its information disclosure obligations in accordance with the law, and discloses truthfully, accurately, completely, timely and fairly. information, ensuring that all shareholders have equal access to information.

1.9 Continue to improve the internal management system

The company has continuously improved its internal control system, further strengthened corporate governance, and further promoted the company's governance level. The Company's Audit Committee conducts a comprehensive review and supervision of the Company's financial reports, the effectiveness of internal controls, and the rationality and effectiveness of corporate governance. As an internal audit department, the company's audit center conducts regular and continuous supervision and inspection for the improvement and implementation of the internal control system, timely discovering the deficiencies of internal control and making improvements, ensuring the effectiveness of internal control, and improving the company's management level and improving the risk prevention ability. Whether there is a material difference between the actual situation of corporate governance and laws, administrative regulations and regulations on the governance of listed companies issued by the China Securities Regulatory Commission⁹, improve and perfect the internal control system construction and implementation measures

The company continues to improve the internal control system, further strengthen corporate governance, so that the level of corporate governance has been further improved. The audit committee of the company comprehensively reviews and supervises the effectiveness of the company's financial reporting, internal control and corporate governance. As an internal audit unit, the company's audit center conducts routine and continuous supervision and inspection for the improvement and implementation of the internal control system, timely discovers and improves the deficiencies of internal control, ensures the effectiveness of internal control, and improves the company's operation and management level and risk prevention ability.

Yes No

The actual situation of corporate governance is not significantly different from laws, administrative regulations and regulations on listed company governance issued by the CSRC.

2. Company's Independence in Assets, Personnel, Finances, Organizations and Businesses from Controlling Shareholders and Actual Controller

2.1 For business aspect: The company's business structure is independent and complete, with the ability to independently face the market and operate independently. There is no horizontal competition with the controlling shareholder, and the controlling shareholder does not directly or indirectly interfere with the company's operations.

2.2 For personnel aspect: The company has established an independent personnel and wage management system, and signed a "labor contract" with employees. The chairman, president, vice president, chief financial officer and secretary of the board of directors of the company receive remuneration from the company, but do not receive remuneration from the controlling shareholder. The directors, supervisors and senior management of the company do not hold positions prohibited by laws and regulations in other companies with the same or similar business as the company.

2.3 For assets aspect: The company has a clear property relationship with the controlling shareholder, has independent land use rights and housing property rights, and independently registers, builds accounts, accounts and manages company assets. The controlling shareholder has not occupied or dominated the company's assets or interfered with the company's operation and management of the assets.

2.4 For organization aspect: The company has a mature organizational system. The general meeting of shareholders, the board of directors, the board of supervisors, the management and each functional department operate independently, and a corresponding internal management and control system has been formulated, so that the division of labor among each department is clear, and each department performs its own duties. The cooperation with each other forms an organic whole, which ensures the legal operation of the company, and there is no subordination relationship with the controlling shareholder's functional department.

2.5 For finance aspect: The company has a complete and independent financial institution, equipped with sufficient full-time financial accounting personnel, established an independent accounting system and financial management system, and independently opened bank accounts, paid taxes, and made financial decisions independently. The controlling shareholder does not intervene in the financial management of the company.

3. Competition in the same industry

□ Applicable √ N/A

4. Annual general meeting and extraordinary general meeting held during the reporting period

4.1 Shareholders' general meeting during the reporting period

Which Session	Type	Investor Participation Ratio	Open Date	Disclose Date	Meeting Outcome
The First Extraordinary General Meeting of Shareholders in 2021	EGM	75.55%	February 23, 2021	February 24, 2021	For details, please refer to the "Announcement on Resolutions of the First Extraordinary General Meeting of Shareholders in 2021" (Announcement No.: 2021-008) disclosed by the company in the statutory information disclosure media.
2020 Annual General Meeting of Shareholders	AGM	77.24%	May 27, 2021	May 28, 2021	For details, please refer to the "Announcement on Resolutions of the 2020 Annual General Meeting

					of Shareholders" disclosed by the company in the statutory information disclosure media (Announcement No.: 2021-021)
The Second Extraordinary General Meeting of Shareholders in 2021	EGM	61.28%	August 2, 2021	August 3, 2021	For details, please refer to the "Announcement on Resolutions of the Second Extraordinary General Meeting of Shareholders in 2021" (Announcement No.: 2021-032) disclosed by the company in the statutory information disclosure media.
The Third Extraordinary General Meeting of Shareholders in 2021	EGM	67.68%	November 15, 2021	November 16, 2021	For details, please refer to the "Announcement on Resolutions of the Third Extraordinary General Meeting of Shareholders in 2021" (Announcement No.: 2021-042) disclosed by the company in the statutory information disclosure media.

4.2 Preference shareholders with restored voting rights request to convene an extraordinary general meeting

Applicable N/A

5. Directors, Supervisors and Senior Managers

5.1 Basic situation

Name	Position	Service status	Gender	Age	Term Start Date	Term End Date	Number of shares held at the beginning of the period (shares)	Number of Shares increased in current period (Shares)	Number of Shares decreased in current period (Shares)	Other Increase or decrease in change s (shares)	Number of shares held at the end of the period (shares)	Reasons
Zhang Liandong	Chairman	Incumbent	Male	54	February 23, 2021	February 23, 2024	0	0	0	0	0	
Zhong Yu	Vice Chair, President	Incumbent	Male	58	February 10, 2015	February 23, 2024	0	0	0	0	0	
Wang Kai	Director	Incumbent	Male	45	May 19, 2017	February 23, 2024	2,400	0	0	0	2,400	
Liu Huashuang	Director, Executive President	Incumbent	Male	52	January 29, 2018	February 23, 2024	0	0	0	0	0	
Cong Xuenian	Director	Incumbent	Male	56	February 10, 2015	February 23, 2024	2,778,291	0	0	0	2,778,291	
Zhou Xinhu	Director, Vice President, Chief Engineer	Incumbent	Male	60	February 10, 2015	February 23, 2024	2,878,291	0	0	0	2,878,291	

	r											
Zhao Shuming	Independent Director	Incumbent	Male	70	February 23, 2021	February 23, 2024	0	0	0	0	0	
Nie Yao	Independent Director	Incumbent	Male	45	February 23, 2021	February 23, 2024	0	0	0	0	0	
Lu Guoping	Independent Director	Incumbent	Male	62	February 23, 2021	February 23, 2024	0	0	0	0	0	
Mao Lingxiao	Independent Director	Incumbent	Male	58	February 23, 2021	February 23, 2024	0	0	0	0	0	
Chen Taiqing	Chairman of the Supervisory Board	Incumbent	Male	57	July 13, 2020	February 23, 2024	0	0	0	0	0	
Xu Youheng	Supervisor	Incumbent	Male	45	May 23, 2019	February 23, 2024	0	0	0	0	0	
Xu Lili	Supervisor	Incumbent	Female	43	February 23, 2021	February 23, 2024	0	0	0	0	0	
Chen Fuya	Supervisor	Incumbent	Male	57	July 6, 2020	February 23, 2024	0	0	0	0	0	
Chen Taisong	Supervisor	Incumbent	Male	54	February 10, 2015	February 23, 2024	0	0	0	0	0	
Lin Qing	Vice President	Incumbent	Female	47	February 10, 2015	February 23, 2024	0	0	0	0	0	
Zheng Bujun	Vice President	Incumbent	Male	55	February 10, 2015	February 23, 2024	45,000	0	0	0	45,000	
Yin Qiuming	Vice President, CFO	Incumbent	Male	50	July 13, 2020	February 23, 2024	0	0	0	0	0	

Li Yuling	Vice President	Incumbent	Male	52	July 13, 2020	February 23, 2024	0	0	0	0	0	
Lu Hongzhen	Board Secretary	Incumbent	Female	44	February 23, 2021	February 23, 2024	0	0	0	0	0	
Wang Yao	Chairman	Former	Male	57	February 10, 2015	February 23, 2021	30,002	0	0	0	30,002	
Li Minfu	Director	Former	Male	48	May 22, 2020	October 18, 2021	0	0	0	0	0	
Xu Zhijian	Independent Director	Former	Male	58	February 10, 2015	February 23, 2021	0	0	0	0	0	
Cai Yunqing	Independent Director	Former	Female	70	February 10, 2015	February 23, 2021	0	0	0	0	0	
Ji Xueqing	Independent Director	Former	Male	51	February 10, 2015	February 23, 2021	0	0	0	0	0	
Chen Tongguang	Independent Director	Former	Male	56	February 10, 2015	February 23, 2021	0	0	0	0	0	
Zhou Wenqi	Supervisor	Former	Female	56	February 10, 2015	February 23, 2021	0	0	0	0	0	
Fu Hongbing	Vice President	Former	Male	60	January 17, 2020	January 8, 2022	0	0	0	0	0	
Total	--	--	--	--	--	--	5,733,984	0	0	0	5,733,984	--

During the reporting period, is there any resignation of directors and supervisors and dismissal of senior managers during their term of office

Applicable N/A

During the reporting period, the board of directors and the board of supervisors of the company were re-elected, and Mr. Wang Yao, Mr. Xu Zhijian, Ms. Cai Yunqing, Mr. Ji Xueqing, Mr. Chen Tongguang and Ms. Zhou Wenqi resigned.

During the reporting period, Mr. Li Minfu resigned as a director due to job change.

Changes in directors, supervisors and senior management of the company

√ Applicable □ N/A

Name	Position	Type	Date	Reasons
Zhang Liandong	Chairman	elected	February 23, 2021	General election
Zhao Shuming	Independent Director	elected	February 23, 2021	General election
Nie Yao	Independent Director	elected	February 23, 2021	General election
Lu Guoping	Independent Director	elected	February 23, 2021	General election
Mao Lingxiao	Independent Director	elected	February 23, 2021	General election
Xu Lili	Supervisor	elected	February 23, 2021	General election
Lu Hongzhen	Board Secretary	Appointment	February 23, 2021	Appointment after former term expires
Cong Xuenian	Director	Appointment and dismissal	February 23, 2021	General election, serving as a director, no longer serving as a senior executive
Wang Yao	Chairman	Expiry of term	February 23, 2021	Term expires
Xu Zhijian	Independent Director	Expiry of term	February 23, 2021	Term expires
Cai Yunqing	Independent Director	Expiry of term	February 23, 2021	Term expires
Ji Xueqing	Independent Director	Expiry of term	February 23, 2021	Term expires
Chen Tongguang	Independent Director	Expiry of term	February 23, 2021	Term expires
Zhou Wenqi	Supervisor	Expiry of term	February 23, 2021	Term expires
Li Minfu	Director	Outgoing	October 18, 2021	Job changes
Fu Hongbing	Vice President	Decruitment	January 8, 2022	Retirement

5.2 Situation of Employers

The professional background, main work experience and main responsibilities of the current directors, supervisors and senior management of the company

5.2.1 Directors

Mr. Zhang Liandong, born in September 1968, master degree from the Party School. He successively served as organizational officer and organizational member of the Party Committee of Zhikou Township, Suqian City, organizational member and member of the Party Committee of Sucheng Town, Sucheng District, deputy

secretary of the Party Working Committee and secretary of the Disciplinary Work Committee of Xingfu Street, Sucheng District, director of sub-district office, secretary of party Working Committee of Xiangli Street, Sucheng District, director of the Management Committee and deputy secretary of the Party Working Committee of Sucheng District Economic Development Zone, director of the Investment Promotion Bureau of Sucheng District, deputy district chief of Sucheng District, and member of the Standing Committee of the Sucheng District Committee, secretary of the Party Working Committee of Sucheng Economic Development Zone, deputy secretary-general of the Suqian Municipal Government, director and deputy secretary of the Party Group of the Suqian Urban Management Bureau, deputy secretary-general of the Suqian Municipal Government (section level), secretary of the Party Working Committee of the Yanghe New District of Suqian City. He is currently the company's secretary and chairman of the party committee, chairman of Jiangsu Shuanggou Wine Co., Ltd., chairman of Sujiu Group Trading Co., Ltd., and executive director of Jiangsu Shuanggou Wine Sales Co., Ltd.

Mr. Zhong Yu, born in May 1964, master degree, a senior engineer, a master of Chinese liquor, and a representative of the 13th Jiangsu Provincial People's Congress. He successively served as the director of the technical department, the director of the environmental protection department, and the director of the technology center of Jiangsu Shuanggou Winery; the deputy chief engineer, assistant to the general manager, director of the production technology department, and director of the technology center of Jiangsu Shuanggou Wine Co., Ltd., and deputy general manager of the Yanghe Co., Ltd. branch, brewing director, assistant to the president, vice president, general manager of Yanghe Co., Ltd. Siyang branch. He is currently the deputy secretary of the party committee, vice chairman and president of the company, and he is the general manager of Yanghe Branch as well.

Mr. Wang Kai, born in August 1977, bachelor's degree, intermediate economist. He has served as the manager of the brand department of the Marketing Center of Shanghai Tobacco Group Co., Ltd., and the assistant to the general manager of Shanghai Haiyan Logistics Development Co., Ltd. He is currently the director of the company and the deputy general manager of Shanghai Haiyan Logistics Development Co., Ltd.

Mr. Liu Huashuang, born in December 1970, MBA from Fudan University, accountant. He successively served as director of marketing department, deputy general manager of Jiangsu Yanghe Wine Co., Ltd. and general manager of Yanghe Blue Classic at the same time, general manager of Jiangsu Yanghe Wine Industry Co., Ltd., member of the Standing Committee of the company's party committee, director of strategic research, and executive deputy general manager, deputy secretary of the Party Committee of Jiangsu Sujiu Industry Co., Ltd., , secretary of the Party Committee, vice chairman and chairman of Sujiu Group Trading Co., Ltd. He is currently a member of the Standing Committee of the Party Committee, director and executive president of the company, and secretary of the Party Committee of Sujiu Group Trading Co., Ltd.

Mr. Cong Xuenian, born in January 1966, master's degree, senior economist. He has successively served as the general ledger accountant and financial director of Jiangsu Yanghe Winery, the financial director and chief accountant of Yanghe Group, the company secretary of the board of directors, the person in charge of finance, director and vice president. He is currently a director of the company and chairman of the Jiangsu Blue Alliance Co., Ltd.

Mr. Zhou Xinqu, born in August 1962, master's degree, a senior engineer, a member of the expert group of the Liquor Professional Committee of China Food Industry Association, China's chief sommelier, China's wine critic, and a craftsman in China's light industry. He successively served as technician, quality inspection section chief of Yanghe Group Co., Ltd, director of the company's storage department, deputy general manager of Jiangsu Yanghe Wine Co., Ltd., deputy chief engineer, chief engineer and vice president of the company. He is currently the company director, vice president, chief engineer, and chairman of Tibet Earth Third Pole Wine Co., Ltd.

Mr. Zhao Shuming, born in December 1952, Ph.D. He has served as staff member, deputy section chief, section chief, deputy director (presiding over the work) of Nanjing University Foreign Affairs Office, assistant to the president, then he worked as the associate professor, professor, distinguished professor, senior professor, vice dean and dean of Nanjing University Business School, Nanjing Shenghe Pharmaceutical Co., Ltd. Independent director of Industrial Co., Ltd. and independent director of JSTI Group Co., Ltd. He is currently an independent director of the company, a senior professor/doctoral supervisor of Nanjing University, the honorary dean of the Business School, the dean of the Xingzhi Academy, and concurrently serves as the vice chairman of the Business Administration Professional Education Steering Committee of the Ministry of Education, the vice chairman of the China Management Modernization Research Association, and the vice president of China Human Resource Development Research Association, distinguished adjunct professor of Missouri-St. Louis University, visiting professor of Drucker School of Management, Claremont Graduate University, California, lifetime honorary president of Jiangsu Human Resources Society, Lianfa, independent director of Lianfa Co., Ltd., and Nanjing securities Co., Ltd.

Mr. Nie Yao, born in June 1977, Ph.D. He has served as a visiting scholar at the Advanced Biotechnology and Medical Center of Rutgers University (State University of New Jersey), an associate professor at the School of Bioengineering, Jiangnan University, and an independent director of Jinhui Liquor Co., Ltd. He is currently an independent director of the company, subdean and professor of the School of Bioengineering, Jiangnan University.

Mr. Lu Guoping, born in March 1960, bachelor degree, professor of accounting, CICPA, outstanding educator in Jiangsu Province. He has successively served as lecturer, associate professor, director of teaching and research section of the School of Engineering of Nanjing Agricultural University, and independent director of Langbo Technology Co., Ltd. Currently he is the independent director of Yanghe Brewery, the deputy dean, professor and master tutor of the National Wealth Auditing College of Nanjing Audit University, the lecturer of "Accounting" for Jiangsu Province Certified Public Accountant Examination, the person in charge of the national excellent online open course "Advanced Financial Accounting" and the national first-class Head of the undergraduate course "Advanced Financial Accounting", part-time professor of the Online Teacher Training Center of the Ministry of Education, director of Langbo Technology Co., Ltd, independent director of Huaxin New Materials Co., Ltd and Baosheng Co., Ltd.

Mr. Mao Lingxiao, born in January 1964, bachelor's degree, first-class lawyer (Senior professional title). He has served as a staff member of the Jiangsu Provincial Department of Justice, a full-time lawyer of Jiangsu International Economic and Trade Law Firm, a senior partner of Jiangsu Lingxiao Law Firm, a senior partner of Jiangsu Jinding Law Firm, and a senior partner and director of Jiangsu Tianzhe Law Firm. Full-time lawyer, senior partner and executive director of Beijing Zhongyin (Nanjing) Law Firm. He is currently an independent director of the company, a full-time lawyer, senior partner and chairman of the partner meeting of Beijing Haotianxinhe (Nanjing) Law Firm.

5.2.2 Supervisors

Mr. Chen Taiqing, born in May 1965, holds a master degree, a senior political engineer, and a member of the Communist Party of China. He successively served as member of the party committee, director of the company office, member of the party committee of the company, director of the company office, director of the human resources department, director of the general department, assistant to the president, and deputy general manager of Yanghe Branch, deputy secretary of the party committee and secretary of the disciplinary committee of the company, secretary of the party committee and general manager of Shuanggou Wine Industry. He is currently the deputy secretary of the party committee, chairman of the supervisory committee and chairman of the labor union.

Mr. Xu Youheng, born in March 1977, master's degree, senior political engineer and member of Communist Party of China. He successively served as the director of the organization department, the director of the cadre supervision department, the director of the cadre education department, and the director of the office of the Organization Department of the Suqian Municipal Party Committee, the deputy director of the office of the party construction leading group of the Suqian Municipal Party Committee, and the deputy secretary and deputy general manager of the party committee of Suqian Industrial Development Group Co., Ltd. He is currently a supervisor of the company, deputy secretary of the party committee and chairman of the supervisory committee of Suqian Industry Development Group Co., Ltd.

Ms. Xu Lili, born in March 1979, bachelor's degree. She has successively served as the secretary of the Youth League Committee of Shanghai Jieqiang Tobacco Sugar and Wine (Group) Co., Ltd., deputy manager of the marketing department of Shanghai Jieqiang tobacco, Sugar and Wine Group, deputy general manager of Shanghai Qinzhou Trading Co., Ltd., assistant general manager of Shanghai Jieqiang Tobacco Sugar and Wine Group Distribution Center, deputy General Manager, executive deputy general manager and general manager of Shanghai Jieqiang Tobacco Sugar (Group) Chain Co., Ltd. Currently she is the company's supervisor, deputy general manager of Shanghai Jieqiang tobacco Sugar (Group) Co., Ltd., general manager of Shanghai Jieqiang Tobacco Sugar and Wine Group Dignation Co., Ltd., and general manager of Shanghai Jieqiang Food Sales Co., Ltd.

Mr. Chen Fuya, born in November 1965, bachelor's degree. He has successively served as the member of the Standing Committee of the Discipline Inspection Commission of Suqian and the director of the party style and clean government. He is currently the Deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Commission, and Supervisor.

Mr. Chen Taisong, born in January 1968, master's degree. He has successively served as a member and secretary of the Legislative Bureau of Siyang County Government, Secretary of the Office of the Siyang County Government Office, Deputy Section Chief, Section Chief, Director Assistant, Deputy Director, Siyang County Chief of Chuancheng Town, Secretary of the Party Committee, Jiangsu Sujiu Industrial Co., Ltd. Deputy Secretary, Secretary of the Discipline Inspection Commission, Chairman of the Supervisory Board, Deputy Secretary of the Discipline Inspection Commission, Standing Committee of the Party Committee and Organization Minister of the company, Deputy Secretary of the Party Committee of Sujiu Group Trading Co., Ltd., Secretary of the Discipline Inspection Commission, and Chairman of the Supervisory Board. He is currently a member of the Standing Committee of the Party Committee, Supervisor, Chairman of Gujiu Co., Ltd.

5.2.3 Executives

Mr. Zhong Yu, President of the company, the same resume as above.

Mr. Liu Huashuang, executive president of the company, the same resume as above.

Mr. Zhou Xihu, Vice President of the Company, the same resume as above.

Ms. Lin Qing, born in May 1975, master's degree, senior accountant and certified public accountant. She successively served as deputy director of the Enterprise Division of Suqian Finance Bureau of Jiangsu Province, assistant to the director of the Municipal Price Bureau, member and deputy director of the Suqian Party Committee of the Municipal Development and Reform Commission, member of the Standing Committee of the Party Committee of the company, and vice president of the company. She is currently a member of the Standing Committee of the company's party committee, vice president, head of the internal audit organization, and vice chairman of Sujiu Group Trading Co., Ltd.

Mr. Zheng Bujun, born in January 1967, MBA's degree, senior engineer. He successively served as the general manager of Jiangsu Yanghe Group Co., Ltd., the general manager of Suqian State-owned Investment Co., Ltd., the deputy general manager of Jiangsu Shuanggou Wine Co., Ltd., the procurement and logistics director of

Yanghe Co., Ltd., and the assistant to the president. He is currently a member of the standing committee of the company's party committee, vice president, secretary of the party committee and general manager of the company's Siyang branch.

Mr. Yin Qiuming, born in July 1972, college's degree, auditor. He successively served as Assistant to the Director of Audit, Director of Audit, Deputy Secretary of the Disciplinary Committee of Jiangsu Yanghe Group Co., Ltd., Director of the Company's Management Department, Deputy General Manager of Jiangsu Yanghe Sales Co., Ltd., Deputy General Manager, Party Committee Member, Financial Officer of Jiangsu Yanghe Wine Co., Ltd. Minister, company supervisor, deputy secretary of the Disciplinary Committee, deputy general manager of the company's Yanghe branch, finished product scheduling director, financial director, financial director, and general manager of the financial center. He is currently the vice president and CFO of the company.

Mr.Li Yuling, born in December 1970, master's degree in MBA from Nanjing University, intermediate economist. He successively served as the assistant to the director of the supply department, the assistant to the director of the finance department, the deputy chief dispatcher of the general dispatching room, the director of the supply department, the director of the company's supply department, the assistant to the general manager of Yanghe Branch, the director of procurement and logistics, and the director of supply chain management in Jiangsu Yanghe Group Co., Ltd. , Deputy Director and Office Director of the Procurement and Supply Logistics Center. He is currently the vice president of the company, secretary of the party committee and general manager of Jiangsu Shuanggou Wine Co., Ltd.

Ms. Lu Hongzhen, born in October 1978, bachelor's degree, the member of the China Association for the Promotion of Democracy. She has obtained the qualification certificate for board secretary issued by Shenzhen Stock Exchange. She joined Jiangsu Yanghe Group Co., Ltd. in September 2001 and served as the secretary of the office, deputy director of the general department, deputy director of the company office, deputy director of the securities department, and representative of securities affairs of Yanghe Co., Ltd. She is currently the secretary of the company's board of directors and the general manager of the Human Resource Center, Director of Securities Department.

Positions in shareholder corporations

Applicable N/A

Name of employee	Shareholder name	Position held in the shareholder company	Term start date	Term end date	Whether to receive remuneration allowance in the shareholder company
Cong Xuenian	Jiangsu Blue Alliance Co., Ltd.	Chairman	March 31, 2021		YES
Wang Kai	Shanghai Haiyan Logistics Development Co., Ltd.	Vice General Manager	March 1, 2017		YES
Xu Lili	Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd.	Vice General Manager	April 1, 2021		YES

Employment in other corporations

Applicable N/A

Name of	Other corporation name	Positions	Term start	Term end date	Whether to
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employee		held in other companies	date		receive remuneration allowances in other companies
Zhao Shuming	Nanjing University	Senior Professor, Doctoral Supervisor	July 6, 2017		Yes
Zhao Shuming	Nanjing Shenghe Pharmaceutical Co., Ltd.	Independent Director	May 11, 2015	May 10, 2021	Yes
Zhao Shuming	JSTI Group Co., Ltd.	Independent Director	April 24, 2015	September 29, 2021	Yes
Zhao Shuming	Nanjing Securities Co., Ltd.	Independent Director	November 15, 2018		Yes
Zhao Shuming	Jiangsu Lianfa Textile Co., Ltd.	Independent Director	May 13, 2020		Yes
Zhao Shuming	Jiangsu Human Resources Society	Lifetime Honorary President	September 1, 2021		No
Zhao Shuming	China Human Resource Development Research Association	Deputy Chairman	September 1, 2010		No
Zhao Shuming	Professional Education Steering Committee for Business Administration Disciplines of the Ministry of Education	Deputy Minister	September 1, 2013		No
Zhao Shuming	China Management Modernization Research Association	Vice Director-general	November 02, 2015		No
Nie Yao	Jiangnan University	Vice Dean and Professor of Bioengineering Students	June 10, 2020		Yes
Lu Guoping	Nanjing Audit University	Deputy Dean and Professor of Guofu Zhongxin College	March 01, 2020		Yes
Lu Guoping	CHANGZHOU LANGBO SEALING TECHNOLOGY CO., LTD.	Director	February 22, 2022		Yes
Lu Guoping	Jiangsu Huaxin New Materials Co.,	Independent	March 1,		Yes

	Ltd.	t Director	2016		
Lu Guoping	Baosheng Technology Innovation Co., Ltd.	Independent Director	May 9, 2019		Yes
Lu Guoping	Changzhou Academy of Architecture and Technology Co., Ltd.	Independent Director	July 6, 2020		Yes
Xu Youheng	Suqian Industry Development Group Co., Ltd.	Chairman of the Supervisory Board	October 16, 2021		Yes
Xu Lili	Shanghai Jieqiang Tobacco Sugar & Wine Group Distribution Co., Ltd.	General Manager	July 14, 2020		No
Xu Lili	Shanghai Jieqiang Food Sales Co., Ltd.	General Manager	July 14, 2020		No
Mao Lingxiao	Beijing Hylands (Nanjing) Law Firm	Full-time lawyer, senior partner, chairman of the partnership meeting	January 1, 2021		Yes
Description of employment in other corporations	NO				

Penalties imposed by securities regulators on current and outgoing directors, supervisors and senior managers of the company in the past three years

Applicable N/A

5.3 Remuneration of directors, supervisors and senior managers

Decision-making procedures, basis for determination and actual payment of remuneration for directors, supervisors and senior managers

Decision procedure: The remuneration shall be implemented based on December 29, 2008, the company's ninth meeting of the second Board of Directors, approved 'general manager of the trial measures for it (amended)', January 18, 2009, the company's first extraordinary shareholders' general meeting in 2009, approved on the case of 'trial measures for chairman of the board of directors of the company yearly salary (amended)', on May 27, 2021, the company's annual general meeting of shareholders approved the case of 'adjusting the allowance of independent directors'.

Determination basis: According to the company's current business situation, reference to the regional economic level, industry and market level.

Actual payment: Paid on time according to the corporate's performance and compensation institutions.

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

In 10,000 CNY

Name	Position	Gender	Age	Employed or not	Total pre-tax compensation received from the company	Whether to obtain remuneration from related parties of the company
Zhang Liandong	Chairman	Male	54	Incumbent	111.87	No
Zhong Yu	Vice Chairman, President	Male	58	Incumbent	203.29	No
Wang Kai	Board Director	Male	45	Incumbent	0	Yes
Liu Huashuang	Board Director, CEO	Male	52	Incumbent	177.35	No
Cong Xuenian	Board Director	Male	56	Incumbent	78.39	Yes
Zhou Xinhu	Board Director, Vice President, Chief Engineer	Male	60	Incumbent	151.16	No
Zhao Shuming	Independent Director	Male	70	Incumbent	10	No
Nie Yao	Independent Director	Male	45	Incumbent	10	No
Lu Guoping	Independent Director	Male	62	Incumbent	10	No
Mao Lingxiao	Independent Director	Male	58	Incumbent	10	No
Chen Taiqing	Chairman of the Supervisory Committee	Male	57	Incumbent	149.23	No
Xu Youheng	Supervisor	Male	45	Incumbent	0	Yes
Xu Lili	Supervisor	Female	43	Incumbent	0	No
Chen Fuya	Supervisor	Male	57	Incumbent	150.04	No
Chen Taisong	Supervisor	Male	54	Incumbent	148.18	No
Lin Qing	Vice President	Female	47	Incumbent	148.95	No
Zheng Bujun	Vice President	Male	55	Incumbent	146.89	No
Yin Qiuming	Vice President, CFO	Male	50	Incumbent	147.62	No
Li Yuling	Vice President	Male	52	Incumbent	147.21	No
Lu Hongzhen	Secretary of the Board	Female	44	Incumbent	46.04	No
Wang Yao	Chairman	Male	57	Former	203.19	No

Li Minfu	Board Director	Male	48	Former	0	Yes
Xu Zhijian	Independent Director	Male	58	Former	0	No
Cai Yunqing	Independent Director	Female	70	Former	0	No
Ji Xueqing	Independent Director	Male	51	Former	0	No
Chen Tongguang	Independent Director	Male	56	Former	0	No
Zhou Wenqi	Supervisor	Female	56	Former	0	Yes
Fu Hongbing	Vice President	Male	60	Former	158.56	No
Total	--	--	--	--	2,207.97	--

6. Directors' performance of duties during the reporting period

6.1 The Board of Directors during the Reporting Period

Which Session	Open Date	Disclose Date	会议决议
Seventeenth session of sixth directors of board resolution	January 28, 2021	January 29, 2021	The 'Proposal on the General Election of the Board of Directors' and the 'Proposal on Holding the First Extraordinary General Meeting of Shareholders in 2021' were reviewed and approved. For details, please refer to the "Announcement on Resolutions of the Seventeenth Session of the Sixth Board of Directors" disclosed by the company in the statutory information disclosure media (Announcement No.: 2021-001)
First session of seventh directors of board resolution	February 23, 2021	February 24, 2021	Reviewed and approved the 'Proposal on Election of the Chairman of the Company', 'Proposal on the Election of the Vice Chairman of the Company', 'Proposal on the Election of Members of the Special

			Committees of the Board of Directors', 'Proposal on the Election of Secretary of Board', 'Proposal on the Appointment of the Company's Senior Management', 'Proposal on the Appointment of the Person in Charge of the Company's Internal Audit Institution', 'Proposal on the Appointment of the Company's Securities Affairs Representative'. For details, please refer to the "Announcement on Resolutions of the First Session of the Seventh Board of Directors' disclosed by the company in the statutory information disclosure media (Announcement No.: 2021-010)
Second session of seventh directors of board resolution	April 27, 2021	April 29, 2021	Reviewed and approved the '2020 Annual Work Report of the President', '2020 Annual Work Report of the Board of Directors', '2020 Annual Report' and Summary, '2020 Annual Financial Final Report', 'Internal Control Self-Assessment Report', 'Proposal on Renewing the Appointment of Suya Jincheng Certified Public Accountants (Special General Partnership) as the Company's Audit Institution in 2021', '2020 Social Responsibility Report', 'Proposal on Daily Connected Transactions',

			<p>Full Text of the ‘First Quarterly Report of 2021’, ‘Plan on Authorizing the Company’s Management to Use Its Own Funds to Purchase Financial Products at Opportunities’, ‘Plan on Adjusting the Allowance of Independent Directors’, ‘Proposal on the Establishment of Jiangsu Jiushang Internet Technology Co., Ltd. and Related Party Transactions’, ‘Proposal on Holding the 2020 Annual General Meeting of Shareholders’. For details, please refer to the "Announcement on Resolutions of the Second Session of the Seventh Board of Directors" disclosed by the company in the statutory information disclosure media (Announcement No.: 2021-013)</p>
<p>Third session of seventh directors of board resolution</p>	<p>July 15, 2021</p>	<p>July 16, 2021</p>	<p>Reviewed and approved the ‘Proposal on ‘Jiangsu Yanghe Distillery Co., Ltd. Phase 1 Core Key Shareholding Plan (Draft)’ and its Summary’, ‘Proposal on the Management Measures for the Share Plan’, ‘Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company’s Phase 1 Core Employees Shareholding Plan’, ‘Proposal on the</p>

			Adjustment of Internal Organizations', 'Proposal of the Extraordinary General Meeting of Shareholders'. For details, please refer to the "Announcement on Resolutions of the Third Session of the Seventh Board of Directors" disclosed by the company in the statutory information disclosure media (Announcement No.: 2021-027)
Forth session of seventh directors of board resolution	July 23, 2021	July 24, 2021	The Proposal on External Donations to Support Flood Control and Disaster Relief in Henan Province was reviewed and approved. For details, please refer to the "Announcement on Resolutions of the Fourth Meeting of the Seventh Board of Directors" disclosed by the company in the statutory information disclosure media (Announcement No. 2021-030)
Fifth session of seventh directors of board resolution	August 27, 2021	August 28, 2021	Reviewed and approved the full text and abstract of 'the 2021 Semi-annual Report of the Company'. For details, please refer to the full text and abstract of the "2021 Semi-annual Report" disclosed by the company in the statutory information disclosure media
Sixth session of seventh directors of board resolution	October 26, 2021	October 27, 2021	Reviewed and approved the 'Company 2021 Third Quarterly Report', 'Plan on

			<p>Changing the Company's Business Scope and Amending the 'Articles of Association', 'Plan on Formulating the 'Management System for Related-party Transactions', 'Proposal on the Management System for the Shares Held by Senior Management and Changes in the Company', 'Proposal on Adjustment of Internal Organizations', 'Proposal on Convening the Third Extraordinary General Meeting of Shareholders in 2021'. For details, please refer to the 'Announcement on Resolutions of the Sixth Session of Seventh Directors of Board' disclosed by the company in the statutory information disclosure media (Announcement No.: 2021-038)</p>
<p>Seventh session of seventh directors of board resolution</p>	<p>November 15, 2021</p>	<p>November 16, 2021</p>	<p>The 'Proposal on External Donations' was passed. For details, please refer to the 'Announcement on Resolutions of the Seventh Session of Seventh Directors of Board Resolution' disclosed by the company in the statutory information disclosure media (Announcement No.: 2021-041)</p>

6.2 Attendance of Directors at Board of Directors and General Meetings of Shareholders

Attendance of Directors at Board of Directors and General Meetings of Shareholders							
Name of Directors	The number of times they should attend the board of directors during the reporting period	Number of on-site board attendance	Number of board meetings by means of communication	Number of proxy attendance at the board of directors	Amounts of absences from the Board of Directors	Whether not attended two consecutive board meetings in person	Amounts of attendance at shareholder meetings
Zhang Liandong	7	7	0	0	0	No	4
Zhong Yu	8	8	0	0	0	No	4
Wang Kai	8	3	3	2	0	No	1
Liu Huashuang	8	6	2	0	0	No	2
Cong Xuenian	8	7	1	0	0	No	3
Zhou Xinhua	8	4	2	2	0	No	3
Zhao Shuming	7	4	3	0	0	No	2
Nie Yao	7	4	2	1	0	No	2
Lu Guoping	7	5	1	1	0	No	3
Mao Lingxiao	7	3	2	2	0	No	2
Li Minfu	6	4	1	1	0	No	2
Wang Yao	1	1	0	0	0	No	1
Xu Zhijian	1	1	0	0	0	No	0
Cai Yunqing	1	1	0	0	0	No	0
Ji Xueqing	1	1	0	0	0	No	0
Chen Tongguang	1	1	0	0	0	No	0

Explanation of two consecutive absences from attending the board of directors in person

6.3 Circumstances where directors raise objections to company-related matters

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

Yes No

During the reporting period, there is no objections on related issues of the Company from directors.

6.4 Other instructions for directors to perform their duties

Were there any suggestions from directors accepted by the Company?

Yes No

The statement on whether the director's recommendation to the company's proposal has been adopted or not

N/A

7. The special committees under the board of directors during the reporting period

Committee name	Members	Number of meetings held	Opening date	Content of meeting	Important comments and suggestions	Other performance of duties	Specific circumstances of the objections (if any)
Strategy Committee	Zhang Liandong, Li Minfu, Zhong Yu, Zhao Shuming, Liu Huashuang	1	April 26, 2021	Pre-review of the work report of the board of directors in 2020& the company's future development plan			
Nomination Committee	Nie Yao, Zhang Liandong, Mao Lingxiao	1	February 23, 2021	Nominate senior management candidates and conduct qualification review			
Remuneration and Appraisal Committee	Zhao Shuming, Nie Yao, Cong Xuenian	1	April 26, 2021	Check the performance of directors, supervisors and senior executives and the remuneration system in 2020			
Audit Committee	Lu Guoping, Cong Xuenian, Mao Lingxiao	5	February 23, 2021	2020 annual report audit kick-off meeting& review the candidate for the person in charge of			

				internal audit			
			April 23, 2021	Check the internal audit work in the first quarter of 2021& pass the "2020 Annual Internal Control Self-Assessment Report"& re-appoint the audit institution& check the preparation of the 2020 annual report and the first quarter of 2021 report			
			August 23, 2021	Check the 2021 semi-annual internal audit work& check the preparation of the 2021 semi-annual report			
			October 21, 2021	Check the internal audit work for the third quarter of 2021& check the preparation of the report			

				for the third quarter of 2021			
			December 29, 2021	Check the internal audit work in 2021			

7. Performance of Duties by the Supervisory Committee

Were there any risks to the Company identified by Board of Supervisors when performing its duties during the reporting period?

Yes No

The Supervisory Committee has no objection to the supervision matters during the reporting period.

9. Staff in the Company

9.1 Statistics of Employees, Professional Structure of the Staff, and Educational Background

Number of on-the-job employees of the parent company at the end of the reporting period (person)	8,562
Number of on-the-job employees of major subsidiaries at the end of the reporting period (person)	9,394
Total number of on-the-job employees at the end of the reporting period (person)	17,956
The total number of employees receiving salary in the current period (person)	17,956
Number of retired employees (persons) that the parent company and major subsidiaries need to pay	0
Professional Composition	
Professional Composition Category	Professional composition number (person)
Production staff	7,347
Sales staff	6,087
Technical staff	1,926
Financial staff	230
Administration staff	2,186
Internal retirees	180
Total	17,956
Education Level	
Educational level category	Quantity (person)
Master	323
Bachelor	4,023
College	4,730

Senior High School and below	8,880
Total	17,956

9.2 Salary Policy

The salary of the company's employees is composed of basic salary, performance salary and profit increment sharing award. All departments of the company implement a post-self-organization mechanism, and revised the "Administrative Measures for Post-Self-organization" to further improve the quantity, quality, efficiency and economic value of work. It has established quantifiable and assessable indicators to encourage employees to be spontaneous, improve their work efficiency, and improve the company's management level in order to achieve a win-win situation between the company and its employees. In 2021, the company has formulated the "Broadband Remuneration Plan for Functional Departments" and the '14th Five-Year Plan' Profit Increment Sharing Plan to allow employees to share the achievements of corporate development.

9.3 Training Program

In 2021, the training work closely focused on the requirements of the company's annual meeting. Through the combination of online and offline learning, special training will be carried out systematically, hierarchically and in stages. Focusing on the training of cadre talent echelon, with the target of 'millions' talent training as the starting point, orderly organize high and medium grassroots personnel to carry out training on related projects such as political literacy, leadership, and management ability. Centering on the reserve of professional skills, organize Yanghe Professional skills training for technical posts such as academy lecturers and wine tasting technicians. Around the construction of an internal learning organization, the company continuous carries out training activities such as reading activities and new apprenticeship training. A total of 895 training sessions were organized throughout the year, involving 75,267 people, resulting in 828 after-school action plans and 407 results.

9.4 Labor outsourcing

Applicable N/A

10. Profit Distribution and Capitalization of Capital Reserves

Profit distribution policy in the reporting period, especially the formulation, implementation and adjustment of cash dividend policy

Applicable N/A

On May 27, 2021, the company held the 2020 annual general meeting of shareholders, and reviewed and approved the company's 2020 equity distribution plan. The specific plan is that based on the total equity on the equity registration date when the profit distribution plan is implemented (excluding the repurchased shares held in the company's special securities account for repurchase), use undistributed profits to distribute cash dividends of CNY30 (tax included) per 10 shares to all shareholders, no bonus shares, no conversion to paid-in capital.

The company implements the 2020 annual equity distribution, with July 8, 2021 as the equity registration date, July 9, 2021 as the ex-rights and ex-dividend date, and the company's total share capital after excluding the 9,661,310 repurchased shares of 1,497,326,690 shares as the base, to all the shareholders. Shareholders will

receive a cash dividend of CNY 30 (tax included) for every 10 shares, with a total cash dividend of CNY 4,491,980,070 (tax included).

At the same time, in 2020, the company used funds of CNY1,002,128,680.79 to implement share repurchase.

Special explanation of cash dividend policy	
Whether it complies with the provisions of the company's articles of association or the requirements of the resolution of the shareholders' meeting	Yes
Whether the dividend standard and ratio are explicit and clear	Yes
Whether the relevant decision-making procedures and mechanisms are complete	Yes
Whether the independent directors performed their duties and played their roles	Yes
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests are fully protected	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent	The company's cash dividend policy does not adjust or change

The company was profitable during the reporting period and the parent company's profit available for distribution to shareholders was positive, but no cash dividend distribution plan was proposed

Applicable N/A

Profit distribution and conversion of capital reserve into paid-in capital during the reporting period

Applicable N/A

Number of bonus shares for every 10 shares (shares)	0
Dividends per 10 shares (CNY) (tax included)	30.00
Base of shares (shares) of the distribution plan	1,506,445,074
Amount of cash dividends (CNY) (tax included)	4,519,335,222.00
Amount of cash dividends in other ways (such as share repurchase) (CNY)	0.00
Total cash dividends (including other methods) (CNY)	4,519,335,222
Distributable profit (CNY)	27,801,336,778.06
Proportion of total cash dividends (including other methods) to total profit distribution	100%
Cash dividend situation	
If the company's development stage is mature and there is no major capital expenditure arrangement when making profit distribution, the proportion of cash dividends in this profit distribution should be at least 80%.	

Detailed description of profit distribution or capital reserve conversion plan

As audited by Suya Jincheng Certified Public Accountants (Special General Partnership), the parent company realized a net profit of CNY 4,013,668,130.41 in 2021, and the statutory surplus reserve for the year was CNY 0.00, plus the undistributed profit at the beginning of the year of CNY 28,279,648,717.65, so after deducting the 2020 profit distribution of CNY 4,491,980,070, the profit available for distribution to shareholders this year was CNY 27,801,336,778.06.

In line with the principle of not only taking into account the long-term development of the company, but also giving appropriate returns to shareholders, the company plans to use the total share capital on the equity registration date when the profit distribution plan is implemented (excluding the repurchased shares held in the company's special securities account for repurchase) as the base, using undistributed profits to distribute cash dividends of RMB 30 (tax included) for every 10 shares to all shareholders, no bonus shares, and no conversion to share capital. The profit distribution plan complies with the cash dividend policy stipulated in the Articles of Association.

Assuming that the company's existing total share capital of 1,506,988,000 shares is calculated based on the 1,506,445,074 shares after deducting the 542,926 shares currently held in the company's special securities account for share repurchase, it is estimated that the company will distribute a cash dividend of CNY 4,519,335,222 (tax included).

11. Implementation of company equity incentive plans, employee stock ownership plans or other employee incentives

Applicable N/A

11.1 Equity incentive

N/A

Equity incentives obtained by the directors and senior management of the company

Applicable N/A

Evaluation mechanism and incentives for senior managers

Since its establishment, the company has established an evaluation and incentive mechanism for senior management personnel, and has made clear provisions in the "Trial Measures for the General Manager's Annual Salary System (Revised Draft)". The company's evaluation and incentives for senior management are mainly reflected in the annual remuneration. The board of directors mainly evaluates and motivates the company's senior management according to financial indicators, safety, quality indicators, customer satisfaction, etc. Senior managers implement an annual salary system. The basic part of the annual salary is paid on an average monthly basis, and the rest is paid according to the assessment at the end of the year. If the assessment target is not met, it will not be paid. In 2021, the company's remuneration and appraisal committee reviewed the performance of the company's senior management in 2020 in accordance with the above system.

11.2 Implementation of employee stock ownership plans

Applicable N/A

All valid employee stock ownership plans during the reporting period

Range of employees	Number of employees	Total shares held	Changes	Proportion to the total share capital of listed companies	Funding sources for the implementation plan
Company's directors (excluding independent directors), supervisors, senior management personnel, and middle-level and above personnel and core backbones who are determined by the board of directors of the company and wholly-owned subsidiaries to play an important role in the company's overall performance and medium and long-term development	4,738	9118384	N/A	0.61%	Participants' legal remuneration, self-financing and other methods permitted by laws and regulations

Shareholdings of Directors, Supervisors and Senior Management in the Employee Stock Ownership Plan during the Reporting Period

Name	Title	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Proportion to the total share capital of listed companies
Zhang Liandong	Chairman	0	96,404	0.01%
Zhong Yu	Vice Chairman, President	0	96,404	0.01%
Liu Huashuang	Director, Executive President	0	96,404	0.01%
Zhou Xinhu	Director, Vice President, Chief Engineer	0	48,202	0.00%

Chen Taiqing	Chairman of the Supervisory Board	0	48,202	0.00%
Chen Fuya	Supervisor	0	48,202	0.00%
Chen Taisong	Supervisor	0	48,202	0.00%
Lin Qing	Vice President	0	48,202	0.00%
Zheng Bujun	Vice President	0	48,202	0.00%
Yin Qiuming	Vice President, CFO	0	48,202	0.00%
Li Yuling	Vice President	0	48,202	0.00%
Lu Hongzhen	Secretary of Board	0	19,281	0.00%
Fu Hongbing	Vice President (Former)	0	48,202	0.00%

Changes in asset management institutions during the reporting period

Applicable N/A

Changes in equity due to disposal of shares by holders during the reporting period

Applicable N/A

The exercise of shareholders' rights during the reporting period

N/A

Other relevant situations and explanations of the employee stock ownership plan during the reporting period

Applicable N/A

Members of Employee Stock Ownership Plan Management Committee Change

Applicable N/A

The financial impact of the employee stock ownership plan on the listed company during the reporting period and related accounting treatment

Applicable N/A

Termination of employee stock ownership plans during the reporting period

Applicable N/A

Other instructions

11.3 Other employee incentives

Applicable N/A

12. Construction and implementation of internal control system during the reporting period

12.1 Construction and implementation of internal control

Internal control construction: 1. Establish a standard internal control system. The company has mainly formulated 15 categories and 260 systems for human resources, quality and food safety, financial and audit management. 2. Optimize the internal control environment of the enterprise: (1) Standardize the establishment of the organizational structure. According to the relevant laws and regulations of China, clarify the responsibilities, authority, conditions, rules of procedure and work procedures of the board of directors, board of supervisors and managers to ensure that decision-making, execution and supervision are separated from each other and form checks and balances; (2) Improve human resources policies. ① Improve the staff training mechanism. The company needs a strict assessment when hiring employees, select outstanding talents to join

the company, and form a system for employees on training, treatment, performance assessment and promotion;

② Improve the information and communication mechanism. The company establishes the technical platform of the information system, establishes a sensitive information collection and feedback system, realizes the upward, parallel or downward flow and communication of various information within the enterprise, and implements the whole process of the entire internal control information from production, release to feedback modern management;

③ Establish an effective incentive mechanism. On the basis of following the fairness and relative stability of incentives and constraints, the company formulates equity incentives and mechanisms for spontaneous compensation incentives.

(3) Pay attention to the construction of corporate culture: The company continues to build a compliance culture, organizes various offline legal trainings, and regularly pushes legal knowledge to employees through the online platform 'Su Jiu Zhi Hui'.

3. Strengthen internal audit and internal supervision of enterprise management. The company establishes a scientific view of internal audit culture, pays great attention to the organization and team building of the audit department, sets up the internal audit department in accordance with the relevant regulations of China, and allocates internal auditors with professional competence, maintains the independence of internal audit, and makes the internal audit department more independent. Besides, the internal audit has transformed from a single supervision function to a comprehensive function of supervision, evaluation, control and consultation, and fully exerted the value-added function.

Implementation: The Audit Committee of the company's Board of Directors comprehensively reviews and supervises financial reports, audit plans, the effectiveness of internal controls, and the rationality and effectiveness of corporate governance every year. It conducts self-evaluation of internal controls every year, optimizing the system and management process according to the enterprise internal and external environment and development requirements. Furthermore, the audit department conducts spot checks and audits on key departments, important departments and general departments.

12.2 Details of major deficiencies in internal control discovered during the reporting period

Yes No

13. The company's management and control of subsidiaries during the reporting period

Name of the subsidiaries	Combination plan	Combination progress	Issues	Solutions	Resolve progress	Follow-up resolution plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

14. Internal control self-assessment report or internal control audit report

14.1 Self-evaluation Report on Internal Control

Date of disclosure of the full text of the internal control evaluation report	April 29, 2022
Disclosure Index of the Full Text of the Internal Control Evaluation Report	The full text of the "Self-assessment Report on Internal Control" will be disclosed on http://www.cninfo.com.cn on April 29, 2022

The ratio of the total assets of the company included in the evaluation scope to the total assets of the company's consolidated financial statements	99.43%
The ratio of the operating income of the company included in the evaluation scope to the operating income of the company's consolidated financial statements	99.96%

Defect identification standard		
Type	Financial report	Non-financial report
Qualitative Criteria	<p>(1) Signs of major deficiencies in financial reports include: i. Fraudulent conduct by the company's directors, supervisors or senior executives; ii. Significant misstatements in the current financial statements were found, but the management failed to detect them during the operation of internal control; iii. As a result of internal control evaluation, major deficiencies have not been rectified; iv. The audit committee and internal audit institution's supervision of internal control is invalid. (2) Signs of significant deficiencies in financial reporting include: i. Failure to select and apply accounting policies in accordance with generally accepted accounting principles; ii. Failure to establish anti-fraud procedures and control measures; iii. Failure to establish corresponding accounting treatment for non-routine or special transactions iv. There are one or more deficiencies in the control over the period-end financial reporting process and there is no reasonable assurance that the prepared financial statements will achieve the true and accurate objectives. (3) General defects refer to other control defects other than the above-mentioned</p>	<p>The following circumstances could be identified as major defects, and other circumstances could be identified as major defects or general defects according to the degree of impact: (1) lack of democratic decision-making procedures, unscientific decision-making procedures, major mistakes which resulting in major property losses to the company; (2) Serious violation of national laws and regulations; (3) Lack of important business management system or systemic failure of system operation; (4) The company's major or important internal control deficiencies cannot be rectified in a timely manner; (5) The company continues or has a large number of important internal control deficiencies .</p>

	major defects and important defects.	
Quantitative standard	Major defects: Misstatement > 3% of total operating income; Misstatement > 5% of total profit; Misstatement > 2% of total assets. Important defects: 1% of total operating income < misstatement ≤ 3% of total operating income; 3% of total profit < misstatement ≤ 5% of total profit; 1% of total assets < misstatement ≤ 2% of total assets. General defects: misstatement ≤ 1% of total operating income; misstatement ≤ 3% of total profit; misstatement ≤ 1% of total assets.	Major defect: loss accounts for ≥ 1% of total assets. Important defects: 0.5% ≤ losses account for less than 1% of total assets. General defects: The proportion of loss to total assets is less than 0.5%.
Number of major deficiencies in financial reports (pieces)		0
Number of major deficiencies in non-financial reports (pieces)		0
Number of material deficiencies in financial reports (pieces)		0
Number of material deficiencies in non-financial reports (pieces)		0

14.2 Internal Control Audit Report

Applicable N/A

Deliberation Opinion Paragraph in Internal Control Audit Report	
We believe that on December 31, 2021, Yanghe Co., Ltd. maintained effective internal control over financial reporting in all material aspects in accordance with the Basic Norms for Corporate Internal Control and relevant regulations.	
Disclosure Situation of Internal Control Audit Report	Disclosed
Disclosure date of the full text of the internal control audit report	April 29, 2022
Full text disclosure index of internal control audit report	The full text will be disclosed on http://www.cninfo.com.cn on April 29, 2022
Types of opinions on internal control audit reports	Standard unqualified opinion
Whether there are material deficiencies in non-financial reporting	No

Whether the accounting firm issued an internal control audit report with a non-standard opinion

Yes No

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

Yes No

15. Special Rectification Actions for Self-inspected Problems of Listed Companies

According to the requirements of the China Securities Regulatory Commission, the company launched a special self-inspection activity on corporate governance. During the self-inspection, it was found that some directors, supervisors and senior executives of the company were unable to attend the general meeting of shareholders in person due to business trips and other reasons. The company has made rectifications and urged the directors, supervisors and senior executives to attend the meeting in a timely manner before the general meeting. If there is a situation where it is impossible to attend the meeting in person, the company would promptly notify the relevant personnel of the convening of the meeting and the deliberation of proposals after the meeting.

Section V Environmental and Social Responsibility

1. Significant environmental issues

Whether the listed company and its subsidiaries belong to the key pollutant discharge companies announced by the environmental protection department

√ Yes □ No

Company name or subsidiary name	Names of major pollutants and characteristic pollutants	Emission method	Number of vents	Distribution of discharge outlets	Emission concentration	Implemented pollutant discharge standards	Total emissions	Total approved emissions	Excessive emissions
Jiangsu Yanghe Distillery Co., Ltd.	Chemical Oxygen Demand, Ammonia Nitrogen, Total Phosphorus, Total Nitrogen	Indirect emissions	1	Longitude : 118° 22' 33.74" & Latitude: 33° 47' 26.74"	79.12mg/L 1.85mg/L 1.29mg/L 26.21mg/L	650mg/L 40mg/L 5mg/L 60mg/L	108.47 tons 2.54 tons 1.77 tons 35.93 tons	454.7 tons/year 36 tons/year 2.07 tons/year 37.35 tons/year	None
Jiangsu Shuanggou Distillery Stock Co., Ltd.	Chemical Oxygen Demand, Ammonia Nitrogen, Total Phosphorus, Total Nitrogen	Indirect emissions	1	Longitude : 118° 12' 07" & Latitude: 33° 13' 45"	61.08mg/L 2.41mg/L 1.92mg/L 11.72mg/L	500mg/L 40mg/L 8mg/L 60mg/L	47.66 tons 1.76 tons 1.43 tons 9.98 tons	400 tons/year 32 tons/year 6.4 tons/year 48 tons/year	None
Jiangsu Yanghe Distillery Co., Ltd. Siyang Branch	Chemical Oxygen Demand, Ammonia Nitrogen, Total Phosphorus, Total Nitrogen	Indirect emissions	1	Longitude : 118° 45' 33.08" & Latitude : 33° 42' 25.70"	112mg/L 3.2mg/L 1.2mg/L 17mg/L	500mg/L 60mg/L 6mg/L ≤60mg/L	101.82 tons 2.49 tons 1.06 tons 10.54 tons	672 tons/year 42 tons/year 5 tons/year 58.5 tons/year	None
Guizhou	Chemical	Straight	1	Longitude	35.5mg/L	100mg/L	1.452 tons	2.057 tons	None

Guijiu Group Co., Ltd.	Oxygen Demand, Ammonia Nitrogen, Total Phosphorus, Total Nitrogen	emissions after processing	: 106° 38' 28" & Latitude: 26° 50' 31"	1.986mg/L 0.215mg/L L 1.615mg/L	10mg/L 20mg/L 1mg/L	0.174 tons 0.024 tons 0.034 tons	/year 0.308 tons/year /year 0.04 tons/year 0.8 tons/year	
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Construction and operation of pollution prevention facilities

Jiangsu Yanghe Distillery Co., Ltd.: The sewage treatment station in use was completed in 2012, with a total investment of 96 million Chinese yuan, covering an area of 19,000 square meters, with a designed sewage treatment capacity of 10,000 tons per day. The sewage treatment process adopts physical treatment method plus chemical treatment method plus anaerobic biological treatment method plus aerobic biological treatment method in order to reach the treatment of high-concentration wastewater of 250 tons per hour. The emission implements the "Fermentation Alcohol and Liquor Industry Pollutant Emission Standard GB27631-2011" to modify the list of indirect emission protocol standards. In 2021, CNY 30 million was invested in the operation cost of sewage treatment, of which CNY 22 million was invested in the 48,000-ton brewing capacity improvement sewage treatment supporting project. After the sewage treatment facilities are upgraded, the removal rate of various pollutants in sewage has been greatly improved. At the same time, the utilization rate of biogas resources in the anaerobic unit is more efficient. In 2021, a total of 1.3709 million tons of sewage were treated, and the discharge concentrations of various pollutants are lower than the national discharge standards. There is also a biogas boiler room, and the biogas produced by the anaerobic fermentation of sewage treatment is all used for combustion in the biogas boiler.

Jiangsu Shuanggou Distillery Stock Co., Ltd.: The sewage treatment station in use was completed in 2013, with a total investment of CNY 42.5 million, covering an area of 15,000 square meters, with a designed sewage treatment capacity of 5,400 tons per day. Sewage treatment adopts anaerobic tower plus UASB plus AAO plus secondary sedimentation tank plus phosphorus removal tank treatment process, in accordance with the revised list of "Fermentation Alcohol and Liquor Industrial Pollutant Discharge Standard GB27631-2011", and implement "Shuanggou Town Sewage Treatment Plant Takeover Standard". In 2021, CNY 16.03 million was invested, and a total of 730,900 tons of wastewater was treated. All the discharge concentration of various pollutants is lower than the national discharge standard. There is also a biogas boiler room, and the biogas produced by the anaerobic fermentation of sewage treatment is all used for combustion in the biogas boiler.

Jiangsu Yanghe Distillery Co., Ltd. Siyang Branch: The sewage treatment station in use was completed in 2015, with a total investment of CNY 50 million, covering an area of about 15,000 square meters, with a designed sewage treatment capacity of 6,000 tons per day. The sewage treatment process adopts EGSB plus AAO plus advanced treatment technology, and implements the indirect discharge agreement standard of the revised list of "Fermentation Alcohol and Liquor Industry Pollutant Discharge Standard GB27631-2011". In 2021, a total investment of CNY 11.22 million was implemented to further improve the efficiency of environmental protection governance through the implementation of projects such as the transformation of the phosphorus removal and dosing system of the sewage treatment station, the improvement of aeration equipment, and the transformation of the slag machine. In 2021, a total of 826,700 tons of wastewater was treated, and all the discharge concentration of various pollutants is far lower than the takeover standard. There is also a biogas boiler room, and the biogas produced by the anaerobic fermentation of sewage treatment is all used for combustion in the biogas boiler.

Guizhou Guijiu Group Co., Ltd.: In 2021, a sewage treatment station with a daily processing capacity of 700 tons was built, with a total investment of CNY 11.5 million, covering an area of about 1,980 square meters, and a 400-cubic-meter sewage temporary storage tank was built with a remote-control system. The wastewater produced by AAO plus MBR plus ozone decolorization and disinfection plus chemical phosphorus removal treatment process shall comply with the direct discharge standard in Table 2 of the Discharge Standard for Water Pollutants in Fermented Alcohol and Liquor Industry (GB27631-2011). The boiler adopts gas boiler, and its fuel is natural gas.

Environmental impact assessment of construction projects and other environmental protection administrative licenses

The company and each subsidiary company's construction project environmental impact report and pollutant discharge permit and other materials are complete.

Emergency plan for environmental emergencies

The company and its subsidiaries have formulated contingency plans for environmental emergencies, among which the company has filed with the Environmental Protection Department of Jiangsu Province, Shuanggou Wine has filed with the Sihong Ecological Environment Bureau of Suqian City, the company's Siyang Branch has filed with Siyang County Ecological Environment Bureau for the record, Guijiu Company has filed with the Guiyang Environmental Emergency Response Center.

Environmental Self-Monitoring Program

The company and its subsidiaries have completed self-monitoring plans, among which the company, the Shuanggou Liquor and the Siyang Branch have installed COD, ammonia nitrogen, total nitrogen, total phosphorus, PH online monitoring instruments, and connected to the provincial and municipal data monitoring platforms. The daily manual sampling and self-testing is conducted, and a sampling inspection by qualified institutions is entrusted by a third party every month. Guijiu Company has installed COD, ammonia nitrogen, total nitrogen, total phosphorus, PH, ss online monitoring instruments, and conducts real-time monitoring every day, and entrusts a third-party qualified organization to take samples and spot checks every quarter.

Administrative penalties for environmental issues during the reporting period

Company or subsidiary name	Reason for punishment	Violation situation	Punishment result	The impact on the production and operation of listed companies	Rectification measures
None	None	None	None	None	None

Other environmental information that should be disclosed

None

Measures taken to reduce carbon emissions during the reporting period and their effects

Applicable N/A

The company actively builds a green development system featuring energy conservation, emission reduction, and low-carbon development. In 2021, the company continues to strengthen the use of clean energy, uses idle roofs to implement photovoltaic power generation projects, and uses biogas in sewage to produce steam for production. It also vigorously develops greening and afforestation in the plant area, which can effectively cover loess, reduce dust, and beautify environment, and offsets the carbon dioxide emissions generated in the operation process. It advocates low-carbon environmental protection, enhances the concept of green, low-carbon and healthy life for employees, and vigorously promotes energy conservation, emission reduction and green office. For other energy saving and carbon reduction content, please refer to the '2021 Social Responsibility Report' disclosed by the company.

Other environmental protection related information

None

2. Social responsibility

The company has disclosed the "2021 Social Responsibility Report", see www.cninfo.com.cn for details.

3. The Achievements of Poverty Alleviation and Rural Revitalization

The company has actively done a good job in consolidating and expanding the achievements of poverty alleviation and effectively connecting with the rural revitalization. Through the 'hanging villages and contracting households' link to help Qiuzhuang Village, Zhenglou District, Yanghe New District, Suqian. It is also responsible for the two villages of Dagou Village and Taiping Village in Zhenglou District, a total of 177 low-income peasant households are assisted. After continuous assistance, all the paired households have been lifted out of poverty. Qiuzhuang Village, a linked village, has built public service facilities such as a convenience service center, library, and village hospital under the assistance. The collective economic income has guaranteed stability. In 2021, in order to further consolidate the achievements of poverty alleviation, the company continued to implement the requirements of 'one household, one policy' in terms of paired assistance. Through the combination of the Sunshine Poverty Alleviation APP and on-site visits, the company dynamically grasped the basic situation of assisted farmers. It establishes and improves poverty alleviation Preventive mechanism, makes overall use of the '20 Suqian Policies for Benefiting the People', develops new income channels through the double-level assistance of "materials" and "wills", and enhances the internal motivation of low-income households. The company donates materials and cash in total of CNY 79,000 during the year, 100% coverage of household assistance. In terms of helping the linked villages, it assisted Qiuzhuang Village in fully mobilizing resources from all parties, including people, property and goods, and invested another 200,000 Chinese yuan in assistance funds to help Qiuzhuang Village expand its collective economy.

In 2021, the company will actively use its industrial advantages to promote the construction of the raw grain base in Suqian, ensure the high quality of the company's raw grain supply and demand, drive the development of local agriculture and vigorously promote rural revitalization at the same time. The company actively participates in education and assistance, and participates in activity of Suqian City 'making a dream come true, letting poor students go to school', donating CNY 1 million. So far a total of CNY 13 million was donated to help poor students realize their dreams. The company was awarded the 2021 'Suqian Charity Award' and "Major Actions. Dreams Aid for Students" and 'Special Contribution Award'. In addition, the 'Lasa Langre Wine Village' project was launched to help local economic development in Tibet through industrial support.

In 2022, the company will continue to respond to the country's call for "rural revitalization", actively implement the enterprise spirit of 'serving the country, serving the people and serving the region', and continue to amplify the effectiveness of the village assistance work in accordance with the requirements of consolidating and expanding the achievements of poverty alleviation and the effective connection of rural revitalization, and take stronger actions to boost common prosperity and rural revitalization.

For other information, please refer to the '2021 Social Responsibility Report' disclosed by the company.

Section VI Significant Events

I、Performance of commitments

1、Complete and incomplete commitments of the Company and its actual controller, shareholders, related parties, acquirers, and other related parties for the commitments by the end of the reporting period

√ Applicable □ N/A

Commitments	Giver of commitments	Commitment Type	Details of Commitment	Date of Commitment	Term of Commitment	Performance
Share reform commitment						
Commitments made in the acquisition report or equity change report						
Commitments made during asset reorganization						
Commitments made at IPO or refinancing	Jiangsu Yanghe Group Co. Ltd.	Commitments on horizontal competition, related transactions, and capital occupation	1. Commitment to avoid horizontal competition: (1) The company is not currently engaged in any business that competes with the joint-stock company. The company promises to maintain the existing business structure, and not to directly or indirectly operate with the business	August 26, 2009	Long-term	In normal execution

			<p>of the joint-stock company that actually constitutes competition or may constitute competition. Any business, or newly established subsidiaries or affiliated enterprises engaged in the above-mentioned business.</p> <p>(2) If the company violates the above commitments, the joint-stock company has the right to request the company to immediately terminate the business of horizontal competition and compensate the economic loss caused to the joint-stock company. At the same time, the</p>			
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			<p>company shall pay liquidated damages of CNY 10 million to the joint-stock company. (3) The company promises not to use its status as the controlling shareholder in the joint-stock company to damage the legitimate rights and interests of the joint-stock company, other shareholders of the joint-stock company and creditors of the joint-stock company. (4) This letter of commitment takes effect from the date of signing and cannot be revoked without the consent of the joint-stock</p>			
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		<p>company. 2. Commitment to reduce related-party transactions: The company will strictly abide by the requirements of relevant laws, regulations and normative documents such as the Company Law, the Securities Law, and the Code of Corporate Governance for Listed Companies, and further reduce and strictly regulate the relationship with joint-stock companies. All kinds of related-party transactions between the two companies, to ensure that the status of the controlling shareholder</p>			
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			and actual controller will not be used to harm the interests of the joint-stock company and other shareholders of the joint-stock company, and that no new occupation of the joint-stock company will occur.			
	Jiangsu Blue Alliance Co., Ltd.	Commitments on horizontal competition, related transactions, and capital occupation	Commitment to avoid horizontal competition: 1. The company is mainly engaged in investment management, and does not operate the same or related business as the issuer. The company will not engage in the same or related business as the issuer's business, and will not harm	November 23, 2017	Long-term	In normal execution

			<p>the issuer's interests, nor will it seek illegitimate benefits from the issuer; 2. If the company violates the above commitments, the issuer has the right to demand compensation from it owing to economic losses caused to the issuer, and pay liquidated damages of CNY 5 million, and have the right to request the acquisition of the business project at the market price of the business project or the establishment cost price (whichever is lower); 3. This commitment</p> <p>The book will take effect from the date of signing and cannot be</p>			
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			revoked without the consent of the issuer.			
	Jiangsu Blue Alliance Co., Ltd.	Share Reduction Commitment	After the issuer's shares have been listed and traded on the stock exchange for one year, the shares transferred each year shall not exceed 25% of the total number of the issuer's shares held by the issuer, and the issuer's shares held and their changes shall be reported to the issuer in a timely manner.	November 23, 2017	Long-term	In normal execution
	Cong Xuenian	Other commitments	As one of the directors, supervisors and senior managers of the of Jiangsu Blue Alliance Co., Ltd., I promise: 1. During the term of office of the issuer, the annual	November 23, 2017	Long-term	In normal execution

			transfer of Blue Alliance equity shall not exceed 25% of the total equity of Blue Alliance held by me 2. If I resign from the issuer, I shall not transfer the shares of the Blue Alliance held by me within six months after resignation; 3. If I resign from the issuer, the number of shares transferred shall not exceed 50% of the total shares of the Blue Alliance held by me within 12 months of six months of resignation			
	Feng Pantai	Other commitments	As one of the directors, supervisors and senior managers of the of Jiangsu Blue Alliance Co., Ltd., I promise: 1.	November 23, 2017	January 8, 2022	In normal execution

			<p>During the term of office of the issuer, the annual transfer of Blue Alliance equity shall not exceed 25% of the total equity of Blue Alliance held by me 2. If I resign from the issuer, I shall not transfer the shares of the Blue Alliance held by me within six months after resignation; 3. If I resign from the issuer, the number of shares transferred shall not exceed 50% of the total shares of the Blue Alliance held by me within 12 months of six months of resignation</p>			
Equity Incentive Commitment						
Other commitments made to the company's minority shareholders						
Whether the promise is fulfilled	Yes					

on time	
If the commitment is overdue and not fulfilled, the specific reasons for the failure to fulfill and the next work plan shall be explained in detail	N/A

2、 Where any profit forecast was made for any of the Company’s assets or projects and the current reporting period is still within the forecast period, the Company shall explain whether the performance of the asset or project reaches the profit forecast and why:

Applicable N/A

II、 Non-operating capital occupation of listed companies by controlling shareholders and other related parties

Applicable N/A

No such case during the current reporting period.

III、 Illegal Provision of Guarantees for External Parties

Applicable N/A

No such case during the current reporting period.

IV、 Explanation of the board of directors on the latest ‘non-standard audit report’

Applicable N/A

V、 Explanation Given by the Board of Directors, Supervisory Committee and Independent Directors (if applicable) regarding the “Non-standard Auditor’s Report” Issued by the CPA Firm for the Current Reporting Period

Applicable N/A

VI、 For Changes in Accounting Policies, Accounting Estimates or Correction of Significant Accounting Errors Compared with the Financial Report for the Prior Year

Applicable N/A

Since January 1st 2021 (the “First Adoption Date”), the Company has implemented the Accounting Standards for Business Enterprises No. 21 – Leases revised by the Ministry of Finance in 2018 (hereinafter referred to as the “New Lease Standards”).The companydisclosed the related amount based on the cumulative impact of the first adoption of the New Lease Standards, without adjusting data for the comparative period.

VII、Explanation of changes in the scope of consolidated statements compared with the financial report of the previous year

Applicable N/A

Set up subsidiaries

(1) In March 2021, the holding subsidiary Jiangsu Shuanggou Wine Industry Co., Ltd. invested 100 million Chinese yuan to establish Jiangsu Shuanggou Wine Sales Co., Ltd., accounting for 100% of its registered capital. It will be included in the scope of consolidation in the consolidated financial statements from March 2021.

(2) In April 2021, the company and Suqian Industry Development Group Co., Ltd. jointly invested 20 million Chinese yuan to establish Jiangsu Jiushang Internet Technology Co., Ltd., of which the company contributed 10.20 million Chinese yuan, accounting for 51% of its registered capital, Suqian Industry Development Group Co., Ltd. contributed 9.800 million Chinese yuan, accounting for 49% of its registered capital. It will be included in the scope of consolidation in the consolidated financial statements from April 2021.

(3) In July 2021, the company subscribed to invest 50 million Chinese yuan to establish Jiangsu Yanghe Cultural Tourism Co., Ltd., accounting for 100% of its registered capital. It will be included in the consolidation scope of the consolidated financial statements from July 2021.

(4) In July 2021, the holding subsidiary Jiangsu Yanghe Cultural Tourism Co., Ltd. and Suqian Cultural Tourism Development Group Co., Ltd. jointly invested 20 million Chinese yuan to establish Jiangsu Yanghe Cultural Tourism Operation Co., Ltd., of which Jiangsu Yanghe Cultural Tourism Co., Ltd. invested 16 million Chinese yuan, accounting for 80.00% of its registered capital, Suqian Cultural Tourism Development Group Co., Ltd. invested 4,000,000 Chinese yuan, accounting for 20.00% of its registered capital. It will be included in the consolidation scope of the consolidated financial statements from July 2021.

(5) In November 2021, the company subscribed for 24 million Chinese yuan to set up Siyang Tianlan Packaging Service Co., Ltd., accounting for 100% of its registered capital. It will be included in the scope of consolidation in the consolidated financial statements from November 2021.

VIII、Engagement and Disengagement of the CPA firm

CPA firm engaged at present

Name of domestic accounting firm	Suya Jincheng CPA LLP.
Remuneration of domestic accounting firm (10,000 Chinese yuan)	190.8
Consecutive years of audit services of domestic accounting firms	15
The name of the certified public accountant of the domestic accounting firm	Li Laimin, Li Yan
Consecutive years of auditing services by certified public accountants of domestic accounting firms	Li Laimin: 2 years, Li Yan: 3years

Whether to change the CPA firm in the current period

Yes No

Engagement of internal control audit CPA firm, financial advisor or sponsor

Applicable N/A

During the reporting period, the Company hired Suya Jincheng CPA LLP. as the internal control audit accounting firm, and paid a total of RMB 530,000 of financial consulting fees during the period.

IX、 Facing delisting after annual report disclosure

Applicable N/A

X、 Bankruptcy and Restructuring

Applicable N/A

No such case during the reporting period.

XI、 Material Litigations and Arbitration

Applicable N/A

The Company had no material litigation or arbitration during the current reporting period.

XII、 Punishment and rectification

Applicable N/A

No such case during the reporting period.

XIII、 The integrity of the company and its controlling shareholders and actual controllers

Applicable N/A

XIV、 Significant Related-party Transactions

1.Related-party Transactions Arising from Routine Daily Operations

Applicable N/A

No such case during the reporting period.

2.Related-party Transactions regarding Purchase and Disposal of Assets or Equity

Applicable N/A

No such case during the reporting period.

3. Significant Related-party Transactions Arising from Joint Investments on External Parties

Applicable N/A

No such case during the reporting period.

4. Related Credit and Debt Transactions

Applicable N/A

No such case during the reporting period.

5. Transactions with related financial companies

Applicable N/A

No such case during the reporting period.

6. Transactions between the financial company controlled by the company and related parties

Applicable N/A

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

7. Other significant related-party transactions

Applicable N/A

The company has no other significant related transactions during the reporting period.

XV、 Significant Contracts and Their Execution

1. Trusteeship, Contracting and Leasing

(1) Trusteeship

Applicable N/A

No such case in the reporting period.

(2) Contracting

Applicable N/A

No such case in the reporting period.

(3) Leasing

Applicable N/A

No such case in the reporting period.

2、 Significant Guarantees

Applicable N/A

No such case in the reporting period.

3、Entrusting Others to Manage Cash Assets

(1) Entrusted financial management

√ Applicable □ N/A

Overview of entrusted wealth management during the reporting period

Unit: CNY10, 000

Product types	Source of funds	Amount	Outstanding balance	Amount not collected after the due date	Amount of impairment accrued owing to overdue financial management
Bank wealth management products	Private funds	1,032,000	1,032,000	0	0
Trust wealth management products	Private funds	1,273,368	208,285.29	6,879.48	3,625.67
Total		2,305,368	1,240,285.29	6,879.48	3,625.67

Specific circumstances of high-risk entrusted wealth management with a single large amount or low security and low liquidity√ Applicable □ N/A

Unit: CNY10, 000

Trustee name	Type of Trustee (or Trustee)	Type	Amount	Sources of funds	Start date	End date	Investment direction	Remuneration determination method	Reference annualized rate of return	Expected earnings (if any)	Actual profit and loss amount during the reporting period	The actual recovery of profit and loss during the reporting period	Amount of provision for impairment (if any)	Whether it has gone through legal procedures	Is there any entrusted financial plan in the future	An overview of the matter and an index of related queries (if any)
CITIC Trust	Trust	CITIC Trust • Jiahe No. 118	9,500	Private funds	May 29, 2020	November 29, 2021	Debt assets	Cash	7.60 %	1,085.97	722	526.17	3,625.67	Yes	Yes	The trust financing expires,

		Evergr ande Guiya ng New World Accu mulati ve Fund Trust Plan														and part of the principal and income are deferred. For details, please refer to the "Announcement on the Deferred Payment of the Expired Principal and Income of Entrusted Wealth Man
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																agement" disclosed by the company on December 4, 2021 (Announc ement No. 2021 -044)
FOTIC Trust	Trust	FOTIC- Furong No. 203 Sunac Meijiang Phase II Collective Fund Trust Plan	13,000	Private funds	April 21, 2021	April 21, 2022	Debt assets	Cash	7.70 %	1,001	696.5 92	666.4		Yes	Yes	
CITIC Trust	Trust	CITIC Trust • Country Garden Suyun No. 4 Finan	8,000	Private funds	November 25, 2020	May 25, 2022	Debt assets	Cash	6.70 %	268	587.4 79	572.7		Yes	Yes	

		cing Collec tive Fund Trust Plan														
AVIC Trust	Trust	AVIC Trust Tianqi [2020] No. 12 Pan'a n Lake Ecolo gical Town Projec t Loan Collec tive Fund Trust Plan	14,32 0	Privat e funds	June 19, 2020	June 19, 2022	Debt asset s	Cash	8.70 %	2,491 .68	1,297 .28	1,263 .14	2,148	Yes	Yes	
Minm etals Trust	Trust	Minm etals Trust· Hengx in Gongz hu No.32 6-Cha ngli Stable Zeng No.12 3 Accu mulati ve Fund Trust Plan	10,00 0	Privat e funds	Febru ary 9, 2021	Augu st 9, 2022	Debt asset s	Cash	8.00 %	1,196 .71	710.1 42	688.2		Yes	Yes	

Mins heng Trust	Trust	China Minsh eng Trust • Zhixin No. 1047 Baone ng Invest ment and Finan cing Projec t Collec tive Fund Trust Plan	20,00 0	Privat e funds	Augu st 21, 2020	Augu st 21, 2022	Debt asset s	Cash	8.90 %	3,560	1,780	887.5 6	10,00 0	Yes	Yes
AVIC Trust	Trust	AVIC Trust Tianqi [2020] No. 408 Nanji ng Shiba nqiao Projec t Equity Invest ment Trust Plan	6,000	Privat e funds	Septe mber 25, 2020	Septe mber 24, 2022	Equit y asset s	Cash	8.50 %	1,018 .6	510	255.7 0	1,800	Yes	Yes
Shaa nxi State Invest ment	Trust	Shaan xi State Invest ment	4,000	Privat e funds	Septe mber 24, 2020	Septe mber 24, 2022	Debt asset s	Cash	7.00 %	560	291.5 69	283.8		Yes	Yes

		You Bond No. 28 Nantong Haian Collective Fund Trust Plan													
AVIC Trust	Trust	AVIC Trust Tianqi [2019] No. 116 Kunming Evergrande Yunxi Mansion Trust Loan Collective Fund Trust Plan	15,000	Private funds	November 06, 2020	November 06, 2022	Debt assets	Cash	8.00 %	2,400	1,216.67	1,216.67	4,500	Yes	Yes
Minmetals Trust	Trust	Minmetals Trust·Hengxin in Gongzhu No.43 1-Fengli No.22 3	20,000	Private funds	May 14, 2021	November 14, 2022	Debt assets	Cash	7.50 %	2,256.16	945.21	904.11	3,000	Yes	Yes

		Accumulative Fund Trust Plan														
Jiangsu Trust	Trust	Jiangsu Trust-Fuju No. 11 Accumulative Fund Trust Plan	4,393.94	Private funds	January 11, 2021	December 01, 2022	Debt assets	Cash	7.50 %	1,415.75	580.185	571.185		Yes	Yes	
FOTIC	Trust	FOTIC-Furong No. 203 Sunac Meijiang Phase II Project Phase 3-4	7,000	Private funds	June 16, 2021	December 16, 2022	Debt assets	Cash	8.00 %	840.77	303.780	286.980		Yes	Yes	
AVIC Trust	Trust	AVIC Trust • Tianxin Bay Area Renewal No. 10 Collective Fund	10,000	Private funds	February 26, 2021	February 26, 2023	Equity assets	Cash	8.50 %	1,700	714.934	691.634		Yes	Yes	

		Trust Plan Phase 1													
AVIC Trust	Trust	AVIC Trust·Tianxin Bay Area Update No. 10 Collective Fund Trust Plan Phase 2	10,000	Private funds	March 01, 2021	March 01, 2023	Debt assets	Cash	8.50%	1,700	707.956	684.6		Yes	Yes
Shanghai Trust	Trust	Shanghai Trust·Hiya Debt Investment Collective Fund Trust Plan	7,500	Private funds	March 23, 2021	March 23, 2023	Debt assets	Cash	7.00%	1,050	407.055	261.8		Yes	Yes
Total			158,713.94	--	--	--	--	--	--	22,544.64	11,470.81	--	25,073.67	--	--

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

Applicable N/A

The “CITIC Trust Jiahe No. 118 Evergrande Guiyang New World Collective Fund Trust Plan” purchased by the company expired, and part of the principal and income were deferred. The company announced it on Deferred Payment of Income (Announcement No.: 2021-044). Based on the principle of prudence, the company handles changes in fair value and accrues CNY 36.2567 million for impairment. After sorting out, based on the principle of prudence, the company made a change in fair value, and accrued a depreciation amount of 214.48 million Chinese yuan, totaling CNY250.7367 million.

(2) Entrusted loan management

Applicable N/A

No such case during the reporting period

4、 Other major contracts

Applicable N/A

No such case during the reporting period

XVI、 Explanation of other significant matters

Applicable N/A

1、 The company indirectly holds the partnership shares of Jiangsu Jiequan Emerging Industry Development Fund (Limited Partnership) by investing in Jiangsu Xinghe Investment Management Co., Ltd. and Nanjing Xingnahe Venture Capital Partnership (Limited Partnership). Xingnahe Partnership and Jiequan Fund have completed the Raised and completed the filing with the Asset Management Association of China, the filing codes are SCF515 and SCL005 respectively. For details, please refer to the "Announcement on Cooperative Investment with Professional Investment Institutions" (Announcement No.: 2017-021) and "Progress Announcement on Cooperative Investment with Professional Investment Institutions" disclosed by the company on December 30, 2017 and April 12, 2018 (Announcement No.: 2018-011).

2、 Sujiu Group Jiangsu Wealth Management Co., Ltd. subscribed for the partnership shares of Suzhou Danqing Phase II Innovative Pharmaceutical Industry Investment Partnership (Limited Partnership). Danqing Phase II has completed the fundraising and completed the filing with the China Securities Investment Fund Industry Association, the filing code is SED720. For details, please refer to the "Announcement on Cooperative Investment with Professional Investment Institutions" (Announcement No.: 2018-021), "About Announcement on the Progress of Cooperative Investment with Investment Institutions (Announcement No.: 2018-030), "Announcement on the Progress of Cooperative Investment with Professional Investment Institutions" (Announcement No.: 2019-004).

3、 Jiangsu Yanghe Investment Management Co., Ltd. subscribed for the partnership share of Panmao (Shanghai) Investment Center (Limited Partnership). Panmao Investment has completed the fundraising and completed the filing with the Asset Management Association of China, the filing code is SED720. For details, please refer to the "Announcement on Cooperative Investment with Professional Investment Institutions" disclosed by the company on June 22, 2018 (announcement number: 2018-025).

4、 Jiangsu Yanghe Investment Management Co., Ltd. subscribed for the partnership shares of Jiangsu Zijin Hongyun Health Industry Investment Partnership (Limited Partnership), Suqian Yida Industrial Venture Capital Fund (Limited Partnership), and Hunan Huaye Tiancheng Venture Capital Partnership (Limited Partnership). Zijin Hongyun, Suqian Yida and Huaye Tiancheng have completed the fundraising and completed the filing with the Asset Management Association of China. The filing codes are SGA436, SGV275 and SGW727 respectively. For details, please refer to the "Announcement on Cooperative Investment with Professional Investment Institutions" (Announcement No.: 2019-002) disclosed by the company on March 28, 2019, and "About Participating in Investment in Suqian Yida Industrial Venture Capital" disclosed on April 30, 2019 Announcement on Funds and Related Party Transactions" (Announcement No.: 2019-012), and "Announcement on Subscription of Hunan Huaye Tiancheng Venture Capital Fund" disclosed on September 6, 2019 (Announcement No.: 2019-021).

5、Jiangsu Yanghe Investment Management Co., Ltd. indirectly holds the partnership share of Nanjing Xingnaheyuan Venture Capital Partnership (Limited Partnership) by subscribing to Nanjing Xingnahai Equity Investment Partnership (Limited Partnership), and Jiangsu Yanghe Investment Management Co., Ltd. subscribes for Suzhou The partnership shares of Zhongxing Fushuzhi Venture Capital Partnership (Limited Partnership) and Nanjing Hongyang Equity Investment Partnership (Limited Partnership), Xingna Heyuan, Suzhou Xingfu and Nanjing Hongyang have completed the fundraising and invested in China Securities Investment Fund The industry association has completed the filing, and the filing codes are SLR472, SNC111, and SNF086. For details, please refer to the "Announcement on Cooperative Investment with Professional Investment Institutions" (Announcement No.: 2020-031) disclosed by the company on August 12, 2020, and the "About Subscription of Suzhou Zhongxin Fushuzhi Entrepreneurship" disclosed on October 19, 2020 Investment Fund Announcement (Announcement No.: 2020-035), and the Announcement on Subscription of Nanjing Hongyang Equity Investment Fund (Announcement No.: 2020-038) disclosed on November 4, 2020.

6、Jiangsu Yanghe Investment Management Co., Ltd. subscribed for the partnership share of Zhuhai Hengqin Huaye Tiancheng Phase IV Venture Capital Partnership (Limited Partnership), Xiamen Yuanfeng Equity Investment Fund Partnership (Limited Partnership), and Shanghai Yunfeng Xincheng Investment Center (Limited Partnership). Huaye Phase IV, Xiamen Yuanfeng and Yunfeng Xincheng have completed the filing with the Asset Management Association of China. The filing codes are SQB769, SLX842 and SH1000 respectively. For details, please refer to the "Announcement on Subscribing Zhuhai Hengqin Huaye Tiancheng Phase IV Venture Capital Fund" disclosed by the company on February 10, 2021 (Announcement No.: 2021-007), and the "About Subscription to Xiamen" disclosed on April 13, 2021 Yuanfeng Equity Investment Fund Announcement (Announcement No.: 2021-012), and the Announcement on Cooperative Investment with Professional Investment Institutions disclosed on August 6, 2021 (Announcement No.: 2021-033).

XVII、 Significant Events of the Company's Subsidiaries

Applicable √ N/A

Section VII Changes in Shares and Shareholders

I、Changes in shares

1、Table of Changes in Share Capital

Unit: share

	Before the change		Changes in the period (+, -)					After the change	
	Shares	Ratio	New Shares Issued	Bonus issue	Share transferred from capital reserve	Others	Sub-total	Shares	Ratio
1. Shares subject to conditional restriction(s)	259,469,723	17.22%	0	0	0	-5,711,737	-5,711,737	253,757,986	16.84%
1.1 State holdings	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by State-owned orporate	0	0.00%	0	0	0	0	0	0	0.00%
1.3. Other domestic holdings	259,469,723	17.22%	0	0	0	-5,711,737	-5,711,737	253,757,986	16.84%
Including: held by domestic corporates	249,480,000	16.55%	0	0	0	0	0	249,480,000	16.55%
held by domestic natural persons	9,989,723	0.67%	0	0	0	-5,711,737	-5,711,737	4,277,986	0.28%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: held by overseas corporates	0	0.00%	0	0	0	0	0	0	0.00%
held by overseas natural person	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares without restriction	1,247,518,277	82.78%	0	0	0	5,711,737	5,711,737	1,253,230,014	83.16%
2.1 RMB ordinary shares	1,247,518,277	82.78%	0	0	0	5,711,737	5,711,737	1,253,230,014	83.16%
2.2 Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.3 Foreign shares listed overseas	0	0.00%	0	0	0	0	0	0	0.00%
2.4 Others	0	0.00%	0	0	0	0	0	0	0.00%
3. Total shares	1,506,988,000	100.00%	0	0	0	0	0	1,506,988,000	100.00%

Reason for share changes

√ Applicable □ N/A

Changes in shares were mainly due to changes in the shares locked by the current and outgoing directors, supervisors and senior managers of the company.

Approval for changes in share capital

□ Applicable √ N/A

Transfer for changes in share capital

□ Applicable √ N/A

Effects of changes in share capital on the basic earnings per share ("EPS"), diluted EPS, net assets per share attributable to common shareholders of the Company, and other financial indexes over the last year and last period

□ Applicable √ N/A

Other contents that the Company considers necessary or 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	Increased in current period	Vested in current period	Closing restricted shares	Note for restricted shares	Date of unlocking
Feng Pantai	5,677,986	0	5,677,986	0	Lock-up period for directors, supervisors and senior executives to leave office expires	July 28, 2021
Zheng Bujun	45,000	0	11,250	33,750	Directors, supervisors and senior executives are currently locked	N/A
Wang Yao	22,501	0	22,501	0	Lock-up period for directors, supervisors and senior executives to leave office expires	August 23, 2021
Total	5,745,487	0	5,711,737	33,750	--	--

II. Issuance and Listing of Securities

1. Securities (exclude Preferred Share) Issued during the Reporting Period

Applicable N/A

2. Explanation on Changes in Share Capital & the Structure of Shareholders, the Structure of Assets and Liabilities

Applicable N/A

3. Existent Shares Held by Internal Staff of the Company

Applicable N/A

III. Particulars about the Shareholders and Actual Controller

1. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of common shareholders at the end of the reporting period	186,749	Total number of common shareholders at the end of the previous month prior to the annual report disclosure date	154,216	The total number of preferred shareholders whose voting rights have been restored at the end of the reporting period (if any) (see Note 8)	0	The total number of preference shareholders whose voting rights have been restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8)	0	
Shareholders who hold more than 5% of total shares or the top 10 shareholders								
Name of Shareholders	Nature of shareholders	Share-holding percentage (%)	Total common shares held at the end of the reporting period	Increase /decrease during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Pledge, marking or freezing	
							Status	Amount

Jiangsu Yanghe Group Co., Ltd.	State-owned legal person	34.16%	514,858,939	0	0	514,858,939		
Jiangsu Blue Alliance Co., Ltd.	Domestic Non-state-owned legal person	17.58%	264,991,926	-296,000	249,480,000	15,511,926		
Shanghai Haiyan Logistics Development Co., Ltd.	State-owned legal person	9.67%	145,708,137	0	0	145,708,137		
Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd.	State-owned legal person	3.96%	59,744,099	0	0	59,744,099		
Bank of China Limited - China Merchants CSI Baijiu Index Classified Securities Investment Fund	Others	3.33%	50,237,459	213,553.52	0	50,237,459		
Bank of China Limited - E Fund Blue Chip Selected Mixed Securities Investment Fund	Others	2.50%	37,700,000	105,000.00	0	37,700,000		
Hong Kong Securities Clearing Company Limited	Overseas legal persons	2.22%	33,426,973	-126,213.81	0	33,426,973		
China Securities Finance Corporation Limited	Domestic Non-state-owned legal person	0.92%	13,790,044	0	0	13,790,044		
Bank of China Limited - E Fund Premium Selected Hybrid Securities Investment	Others	0.66%	10,000,070	--	0	10,000,070		

Fund								
Jiangsu Yanghe Distillery Co., Ltd. — The first phase of the core backbone shareholding plan	Others	0.61%	9,118,384	9118384	0	9,118,384		
Strategic investors or general legal persons becoming the top 10 shareholders due to placement of new shares (if any) (see Note 3)	NO							
Explanation of the related relationship or concerted action of the above shareholders	NO							
Explanation of the above-mentioned shareholders involving entrusted/entrusted voting rights and abstention from voting rights	NO							
Special instructions for the existence of a special repurchase account among the top 10 shareholders (if any) (see Note 10)	NO							
Shareholdings of the top 10 shareholders without restrictions on sales								
Name of shareholders	Number of unrestricted shares held at the end of the reporting period	Type of shares						
		Type	Amount					
Jiangsu Yanghe Group Co., Ltd.	514,858,939	RMB common shares	514,858,939					
Shanghai Haiyan Logistics Development Co., Ltd.	145,708,137	RMB common shares	145,708,137					
Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd.	59,744,099	RMB common shares	59,744,099					
Bank of China Limited — China Merchants CSI Liquor Index Graded Securities Investment Fund	50,237,459	RMB common shares	50,237,459					
Bank of China Limited — E Fund Blue Chip Selected Mixed Securities Investment Fund	37,700,000	RMB common shares	37,700,000					
Hong Kong Securities Clearing Co., Ltd	33,426,973	RMB common shares	33,426,973					

Jiangsu Blue Alliance Co., Ltd.	15,511,926	RMB common shares	15,511,926
China Securities Finance Co., LTD	13,790,044	RMB common shares	13,790,044
Bank of China Limited—E Fund Premium Selected Hybrid Securities Investment Fund	10,000,070	RMB common shares	10,000,070
Jiangsu Yanghe Distillery Co., Ltd.—The first phase of the core backbone shareholding plan	9,118,384	RMB common shares	9,118,384
Description of the connected relationship or concerted action among the top 10 shareholders of unrestricted tradable shares, and between the top 10 shareholders of unrestricted tradable shares and the top 10 shareholders	NO		
Explanation on the participation of the top 10 ordinary shareholders in the securities margin trading (if any) (see Note 4)	NO		

Any of the Company's top 10 common shareholders or top 10 non-restricted common shareholders conducted any agreed buy-back in the reporting period?

Yes No

No such case during the current reporting period.

2. Particulars about Controlling Shareholder of the Company

Nature of controlling shareholder: local state-owned holding

Type of controlling shareholder: Corporation

Name of Controlling Shareholder	Legal representative/ People in charge	Date of establishment	Organization Code	Business scope
Jiangsu Yanghe Group Co., LTD	Yang Weiguo	8 May, 1997	91321300142334989Y	Sales of brewing machinery and equipment, various raw and auxiliary materials, equipment and parts required for wine export and import production, industrial investment; municipal

				public works, housing construction projects, tourism and cultural industry investment.
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Change of controlling shareholder during the reporting period

Applicable N/A

The Company's controlling shareholder has not changed during the reporting period.

3. Particulars about the Company's Actual Controller & Concerted Parties

Nature of actual controller: local state-owned assets management organization

Actual controller type: Corporation

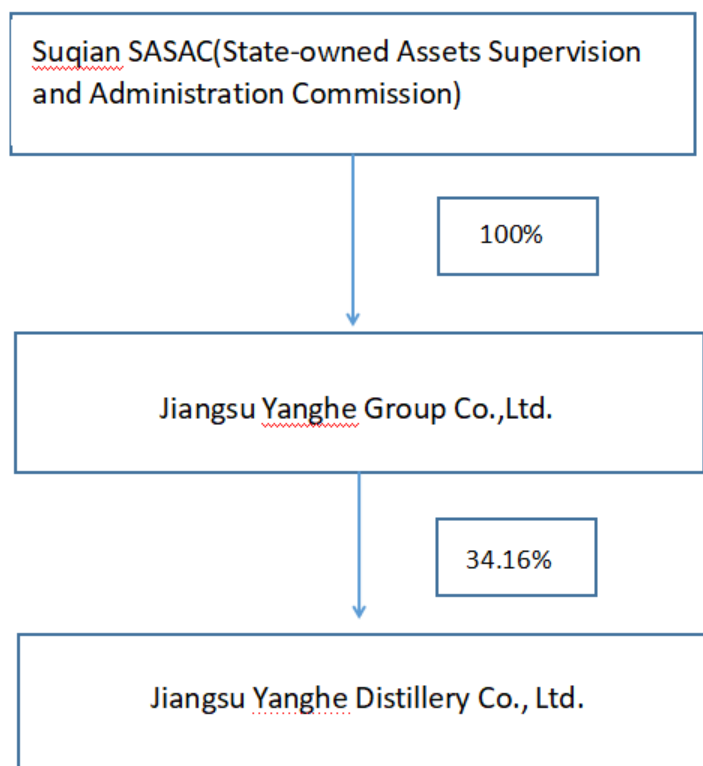
Name of Actual Controller	Legal representative/ People in charge	Date of establishment	Organization Code	Business scope
Suqian SASAC(State-owned Assets Supervision and Administration Commission)	Zhao Xiaoli	October 22, 2005	N/A	On behalf of suqian Municipal people's Government to execute the responsibilities of state-owned enterprise investors, implementing the supervision and management of state-owned assets and state-owned enterprises.
The equity of other domestic and foreign listed companies controlled by the actual controller during the reporting period	N/A			

Change of the actual controller during the reporting period

Applicable N/A

No such change during the reporting period.

The ownership and controlling relationship between the actual controller of the Company and the Company is detailed as follows:



The actual controller controls the company through trust or other asset management methods

Applicable N/A

4. The Company's Controlling Shareholder or the Largest Shareholder and its Concerted Action Person's Cumulative Pledged Shares Account for 80% of the Company's Shares Held by Them

Applicable N/A

5. Particulars about Other Corporate Shareholders with Shareholding Proportion over 10%

Applicable N/A

Name of Actual Controller	Legal representative/ People in charge	Date of establishment	Organization Code	Business scope
Jiangsu Blue Alliance Co., LTD	Cong Xuenian	28 July, 2016	CNY 105.6 million	Sales of daily necessities, biotechnology research and development, furniture production, business management consulting services, fruit tree planting, pre-packaged food

				sales.
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6. Particulars on Shareholding Decrease Restrictions for the Controlling Shareholders, Actual Controller, Restructurer or Other Committing Parties

Applicable √ N/A

IV. The specific implementation of share repurchases during the reporting period

The implementation progress of share repurchases

Applicable √ N/A

The implementation progress of reducing repurchased shares by centralized bidding

Applicable √ N/A

Section VIII Information about Preference Shares

Applicable N/A

There are no preferred shares in the company during the reporting period.

Section IX Information about Bonds

Applicable v N/A

Section X Financial Report

I. Auditor's report

Type of audit report	Standard and unqualified opinion
Date of signature	27 April 2022
Name of Audit	Suya Jincheng CPALLP.
No. of auditor's report	Suya Audit [2022] No.737
Names of auditors	Li Laimin ,LiYan

Auditor's Report

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

Opinion

We have audited the financial statements of Jiangsu Yanghe Distillery Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2021, 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 2021 and its operating results and cash flow for the year then ended.

Basis for opinion

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

Key audit matters

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

1.Recognition of revenue	
Please refer to note 27, “Accounting Policies” in Note III, "Significant Accounting Policies and Estimates" and note 37 in Note V, "main Items of the Consolidated Financial Statements".	
Key audit matters	How our audit addressed the key audit matter
The Company’s specific condition of revenue recognition is that revenue is recognized after customer acceptance based on transfer of control. In 2021, the Company’s annual operating revenue was CNY25.35 billion. The amount substantial and operating revenue is an important component of income statement. Therefore, we identified operating revenue as a key audit matter.	Our procedures in relation to revenue recognition included: (1) Understood, tested and evaluated the effectiveness of internal control of sales and cash receipts cycle designed and executed by the management. (2) Through sampling inspection of the sales contract, identified the contractual rights and obligations, evaluated the point of time of performance obligations and evaluated whether the judgment of the transfer of control related to revenue recognition conforms to the Company's accounting policies and Accounting Standards for Business Enterprises. (3) Judged whether there is an abnormal fluctuation of revenue in the reporting period with the analytic review of revenue and gross profit margin in combination with product category. (4) Sampling inspection of supporting documents related to revenue recognition including sales contracts or orders, invoices, delivery lists or receiving reports, shipping lists and bank slips. (5) Implemented the external confirmation of selected major franchisers and inspected the payback of account receivables after the reporting period in combination with audit of accounts receivable and contract liabilities. (6) Sampling inspection of calculation and accounting treatment of sales discount and sales allowance. (7) Chose samples from sales revenue records before and after the balance sheet date, inspected related supporting documents and evaluated whether the revenue recorded in the appropriate accounting period.
2.Existence,valuation and allocation of inventories	
Please refer to note 11, “Accounting Policies” in Note III, "Significant Accounting Policies and Estimates" and note 8 in Note V, "main Items of the Consolidated Financial Statements".	
Key audit matters	How our audit addressed the key audit matter
As at 31 December 2021, the book value of inventory is CNY 16.803 billion, accounting for 24.78% of the total assets and 33.77% of all current assets. The book value of the inventories at year end is relatively large and accounts for a relatively large proportion of the total assets at the year end. Therefore, the	Our procedures in relation to existence, valuation, allocation of inventories included: (1) Understood, tested and evaluated the effectiveness of management's design and implementation of inventory-related internal control. (2) Carried out the inventory analysis review

<p>existence, valuation and allocation of inventories are identified as a key audit matter.</p>	<p>procedure.</p> <p>(3)Supervised the inventory at the end of the period.</p> <p>(4)Sample check of production cost calculation table and other cost accounting data, and conducted valuation test on inventory, and evaluated the accuracy of closing balance of inventory.</p> <p>(5)Obtained the calculation table of provision for stock obsolescence, conduct the inventory impairment test, reviewed the inventory impairment test process, and checked whether the provision for stock obsolescence is made sufficiently.</p>
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Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’ s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

We also provide the governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Suya Jincheng CPA LLP

Nanjing, China

Li Laimin

CPA of China

Li Yan,

CPA of China

27 April 2022

II. Financial statements

Prepared by: Jiangsu Yanghe Distillery Co., Ltd.

Consolidated balance sheet As at 31 December 2021

Unit: CNY

Item	On December 31st 2021	On December 31st 2020
Current assets:		
Cash and bank balances	20,955,831,010.12	7,243,186,362.29
Settlement reserves		
Lending funds		
Held-for-trading financial assets	10,953,894,328.01	14,301,978,905.17
Derivative financial assets		
Notes receivables	663,849,328.28	613,496,333.71
Accounts receivables	1,247,949.91	4,225,230.90
Receivables for Financing	222,793,060.40	
Prepayment	9,408,768.12	9,358,846.48
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		
Other receivables	11,520,008.85	30,318,938.67
Including: Interests receivable		
Dividends receivable		
Buying back the sale of financial assets		
Inventories	16,803,093,441.81	14,852,694,146.30
Contract assets		
Assets held for sale		
Non-current assets due within one		

year		
Other current assets	143,005,191.58	182,837,070.99
Total current assets	49,764,643,087.08	37,238,095,834.51
Non-current assets:		
Disbursement of loans and advances		
Investment in debt instruments		
Investment in other debt instruments		
Long-term receivables		
Long-term equity investments	32,743,397.31	29,528,377.16
Investment in other equity instruments		
Other non-current financial assets	7,635,942,149.06	6,366,958,225.81
Investment property		
Fixed assets	6,276,466,308.05	6,882,953,634.34
Construction in progress	525,497,000.26	223,468,482.24
Productive biological assets		
Oil and gas assets		
Right-of-use Assets	19,610,113.75	
Intangible assets	1,679,597,933.06	1,713,526,693.10
Development expenses		
Goodwill	276,001,989.95	276,001,989.95
Long-term prepaid expenses	16,104,679.68	127,071.76
Deferred tax assets	1,385,956,896.18	925,921,403.51
Other non-current assets	186,140,639.38	209,677,594.21
Total non-current assets	18,034,061,106.68	16,628,163,472.08
Total assets	67,798,704,193.76	53,866,259,306.59
Current liabilities:		
Short-term loans		
Borrowings from the central bank		
Loans from other banks		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	30,000,000.00	
Accounts payable	1,444,175,262.08	1,151,871,136.29
Advance from customer		
Contract liabilities	15,804,521,430.17	8,801,346,891.32
Financial assets sold for repurchase		
Customer brokerage deposits		
Securities underwriting brokerage deposits		

Receivings from vicariously sold securities		
Employee benefits payable	536,717,129.16	196,241,487.31
Taxes payables	3,061,385,171.71	2,152,806,156.43
Other payables	1,808,838,882.26	1,556,699,290.45
Including: Interests payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	8,405,846.77	
Other current liabilities	2,039,264,937.72	798,216,651.49
Total current liabilities	24,733,308,659.87	14,657,181,613.29
Non-current liabilities:		
Insurance contract reserves		
Long-term loans	36,360.00	36,360.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	10,729,824.19	
Long-term payable	196,694,194.53	197,049,341.93
Long-term payroll payable		
Accrued liabilities		
Deferred incomes	77,242,500.00	85,999,500.00
Deferred tax liabilities	299,382,397.38	456,339,414.38
Other non-current liabilities		
Total non-current liabilities	584,085,276.10	739,424,616.31
Total liabilities	25,317,393,935.97	15,396,606,229.60
Shareholders' equity		
Share capital	1,506,988,000.00	1,506,988,000.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserves	782,236,370.14	741,532,550.13
Less: Treasury shares	56,278,680.79	1,002,128,680.79
Other comprehensive incomes	-5,843,990.29	-5,213,248.93
Special reserves		
Surplus reserves	753,494,000.00	753,494,000.00

General risk reserve		
Retained Earnings	39,505,614,090.53	36,489,911,363.13
Total equity attributable to owners of the parent company	42,486,209,789.59	38,484,583,983.54
Non-controlling interests	-4,899,531.80	-14,930,906.55
Total owners' equity	42,481,310,257.79	38,469,653,076.99
Total liabilities and owners' equity	67,798,704,193.76	53,866,259,306.59

Legal representative: Zhang Liandong

Person in charge of accounting affairs: Yin Qiuming

Person in charge of accounting department: Zhao Qike

Balance sheet of parent company
As at 31 December 2021

Unit: CNY

Item	Balance as at December 31 2021	Balance as at December 31 2020
Current assets:		
Cash and bank balance	19,908,620,924.68	5,713,353,085.92
Held-for-trading financial assets	8,090,978,413.80	2,096,497,598.93
Derivative financial assets		
Notes receivables	601,826,328.28	74,100,000.00
Accounts receivables	424,595,684.45	387,657,700.12
Receivables for Financing	10,760,000.00	
Pre-payment	76,366,400.75	84,206,238.58
Other receivables	2,211,826,118.30	10,403,769,305.69
Including: Interestsreceivables		
Dividends receivables	1,812,736,853.55	1,775,818,203.33
Inventories	11,289,319,403.65	10,343,443,087.16
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets		
Total current assets	42,614,293,273.91	29,103,027,016.40
Non-current assets:		
Investment in debt instruments		
Investment in other debt instruments		
Long-term receivables		
Long-term equity investments	7,994,556,728.17	7,964,291,378.23

Investment in other equity instruments		
Other non-current financial assets	3,598,974,759.45	2,480,599,923.11
Investment property		
Fixed assets	3,990,650,393.37	4,416,370,356.00
Construction in progress	183,491,743.37	58,004,537.10
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,431,936.19	
Intangible assets	1,181,546,201.25	1,208,261,829.54
Development expenses		
Goodwill		
Long-term prepaid expenses	16,104,679.68	
Deferred tax assets	12,941,142.63	8,032,095.76
Other non-current assets	164,332,861.20	173,867,010.21
Total Non-current Assets	17,144,030,445.31	16,309,427,129.95
Total Assets	59,758,323,719.22	45,412,454,146.35
Current liabilities:		
Short-term loans		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payables	985,248,728.21	839,199,956.37
Advance from customer		
Contract liabilities	21,199,823,390.34	10,764,681,770.37
Employee benefits payable		
Taxes payable	643,076,598.44	809,734,252.60
Other payables	1,842,392,622.94	186,265,132.79
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	441,857.83	
Other current liabilities	3,300,680,288.13	1,396,504,456.42
Total current liabilities	27,971,663,485.89	13,996,385,568.55
Non-current liabilities:		
Long-term loans	36,360.00	36,360.00
Bonds payable		
Including: preference shares		
Perpetual bonds		

Lease liabilities	820,816.63	
Long-term payables	144,104,709.73	144,254,229.73
Long-term payroll payables		
Provisions		
Deferred incomes	5,000,000.00	5,000,000.00
Deferred tax liabilities	248,825,948.76	387,147,470.28
Other non-current liabilities		
Total non-current liabilities	398,787,835.12	536,438,060.01
Total liabilities	28,370,451,321.01	14,532,823,628.56
Owners' equity (or shareholders' equity)		
Share capital	1,506,988,000.00	1,506,988,000.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserves	1,382,332,300.94	1,341,628,480.93
Less: Treasury shares	56,278,680.79	1,002,128,680.79
Other comprehensive incomes		
Special reserves		
Surplus reserves	753,494,000.00	753,494,000.00
Retained Earnings	27,801,336,778.06	28,279,648,717.65
Total owners' equity	31,387,872,398.21	30,879,630,517.79
Total liabilities and owners' equity	59,758,323,719.22	45,412,454,146.35

Consolidated Income Statement
For the year ended 31 December 2021

Unit: CNY

Item	Year2021	Year2020
1.Total operating revenue	25,350,178,204.45	21,101,051,131.79
Including: Operating revenue	25,350,178,204.45	21,101,051,131.79
Interest income		
Earned premium		
Fee and commission income		
2.Total operating costs	15,637,137,313.61	13,773,294,252.09
Including: cost of sales	6,255,397,564.10	5,851,904,596.71
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	4,147,982,128.12	3,415,645,769.03
Selling and distribution expenses	3,544,364,889.54	2,603,804,157.78
General and administrative expenses	1,830,080,139.18	1,729,080,201.93
Research and Development expenses	258,458,102.63	260,094,291.03
Financial expenses	-399,145,509.96	-87,234,764.39
Including: Interest expenses	603,755.58	1,964.00
Interest income	433,923,395.67	104,495,154.37
Plus: Other income	90,850,747.98	98,969,626.89
Investment income ("-" for losses)	900,613,478.22	1,206,683,362.49
Including: income from investment in associates and joint ventures	2,948,720.95	3,940,820.47
Disposal of financial instruments at a mortised cost ("-" for losses)		
Foreign exchange gains ("-" for losses)		
Net exposure to hedging gains ("-"for losses)		
Gains of changes in fair value ("-" for losses)	-721,212,806.81	1,267,682,598.52
Credit Impairment Loss ("-" for losses)	12,627,487.28	246,482.45
Losses from asset impairment ("-" for losses)	-7,175,293.45	-6,196,876.85
Gains from disposal of assets ("-" for losses)	184,684.97	45,438.89
3. Operating profits ("-" for losses)	9,988,929,189.03	9,895,187,512.09
Plus: non-operating income	20,718,383.00	25,039,870.29
Less: non-operating expenses	63,220,053.35	41,325,490.38
4. Total profits before tax ("-" for total losses)	9,946,427,518.68	9,878,901,892.00
Less: income tax expenses	2,433,610,121.20	2,394,295,578.08
5. Net profit ("-" for net loss)	7,512,817,397.48	7,484,606,313.92
Classification by operating continuity		
Net profit from continuing operation ("-" for losses)	7,512,817,397.48	7,484,606,313.92
Net profit from discontinued operation ("-" for losses)		

Classification by owners		
Attributable to owners of the parent company	7,507,682,797.40	7,482,228,633.63
Attributable to non-controlling interests	5,134,600.08	2,377,680.29
6. Net of tax from other comprehensive income	-633,966.69	-1,630,142.86
Net of tax from other comprehensive income to the owner of the parent company	-630,741.36	-1,604,477.77
Other comprehensive income cannot be re-classified into the profit and loss:		
Including: Changes in remeasured defined benefit obligations		
Share in other comprehensive income that cannot be classified into profit and loss under equity method		
Changes in the fair value of other equity instruments		
Fair value changes in enterprise's own credit risk		
Others		
Other comprehensive income that will be reclassified into the profit and loss	-630,741.36	-1,604,477.77
Including: Share in other comprehensive income that will be classified into profit and loss under equity method	10,293.63	-342,416.50
Net gain on debt instruments at fair value through other comprehensive income		
The amount of financial assets reclassified into other comprehensive income		
Other debt investment credit impairment provision		
Cash flow hedging reserve		
Balance arising from the translation of foreign currency financial statements	-641,034.99	-1,262,061.27
Others		
Net of tax from other comprehensive income to non-controlling interests	-3,225.33	-25,665.09
7. Total comprehensive income	7,512,183,430.79	7,482,976,171.06

Total comprehensive income attributable to owners of the parent company	7,507,052,056.04	7,480,624,155.86
Total comprehensive income attributable to non-controlling interests	5,131,374.75	2,352,015.20
8.Earnings per share		
(1) Basic earnings per share	5.0141	4.9843
(2) Diluted earnings per share	5.0141	4.9843

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

Legal representative: Zhang Liandong

Person in charge of accounting affairs: Yin Qiuming

Person in charge of accounting department: Zhao Qike

Income statement of parent company For the year ended 31 December 2021

Unit: CNY

Item	Year 2021	Year 2020
1.Operating revenue	10,476,842,189.83	9,815,174,332.42
Less: Cost of sales	5,692,899,268.72	4,803,282,641.30
Taxes and surcharges	3,418,193,216.10	2,935,628,072.08
Selling and distribution expenses	4,350,000.19	3,062,752.15
General and administrative expenses	953,846,877.96	886,635,671.06
Research and Development expenses	255,876,693.41	244,483,533.34
Financial expenses	-360,797,750.83	-61,151,383.38
Including: Interest expenses	80,013.55	1,964.00
Interest income	392,282,831.40	75,649,553.46
Plus: Other income	35,355,375.48	16,130,425.67
Investment income ("-" for losses)	4,025,167,004.11	6,468,741,332.69
Including: income from investment in associates and joint ventures		
Disposal of financial instruments at amortised cost ("-" for losses)		
Net exposure to hedging gains ("-" for loss)		
Gains of changes in fair value("-" for losses)	-553,286,086.09	1,350,425,088.90

Credit Impairment Loss(" - " for losses)	1,133,079.28	1,891,472.97
Losses from asset impairment ("-" for losses)	-6,671,650.31	-6,196,876.85
Gains from disposal of assets ("-" for losses)	10,672.49	
2. Operating profits ("-" For Losses)	4,014,182,279.24	8,834,224,489.25
Plus: non-operating income	2,129,227.09	10,689,415.40
Less: non-operating expenses	26,922,264.60	32,071,726.22
3.Total profits before tax ("-" For Total Losses)	3,989,389,241.73	8,812,842,178.43
Less: income tax expenses	-24,278,888.68	587,325,094.40
4.Net profit ("-" For Net Loss)	4,013,668,130.41	8,225,517,084.03
Net profit from continuing operation ("-" for losses)	4,013,668,130.41	8,225,517,084.03
Net profit from discontinued operation ("-" for losses)		
5.Net of tax from other comprehensive income		
Other comprehensive income cannot be re-classified into the profit and loss:		
Including: Changes in remeasured defined benefit obligations		
Other comprehensive income that cannot be transferred under the equity method		
Net gain on equity instrument at fair value through other comprehensive income		
Fair value changes in enterprise's own credit risk		
Others		
Other comprehensive income that will be reclassified into the profit and loss		
Including: Share in other comprehensive income that will be classified into profit and loss under equity method		
Net gain on debt instruments at fair value through other comprehensive		

income		
The amount of financial assets reclassified into other comprehensive income		
Other debt investment credit impairment provision		
Cash flow hedging reserve		
Balance arising from the translation of foreign currency financial statements		
others		
6.Total comprehensive income	4,013,668,130.41	8,225,517,084.03
7.Earnings per share		
(1) Basic earnings per share		
(2) Diluted earnings per share		

Consolidated Statement of Cash Flows
For the year ended 31 December 2021

Unit: CNY

Item	Year 2021	Year 2020
1.Cash flows from operating activities		
Cash received from sale of goods and rendering of services	36,809,670,762.29	21,527,429,733.96
Net increase in customer bank deposits and placement from banks and other financial institutions		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Premiums received from original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, handling charges and commissions		
Net increase in placements from other financial institutions		

Net capital increase in repurchase business		
Net cash received for the sale of securities		
Refunds of taxes and surcharges		3,754,079.47
Cash received from other operating activities	728,428,911.66	369,789,635.60
Sub-total of cash inflows from operating activities	37,538,099,673.95	21,900,973,449.03
Cash paid for goods purchased and services received	7,772,357,695.47	6,286,561,510.66
Net increase in loans and advances to customers		
Net increase in deposits in central bank and other banks and financial institutions		
Cash paid for original insurance contract claims		
A net increase in divested funds		
Cash paid for interests, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	2,639,141,713.39	2,154,721,871.26
Cash paid for taxes and surcharges	8,805,477,883.69	7,194,164,716.07
Cash paid for other operating activities	3,002,956,900.87	2,286,734,515.24
Sub-total of cash outflows from operating activities	22,219,934,193.42	17,922,182,613.23
Net cash flows from activities operating	15,318,165,480.53	3,978,790,835.80
2. Cash flows from investing activities		
Cash received from disposal of investments	27,266,561,244.92	29,694,068,687.78
Cash received from returns on investments	897,664,757.27	1,202,721,025.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,072,909.38	210,268.97
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	28,170,298,911.57	30,896,999,982.51
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	423,524,255.39	353,104,399.72
Cash paid for investments	25,910,110,341.89	26,071,060,798.23
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	26,333,634,597.28	26,424,165,197.95
Net cash flows from investing activities	1,836,664,314.29	4,472,834,784.56
3. Cash flows from financing activities		
Cash received from investors	4,900,000.00	
Including: cash received by subsidiaries from investments by minority shareholders	4,900,000.00	
Cash received from borrowings		
Cash received from other financing activities	945,850,000.00	
Sub-total of cash inflows from financing activities	950,750,000.00	
Cash paid for debt repayments		36,363.00
Cash paid for distribution of dividends and profits or payment of interest	4,491,980,070.00	4,502,748,947.00
Including: dividends and profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	6,587,740.77	1,002,128,680.79
Sub-total of cash outflows from financing activities	4,498,567,810.77	5,504,913,990.79
Net cash flows from financing activities	-3,547,817,810.77	-5,504,913,990.79
4. Effect of fluctuation in exchange rate on cash and cash equivalents	-3,194,795.97	-3,670,115.95
5. Net increase in cash and cash equivalents	13,603,817,188.08	2,943,041,513.62

Plus: balance of cash and cash equivalents at the beginning of the period	7,243,186,362.29	4,300,144,848.67
6. Balance of cash and cash equivalents at the end of the period	20,847,003,550.37	7,243,186,362.29

Cash flow statements of the parent company

For the year ended 31 December 2021

Unit: CNY

Item	Year2021	Year2020
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	23,589,835,408.72	7,298,161,290.23
Refunds of taxes and surcharges		3,748,884.67
Cash received from other operating activities	10,226,189,295.58	115,821,893.81
Sub-total of cash inflows from operating activities	33,816,024,704.30	7,417,732,068.71
Cash paid for goods purchased and services received	6,502,601,435.75	4,754,965,644.22
Cash paid to and on behalf of employees	1,219,405,817.53	976,080,459.90
Cash paid for taxes and surcharges	4,301,849,478.48	3,310,811,322.45
Cash paid for other operating activities	287,132,938.87	658,812,311.64
Sub-total of cash outflows from operating activities	12,310,989,670.63	9,700,669,738.21
Net cash flows from activities operating	21,505,035,033.67	-2,282,937,669.50
2. Cash flows from investing activities		
Cash received from disposal of investments	10,753,858,262.70	14,332,925,799.75
Cash received from returns on investments	3,988,248,353.89	4,692,923,129.36
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,464,467.97	53,146.71

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	14,744,571,084.56	19,025,902,075.82
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	189,141,129.66	165,081,329.81
Cash paid for investments	18,425,100,000.00	9,100,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	18,614,241,129.66	9,265,081,329.81
Net cash flows from investing activities	-3,869,670,045.10	9,760,820,746.01
3. Cash flows from financing activities		
Cash received from investors		
Cash received from loans		
Cash received from other financing activities	945,850,000.00	
Sub-total of cash inflows from financing activities	945,850,000.00	
Cash paid for debt repayments		36,363.00
Cash paid for distribution of dividends and profits or payment of interest	4,491,980,070.00	4,502,748,947.00
Cash paid for other financing activities	703,669.72	1,002,128,680.79
Sub-total of cash outflows from financing activities	4,492,683,739.72	5,504,913,990.79
Net cash flows from financing activities	-3,546,833,739.72	-5,504,913,990.79
4. Effect of fluctuation in exchange rate on cash and cash equivalents	-1,036,905.61	-1,292,596.02
5. Net increase in cash and cash equivalents	14,087,494,343.24	1,971,676,489.70
Plus: balance of cash and cash	5,713,353,085.92	3,741,676,596.22

equivalents at the beginning of the period		
6. Balance of cash and cash equivalents at the end of the period	19,800,847,429.16	5,713,353,085.92

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2021

Unit: CNY

Item	Year 2021													Non-controlling interest	Total shareholders' equity
	Equity attributable to owners of the parent company											Subtotal			
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Others		
	Preferred stock	Perpetual bond	Others												
1. Balance as at 31 December of last year	1,506,988,000.00				741,532,550.13	1,002,128,680.79	-5,213,248.93		753,494,000.00		36,489,911,363.13	38,484,583,983.54	-14,930,906.55	38,469,653,076.99	
Plus: adjustments for changes in accounting policies															
Adjustments for correction of accounting errors in prior year															
Business combinations under common control															

Others														
2. Balance as at January 1 of the current year	1,506,988,000.00			741,532,550.13	1,002,128,680.79	-5,213,248.93		753,494,000.00		36,489,911,363.13		38,484,583,983.54	-14,930,906.55	38,469,653,076.99
3. Increases/decreases in the current year (" - " for decreases)				40,703,820.01	-945,850,000.00	-630,741.36				3,015,702,727.40		4,001,625,806.05	10,031,374.75	4,011,657,180.80
(1) Total comprehensive income						-630,741.36				7,507,682,797.40		7,507,052,056.04	5,131,374.75	7,512,183,430.79
(2) Capital contributed or reduced by owners				40,703,820.01	-945,850,000.00							986,553,820.01	4,900,000.00	991,453,820.01
Capital contributions by owners													4,900,000.00	4,900,000.00
Capital contributions by other equity instruments holders														
Amounts of share-based payments recognized in owners' equity				40,703,820.01	-945,850,000.00							986,553,820.01		986,553,820.01

Others															
(3) Profit distribution											-4,491,980,070.00		-4,491,980,070.00		-4,491,980,070.00
Withdrawal of surplus reserves															
Withdrawal of general risk reserve															
Profit distributed to owners (or shareholders)											-4,491,980,070.00		-4,491,980,070.00		-4,491,980,070.00
Others															
(4) Internal carry-forward of owners' equity															
Conversion of capital reserves into paid-in capital															
Conversion of surplus reserves into paid-in capital															

Surplus reserves offsetting losses															
Amounts of Changes in setting benefit plan transfer to retained earnings															
Other comprehensive income transferred to retained earnings															
Others															
(5) Special reserves															
Withdrawal for the period															
Use for the period															
Others															
4. Balance as at 31	1,506,988,000				782,236,370.14	56,278,680.79	-5,843,990.29		753,494,000.00		39,505,614,090.53		42,486,209,789.58	-4,899,531.80	42,481,310,257.79

December of the current year																9	
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Item	Year 2020														
	Equity attributable to owners of the parent company												Non-controlling interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
	Preferred stock	Perpetual bond	Others												
1. Balance as at 31 December of last year	1,506,988,000.00				741,532,550.13	-3,608,771.16		753,494,000.00			33,510,429,712.50		36,508,835,491.47	-17,282,921.75	36,491,552,569.72
Plus: adjustments for changes in accounting policies															
Adjustments for correction of accounting errors in prior year															
Business combinations under															

common control															
Others															
2. Balance as at January 1 of the current year	1,506,988,000.00				741,532,550.13	-3,608,771.16		753,494,000.00		33,510,429,712.50		36,508,835,491.47	-17,282,921.75	36,491,552,569.72	
3.Increases/ decreases in the current year (" - " for decreases)					1,002,128,680.79	-1,604,477.77				2,979,481,650.63		1,975,748,492.07	2,352,015.20	1,978,100,507.27	
(1) Total comprehensive income						-1,604,477.77				7,482,228,633.63		7,480,624,155.86	2,352,015.20	7,482,976,171.06	
(2) Capital contributed or reduced by owners					1,002,128,680.79							-1,002,128,680.79		-1,002,128,680.79	
Capital contributions by owners															
Capital contributions by other equity Instruments holders															

Amounts of share-based payments recognized in owners' equity															
Others						1,002,128,680.79								-1,002,128,680.79	-1,002,128,680.79
(3) Profit distribution											-4,502,746,983.00			-4,502,746,983.00	-4,502,746,983.00
Withdrawal of surplus reserves															
Withdrawal of general risk reserve															
Profit distributed to owners (or shareholders)											-4,502,746,983.00			-4,502,746,983.00	-4,502,746,983.00
Others															
(4) Internal carry-forward of owners' equity															

Conversion of capital reserves into paid-in capital															
Conversion of surplus reserves into paid-in capital															
Surplus reserves offsetting losses															
Carry-forward of retained earnings from changes in defined benefit plans															
Other comprehensive income transferred to retained earnings															

Others																	
(5) Special reserves																	
Withdrawal for the period																	
Use for the period																	
(6) Others																	
4. Balance as at 31 December of the current year	1,506,988,000.00				741,532,550.13	1,002,128,680.79	-5,213,248.93	753,494,000.00		36,489,911.36			38,484,583.98	-14,930.06	38,469,653.07	65.99	

**Statement of changes in shareholders' equity of parent company
For the year ended 31 December 2021**

Unit: CNY

Item	Year2021											
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Others	Total shareholders' equity
		Preferred stock	Perpetual bond	Others								
1. Balance as at 31	1,506,988,000				1,341,628,480	1,002,128,681			753,494,000	28,279,648,717		30,879,630,511

December of last year	00.00				.93	680.79			00	.65		7.79
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	1,002,128,680.79			753,494,000.00	28,279,648,717.65		30,879,630,517.79
3. Increases/ decreases in the current year ("-" for decreases)					40,703,820.01	-945,850,000.00				-478,311,939.59		508,241,880.42
(1) Total comprehensive income										4,013,668,130.41		4,013,668,130.41
(2) Capital contributed or reduced by owners					40,703,820.01	-945,850,000.00						986,553,820.01
Capital contributions by owners (common stock)												
Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity					40,703,820.01	-945,850,000.00						986,553,820.01
Others												

(3) Profit distribution											-4,491,980,070. 00	-4,491,980,07 0.00
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)											-4,491,980,070. 00	-4,491,980,07 0.00
Others												
(4) Internal carry-forward of owners' equity												
Conversion of capital reserves into paid-in capital												
Conversion of surplus reserves into paid-in capital												
Surplus reserves offsetting losses												
Amounts of Changes in setting benefit plan transfer to retained earnings												
Other comprehensive income transferred to retained earnings												
Others												
(5) Special reserves												

Withdrawal for the period												
Use for the period												
(6) Others												
4. Balance as at 31 December of the current year	1,506,988,000.00				1,382,332,300.94	56,278,680.79			753,494,000.00	27,801,336,778.06		31,387,872,398.21

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

Unit: CNY

Item	Year 2020											
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Others	Total shareholders' equity
		Preferred stock	Perpetual bond	Others								
1. Balance as at 31 December of last year	1,506,988,000.00				1,341,628,480.93				753,494,000.00	24,556,878,616.62		28,158,989,097.55
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	24,556,878,616.62	28,158,989,097.55
3. Increases/ decreases in the current year (" -" for decreases)						1,002,128,680.79				3,722,770,101.03	2,720,641,420.24
(1) Total comprehensive income										8,225,517,084.03	8,225,517,084.03
(2) Capital contributed or reduced by owners						1,002,128,680.79					-1,002,128,680.79
Capital contributions by owners (common stock)											
Capital contributions by other equity instruments holders											
Amounts of share-based payments recognized in owners' equity											
Others						1,002,128,680.79					-1,002,128,680.79
(3) Profit distribution										-4,502,746,983.00	-4,502,746,983.00
Withdrawal of surplus reserves											
Profit distributed to owners (or shareholders)										-4,502,746,983.00	-4,502,746,983.00
Others											

(4) Internal carry-forward of owners' equity													
Conversion of capital reserves into paid-in capital													
Conversion of surplus reserves into paid-in capital													
Surplus reserves offsetting losses													
Amounts of Changes in setting benefit plan transfer to retained earnings													
Other comprehensive income transferred to retained earnings													
Others													
(5) Special reserves													
Withdrawal for the period													
Use for the period													
(6) Others													

4. Balance as at 31 December of the current year	1,506,988,0 00.00				1,341,628,480 .93	1,002,128,6 80.79			753,494,000 00	28,279,648,717 .65		30,879,630,51 7.79
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III. Company profile

Jiangsu Yanghe Distillery Co., Ltd. (hereinafter referred to as “the Company”) was established on 26 December 2002, verified by the Government of Jiangsu Province, details referred to Reply on The approval of Establishment of Jiangsu Yanghe Distillery Co., Ltd. by the provincial government (SuZhengFu [2002]No.155), and it was a company founded by Jiangsu Yanghe Group Co., Ltd., Shanghai Haiyan Logistics Development Co., Ltd., Nantong Zongyi Investment Co., Ltd., Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd., Jiangsu Venture Capital Co., Ltd., China National Research Institute of Food and Fermentation Industries Co. Ltd., Nantong Shengfu Industrial Trade Co., Ltd. and Yang Yandong and other totally 14 nature persons.

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

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

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

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

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

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

Company type: Incorporated company (Listed)

Industry of the Company: Brewing food industry

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

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

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

Changes of the scope of consolidation are as follows:

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

Name	Measure of acquisition
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Jiangsu Shuanggou Wine Sales Co., Ltd	Newly establishment
Jiangsu Jiushang Internet Technology Co., LTD	Newly establishment
Jiangsu Yanghe Cultural Tourism Co., Ltd	Newly establishment
Jiangsu Yanghe Cultural Tourism Operation Co., LTD	Newly establishment
Siyang Blue Sky Packaging Service Co., Ltd	Newly establishment

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

I. 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.

II. Significant accounting policies and accounting estimates

The disclosure requirements of food and wine manufacturing-related industries in the Guidelines for Self-regulation NO.3 of Listed Companies of Shenzhen Stock Exchange -Industry Information Disclosure shall be observed

(1) Sales contract

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

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

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

(2) Service Contract

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

1. Statement of compliance with the ASBE

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

2. Accounting period

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

3. Operating cycle

The Company's accounting period is 12 months.

4. Functional currency

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

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

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

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

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the combine's accounting record on the combination date. The share of the book value of the merged party's owner's equity in the consolidated financial statements is taken as the initial investment cost of long-term equity investments in individual financial statements. The capital reserve (stock premium or capital premium) is adjusted according to the difference between the book value of net asset acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the capital reserve (stock premium or capital premium) is insufficient to offset, the retained earnings shall be adjusted.

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

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

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

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

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

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

c) 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.

d) 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 excess 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 incomes, 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 incomes, 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 sub diaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

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

(1) Classification of joint venture arrangements

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

A joint arrangement that is not structured through a separate vehicle shall be classified as a joint operation. A separate vehicle refers to a separately identifiable financial structure, including separate legal entities or entities without a legal personality but recognized by statute.

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

a) The legal form of the joint arrangement indicates that the parties that have joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.

b) The terms of the joint arrangement specify that the parties that have joint control have the rights to the assets, and the obligations for the liabilities, relating to the arrangement.

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

(2) Accounting treatment of a joint operation

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

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

8. Cash and cash equivalents

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

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

9. Foreign currency transactions and translation of foreign currency statements

(1) Accounting method of foreign currency transactions

a) Initial recognition of foreign currency transactions

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

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

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

i. Accounting principles for handling foreign currency monetary items

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c) Where the Company disposes of an overseas business, it shall transfer the foreign currency financial statements exchange difference, which relates to the business disposed of and is presented under the items of the other comprehensive income in the balance sheet, from the other comprehensive income item to the gain or loss on disposal for the current period. If the overseas business is partly disposed of, the foreign currency financial statements exchange difference shall be calculated in proportion to the percentage of disposal and transferred to gain or loss on disposal for the current period.

10. Financial Instruments

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

(1) Classification of financial instruments

a) Classification of financial assets

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

b) Classification of financial liabilities

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

(2) Recognition basis and measurement method of financial instruments

a) Recognition basis of financial instruments

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

b) Measurement method of financial instruments

i. Financial assets

Financial assets are measured at fair value upon initial recognition. For financial assets at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognized. Accounts receivable or notes receivable arising from sales of goods or rendering services and without significant financing component or the company decided not to consider financing elements for less than one year are initially recognized based on the amount of consideration expected to be entitled to receive according to Accounting Standard for Business

Enterprises No. 14 - Revenue.

① Financial assets measured at amortized cost

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

② Financial assets measured at fair value through other comprehensive income

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

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

③ Financial assets measured at fair value through profit or loss

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

ii. Financial liabilities

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

① Financial liabilities measured at fair value through profit or loss

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

② Financial liabilities measured at amortized cost

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

(3) Financial assets transfer

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Company derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; if the

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

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

(4) Derecognition of financial liabilities

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

(5) Offsetting of financial assets and liabilities

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

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

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

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

(6) Equity instruments

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

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

Where there is an active market for a financial instrument, the company shall determine its fair value by quoting in the active market. Where there is no active market for the financial instrument, the company shall determine its fair value by means of valuation technology. In valuation, the company uses valuation techniques applicable in the current situation and supported by sufficient available data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities, and gives priority to relevant observable input values as far as possible. Use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

Upon initial recognition, the fair value of financial assets or financial liabilities is determined

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

(8) Impairment of Financial Assets

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

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

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

i. General approach

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

ii. Simplified approach

For accounts receivable, contract assets, lease receivables and Income-related notes receivable that do not contain significant financing components or do not consider the financing components in the contracts for no more than one year old, the company adopts simplified approach and shall always measure the loss allowance at an amount equal to lifetime expected credit losses

For accounts receivable, contract assets and lease receivables are defined by the Accounting Standards for Business Enterprises No. 21-Leasing that include significant financing components, the company recognizes a loss allowance equal to the lifetime expected credit losses.

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

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

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

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

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

The company evaluates credit risk individually for the credit risk of significantly different notes receivables, accounts receivables, contract assets, lease receivables and other receivables

with the following characteristics. Such as: accounts receivables in dispute with the other party or involving litigation or arbitration; notes receivables, accounts receivables that have shown clear signs that the debtor is likely to be unable to meet repayment obligations.

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

Name	Approach of assessing expected credit risk
Bank acceptance bill Portfolio & Commercial acceptance bill Portfolio	For notes receivable divided into portfolio, the bank acceptance bill and commercial acceptance bill refer to the historical credit loss experience and combines the current situation and the forecast of future economic situation respectively. The Company calculates the expected credit loss based on the default risk exposure and the expected credit loss rate of the whole duration.
Risk Portfolio	For accounts receivable divided into risk portfolio, the Company refers to the historical credit loss experience, and combines the current situation and the forecast of future economic situation and prepares a comparison table between overdue ages of accounts receivable and expected credit loss rate of the whole duration to calculate the expected credit loss.
Other Portfolio	The Company classifies items without significant recovery risk receivables as other portfolio such as items from subsidiaries in the consolidation scope, tax refunds receivable, collection and withholding of funds. There is no provision for bad debt for them.
Lease receivable	For Lease receivables classified into combinations, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate of the whole duration according to the historical credit loss experience, the current situation and the forecast of the future economic situation

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

11. Inventory

(1) Classification of inventory

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

Measurement method of dispatched inventories

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

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

a) Determination basis of net realizable values of inventories

i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant

taxes and surcharges.

ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

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

b) Provision for stock obsolescence

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

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

(3) Inventory system

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

(4) Amortization method of revolving materials

a) Amortization method of low-cost consumables:

Low-cost consumables are amortized in full at once.

b) Amortization method of packaging materials

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

12. Contract assets

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

For the determination method and accounting treatment method of expected credit loss of contract assets, refer to "Impairment of Financial Assets" in Note 10 (8).

13. Contract costs

Assets related to contract costs include contract acquisition costs and contract performance costs.

The cost of contract fulfillment incurred by the company to perform the contract shall be recognized as an asset if the following conditions are met:

(1) The cost is directly related to a current or anticipated contract.

(2) The cost increases the company's resources for future performance obligations.

(3) The cost is expected to be recovered.

The incremental cost incurred by the company in obtaining the contract is expected to be recovered shall be recognized as an asset as the cost of obtaining the contract.

The Company amortizes the asset related to the contract cost on the same basis as the recognition of the revenue of the goods or services related to the asset, and includes it in the profit or cost for the current period.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company will make an impairment provision for the excess part and confirm it as the impairment loss of the assets:

(1) The transfer of the goods or services related to the asset less the estimated cost;

(2) Estimated impending costs for the transfer of the related goods or services.

If the impairment provision of the above asset is subsequently reversed, the book value of the asset after reversal shall not exceed the carrying amount the asset would have reached on the date of reversal had the provision for impairment been not made.

14. Assets held for sale

Assets held for sale

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

A non-current asset or disposal group is classified as held for sale when a company recovers its carrying value primarily through the sale (including the exchange of non-monetary assets of a commercial nature) rather than through the continuous use of such a group.

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

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

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

i. 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;

ii. 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.

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

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.

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.

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.

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

Termination of business operations

Termination means any separate part which satisfies one of the following conditions and which has been disposed of or classified as being held for sale:

a) The component represents a separate principal business or a separate principal area of operation;

b) The component is part of an associated plan to dispose of a separate principal business or a separate principal operating area;

c) The component is a subsidiary acquired specifically for resale.

15. Long-term equity investment

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

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

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

ii. 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.

16. 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 (Yrs)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings And constructions	Straight-linemethod	20 ~25	5	3.80 ~4.75
Machinery equipments	Straight-linemethod	10	5	9.50
Transportation equipments	Straight-linemethod	10	5	9.50
Other equipments	Straight-linemethod	8	5	11.88

17. Construction in progress

(1) Categories of constructions in progress

Constructions in progress are accounted on individual project basis.

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

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

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

18. 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.

19. Right-of-use assets

An asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date of the lease term, the company recognizes the right-of-use assets and lease liabilities of all leases except for short-term leases and leases of low-value assets, and confirm the depreciation and interest expenses respectively during the lease term. The Company charges the lease payment of the short-term lease and the low-value asset lease as the current loss and profit or the relevant asset costs on a straight-line basis over each period during the lease term.

(1) Initial measurement

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- ① the amount of the initial measurement of the lease liability,
- ② any lease payments made at or before the commencement date, less any lease incentives received, which is the incremental cost for the lease
- ③ any initial direct costs incurred by the lessee;
- ④ an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories

(2) Subsequent measurement

a) Measurement basis

After the commencement date, a lessee shall measure the right-of-use asset applying a cost model. To apply a cost model, a lessee shall measure the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability specified in the lease term.

b) Depreciation of the right-of-use assets

Since the commencement date, the Company shall depreciate the right-of-use asset. Depreciation shall be made in the month of lease commencement and shall be accounted in the cost of related asset or profit and loss. When determining the depreciation method, straight line method is used for depreciation based on the expected way of consuming of economic benefit related to the right-of-use asset. The Company shall depreciate the right-of-use assets subsequently based on the book value after impairment loss deduction if impairment is applicable.

20. Intangible assets

(1) Measurement, useful life and impairment test

a) Initial measurement of intangible assets

i. Initial measurement of outsourcing intangible assets

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

ii. 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.

b) 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.

i. 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 (Yrs)	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.

ii. 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.

c) Estimates of useful lives of intangible assets

i. 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.

ii. 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.

iii. 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:

i. It is technically feasible to finish intangible assets for use or sale;

ii. It is intended to finish and use or sell the intangible assets;

iii. 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;

iv. 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;

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

21. 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, right-of-use assets, 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.

22. 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.

23. Contract liability

Contract liabilities refer to the obligation of a company to transfer commodities to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the company has obtained an unconditional right to receive the goods prior to the company's transfer of the goods to the customer, the company will show the amount received or receivable as a contractual liability in which earlier the customer actually pays the amount or

the amount becomes due. The contract assets and contract liabilities under the same contract shall be shown on a net basis, and the contract assets and contract liabilities under different contracts shall not be set off.

24. 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 includes 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 costs;
- 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.

25. Lease liabilities

(1) Initial measurement

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that

a) Lease payment

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- i. fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commence date;
- iii. The exercise price of the purchase option, if the Company is reasonably certain to exercise that option;

iv. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;

v. The amount expected to be paid based on the residual value of the guarantee provided by the company.

b) The discount rate

When calculating the present value of lease payments, the interest rate in the lease is determined as the discount rate. If the rate cannot be readily determined, the Company shall use the lessee's incremental borrowing rate, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate is based on the bank lending rate and adjusted by the Company considering relevant factors.

(2) Subsequent measurement

After the commencement date, the Company shall measure the lease liability by:

- ① increasing the carrying amount to reflect interest on the lease liability;
- ② reducing the carrying amount to reflect the lease payments made;
- ③ remeasuring the carrying amount to reflect any reassessment or lease modifications

After the lease commencement date, lease payment shall be remeasured if the following circumstances incurred, and the lease liability shall be remeasured at the present value which is based on the revised lease payment and revised discounting rate. The Company shall remeasure the lease liability to reflect changes to the lease payments. A lessee shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognize any remaining amount of the remeasurement in profit or loss.

- ① change of in-substance fixed payments (subject to original discounting rate)
- ② change of amounts expected to be payable under residual value guarantees
- ③ change of an index or a rate used for future lease payments
- ④ change in assessment of a buy option

The interest expense during each period of the lease term shall be included in the current profit and loss, except for those that should be capitalized.

26. 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.

27. Share-based payment

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

(1) Accounting treatment on the date of granting

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

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

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

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

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

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

Use fair value and the number of equity instrument stated above to calculate cumulative amount of costs and expenses that should be recognized by this period and then deduct the cumulative amount already recognized in the previous period. The balance is the amount of cost and expense that should be recognized in the current period.

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

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

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

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

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

28.Revenue

Accounting policies adopted in revenue recognition and measurement

(1) Principle and measurement method of revenue recognition

a) Revenue recognition

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

b) Revenue measurement

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each single performance obligation according to the relative proportion of the separate selling price of the commodity or service committed by each single performance obligation, and measure the revenue according to the transaction price apportioned to each single performance obligation. In determining the transaction price, the Company will take into account the impact of variable consideration, material financing elements existing in the contract, non-cash consideration and customer consideration payable, and it is assumed that the goods will be transferred to the customer in accordance with the provisions of the existing contract and that the contract will not be canceled, renewed or changed.

(2) Specific revenue recognition policies

a) Sales contract

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

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

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

b) Service Contract

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

29. 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.

c) 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.

d) Government grants related to daily operation shall be recorded 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.

e) 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.

30. 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.

31. Lease

(1) Accounting treatment for operating lease

According to the nature of the assets, the company will include the assets used as operating lease in the relevant items of the balance sheet. The Company shall add initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognize those costs as an expense over the lease term on the same basis as the lease income. Lease payment received shall be recognized as lease income on a straight-line basis within the period. The depreciation policy for depreciable underlying fixed assets subject to operating lease shall be consistent with the lessor's normal depreciation policy for similar assets. Amortization for other underlying assets subject to operating lease shall be on reasonable systematic basis. The variable lease payments obtained by the company related to operating leases, which are not included in the lease payment received, shall be included in the current profit and loss when actually incurred.

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(2) Accounting treatment for finance lease

At the commencement date of the lease term, the Company recognizes the finance lease receivable at the net value of lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term that are discounted at the interest rate in the lease) and derecognizes the finance lease asset. Over the term of the relevant lease, the Company calculates and recognizes interest income based on the interest rate in the lease.

The company shall account for a finance lease modification as a separate lease if both condition are satisfied: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets or extending the contractual lease term. ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope or the contractual lease term extension and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

32. 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
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<p>Since January 1, 2021 (the “First Adoption Date”), the Company has implemented the Accounting Standards for Business Enterprises No. 21 – Leases revised by the Ministry of Finance in December ,2018 (hereinafter referred to as the “New Lease Standards,” and the Lease Standards before the revision referred to as the “Original Lease Standards”).</p>		<p>According to the requirements of the new leasing standards, the comparative financial statements do not be retroactively adjusted.</p>
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(2) Changes in significant accounting estimates.

Applicable N/A

(3) Since 2021, the first implementation of new leasing standards will be adjusted to implement the items related to financial statements at the beginning of the year.

Applicable N/A

Whether it is needed to adjust the balance sheet accounts at the beginning of the year.

Yes No

Consolidated Balance Sheet

Unit: CNY

Assets	Balance as at 31 December 2020	Balance as at 1 January 2021	Adjustment
Current assets:			
Cash and Bank Balances	7,243,186,362.29	7,243,186,362.29	
Settlement reserves			
Lending funds			
Held-for-trading financial assets	14,301,978,905.17	14,301,978,905.17	
Derivative financial assets			
Notes receivables	613,496,333.71	613,496,333.71	
Accounts receivables	4,225,230.90	4,225,230.90	
Account receivables financing			
Prepayment	9,358,846.48	9,358,846.48	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve			
Other receivables	30,318,938.67	30,318,938.67	
Including: Interests receivable			
Dividends receivable			
Buying back the sale of financial assets			
Inventories	14,852,694,146.30	14,852,694,146.30	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	182,837,070.99	182,837,070.99	
Total current assets	37,238,095,834.51	37,238,095,834.51	
Non-current assets:			
Disbursement of loans and advances			
Investment in debt instruments			
Investment in other debt instruments			
Long-term receivables			
Long-term equity investments	29,528,377.16	29,528,377.16	
Investment in other equity instruments			
Other non-current financial assets	6,366,958,225.81	6,366,958,225.81	
Investment property			
Fixed assets	6,882,953,634.34	6,882,953,634.34	
Construction in progress	223,468,482.24	223,468,482.24	
Productive biological assets			
Oil and gas assets			
Right-of-use Assets		8,610,167.63	8,610,167.63
Intangible assets	1,713,526,693.10	1,713,526,693.10	
Development expenses			
Goodwill	276,001,989.95	276,001,989.95	

Long-term prepaid expenses	127,071.76	127,071.76	
Deferred tax assets	925,921,403.51	925,921,403.51	
Other non-current assets	209,677,594.21	209,677,594.21	
Total non-current assets	16,628,163,472.08	16,636,773,639.71	8,610,167.63
Total assets	53,866,259,306.59	53,874,869,474.22	8,610,167.63
Current liabilities:			
Short-term loans			
Borrowings from the central bank			
Loans from other banks			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payables	1,151,871,136.29	1,151,871,136.29	
Advance from customer			
Contract liabilities	8,801,346,891.32	8,801,346,891.32	
Financial assets sold for repurchase			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Receivings from vicariously sold securities			
Employee benefits payable	196,241,487.31	196,241,487.31	
Taxes payable	2,152,806,156.43	2,152,806,156.43	
Other payables	1,556,699,290.45	1,556,699,290.45	
Including: Interests payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year		2,083,914.78	2,083,914.78
Other current liabilities	798,216,651.49	798,216,651.49	
Total current liabilities	14,657,181,613.29	14,659,265,528.07	2,083,914.78
Non-current liabilities:			
Insurance contract reserves			
Long-term loans	36,360.00	36,360.00	
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		6,526,252.85	6,526,252.85
Long-term payables	197,049,341.93	197,049,341.93	
Long-term payroll payables			
Accrued liabilities			
Deferred incomes	85,999,500.00	85,999,500.00	
Deferred tax liabilities	456,339,414.38	456,339,414.38	
Other non-current liabilities			
Total non-current liabilities	739,424,616.31	745,950,869.16	6,526,252.85
Total liabilities	15,396,606,229.60	15,405,216,397.23	8,610,167.63
Shareholders' equity			
Share capital	1,506,988,000.00	1,506,988,000.00	
Other equity instruments			
Including: preference shares			
Perpetual bonds			

Capital reserves	741,532,550.13	741,532,550.13	
Less: Treasury shares	1,002,128,680.79	1,002,128,680.79	
Other comprehensive incomes	-5,213,248.93	-5,213,248.93	
Special reserves			
Surplus reserves	753,494,000.00	753,494,000.00	
General riskreserve			
Retained Earnings	36,489,911,363.13	36,489,911,363.13	
Total equity attributable to owners of the parent company	38,484,583,983.54		
Non-controlling interests	-14,930,906.55	-14,930,906.55	
Total owners' equity	38,469,653,076.99	38,469,653,076.99	
Total liabilities and owners' equity	53,866,259,306.59	53,874,869,474.22	8,610,167.63

Adjustmentstatement

Balance Sheet of Parent Company

Unit: CNY

Assets	Balanceasat31Decem ber2020	Balanceasat1January2021	Adjustment
Currentassets:			
Cash and Bank balances	5,713,353,085.92	5,713,353,085.92	
Held-for-trading financial assets	2,096,497,598.93	2,096,497,598.93	
Derivative financial assets			
Notes receivable	74,100,000.00	74,100,000.00	
Accounts receivable	387,657,700.12	387,657,700.12	
Receivables for Financing			
Prepayment	84,206,238.58	84,206,238.58	
Other receivables	10,403,769,305.69	10,403,769,305.69	
Including: Interests receivable			
Dividends receivable	1,775,818,203.33	1,775,818,203.33	
Inventories	10,343,443,087.16	10,343,443,087.16	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets	29,103,027,016.40	29,103,027,016.40	
Non-current assets:			
Investment in debt instruments			
Investment in other debt instruments			
Long-term receivables			
Long-term equity investments	7,964,291,378.23	7,964,291,378.23	
Investment in other equity instruments			
Other non-current financial assets	2,480,599,923.11	2,480,599,923.11	
Investment property			
Fixed assets	4,416,370,356.00	4,416,370,356.00	
Construction in progress	58,004,537.10	58,004,537.10	
Productive biological assets			

Oil and gas assets			
Right-of-use assets		1,886,330.63	1,886,330.63
Intangible assets	1,208,261,829.54	1,208,261,829.54	
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	8,032,095.76	8,032,095.76	
Other non-current assets	173,867,010.21	173,867,010.21	
Total Non-current Assets	16,309,427,129.95	16,311,313,460.58	1,886,330.63
Total Assets	45,412,454,146.35	45,414,340,476.98	1,886,330.63
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	839,199,956.37	839,199,956.37	
Advance from customer			
Contract liabilities	10,764,681,770.37	10,764,681,770.37	
Employee benefits payable			
Taxes payable	809,734,252.60	809,734,252.60	
Other payables	186,265,132.79	186,265,132.79	
Including: Interests payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		421,821.31	421,821.31
Other current liabilities	1,396,504,456.42	1,396,504,456.42	
Total current liabilities	13,996,385,568.55	13,996,807,389.86	421,821.31
Non-current liabilities:			
Long-term loans	36,360.00	36,360.00	
Bonds payable			
Including: preference shares			
Perpetual bonds			
Lease liabilities		1,464,509.32	1,464,509.32
Long-term payables	144,254,229.73	144,254,229.73	

Long-term payroll payables			
Provisions			
Deferred incomes	5,000,000.00	5,000,000.00	
Deferred tax liabilities	387,147,470.28	387,147,470.28	
Other non-current liabilities			
Total non-current liabilities	536,438,060.01	536,438,060.01	
Total liabilities	14,532,823,628.56	537,902,569.33	1,886,330.63
Owners' equity (or shareholders' equity)			
Share capital	1,506,988,000.00	1,506,988,000.00	
Other equity instruments			
Including: preference shares			
Perpetual bonds			
Capital reserves	1,341,628,480.93	1,341,628,480.93	
Less: Treasury shares	1,002,128,680.79	1,002,128,680.79	
Other comprehensive incomes			
Special reserves			
Surplus reserves	753,494,000.00	753,494,000.00	
Retained earnings	28,279,648,717.65	28,279,648,717.65	
Total owners' equity	30,879,630,517.79	30,879,630,517.79	
Total liabilities and owners' equity	45,412,454,146.35	45,414,340,476.98	1,886,330.63

Adjustment statement

For operating lease prior to the date of initial adoption, the company measured the lease liability on the date of initial adoption based on the current value of the remaining lease payments discounted according to the lessee's incremental borrowing rate on the date of initial adoption and measured the right-of-use asset at an amount equal to the lease liability. The weighted average of the incremental borrowing rate adopted was 4.75%.

III. Taxes

1. Major tax types and rates

Tax type	Taxation basis	Tax rate
Value-added tax (VAT)	Output tax-deductible input tax	13%、9%、6%、19%
Consumption tax	Sales revenue 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

Companyname	Applicable tax rate
JSSJ Industry (HK) Holdings Co., Ltd.	16.50%
HongKong Zhaiugou International Trade Co., Ltd.	16.50%
ZYGE-Commerce HK Limited	16.50%
Yanghe HongKong Distillery Co., Ltd.	16.50%
Yanghe CHILE SPA	27%
Yanghe International Investment Ltd.	0%
ZYG LTD.	0%
ZYG TECHNOLOGY INVESTMENT LTD	0%

2. Other information

(1) Ad valorem taxation: liquor consumption tax shall be calculated and paid according to 20% of the approved sales amount. The taxable liquor commissioned for processing shall be taxed according to the sales price of similar liquor of the entrusted party, and if there is no sales price of similar liquor, the taxable liquor shall be computed according to the composition assessable price. Consumption tax on red wine (wine) is calculated at 10% of sales.

(2) Quantity-based taxation: liquor consumption tax is calculated and paid according to CNY 1 per kg.

(3) The corporate income tax is calculated and paid at 25% of the taxable income amount. The profits tax rate applicable to JSSJ Industry (HK) Holdings Co., Ltd., Hong Kong Zhaiugou International Trade Co., Ltd., ZYG E-Commerce HK Limited and Yanghe Hong Kong Distillery Co., Ltd. is 16.50%, and the income tax rate applicable to Yanghe Chile SPA is 27%. Yanghe International Investment Ltd, ZYG Ltd and ZYG Technology Investment Ltd are not required to pay any taxes to the government according to local laws.

IV. Notes to items in the consolidated financial Statements (all currency unit is CNY, except other statements)

1. Cash and Bank Balance

Unit: CNY

Items	Closing balance	Opening balance
Cash	3,549.27	4,434.27
Bank deposit	20,894,755,169.16	7,201,133,719.50
Other cash and cash equivalent	61,072,291.69	42,048,208.52
Total	20,955,831,010.12	7,243,186,362.29
Including: total deposit outbound	80,215,579.77	67,157,360.95

Other notes

On December 31st, 2021, the interest receivable for time deposit is CNY 108,827,459.75. The ending balance of other currency funds is mainly the funds deposited in Tenpay, Alipay and other platforms.

Liquor manufacturing enterprises should disclose in detail whether there is any special interest arrangement such as the establishment of capital co-management accounts with relevant parties.

√ Applicable □ N/A

The disclosure requirements of food and wine manufacturing-related industries in the Guidelines for Self-regulation NO.3 of Listed Companies of Shenzhen Stock Exchange -Industry Information Disclosure shall be observed.

N/A

2. Held-for-trading financial assets

Unit: CNY

Item	Closing balance	Opening balance
Financial asset at fair value through profit and loss	10,953,894,328.01	14,301,978,905.17
Including:		

Equity instrument	47,300,000.00	
Debt instrument	10,906,594,328.01	14,301,978,905.17
Including:		
Total	10,953,894,328.01	14,301,978,905.17

Other notes

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

3. Notes receivable

(1) Classification of notes receivable

Unit: CNY

Item	Closing balance	Opening balance
Bank acceptance bill	663,849,328.28	613,496,333.71
Total	663,849,328.28	613,496,333.71

Unit: CNY

Item	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	amount	proportion	amount	proportion		amount	proportion	amount	proportion	
Including:										
Provision for bad debt of notes receivable by portfolio	663,849,328.28	100.00%			663,849,328.28	613,496,333.71	100.00%			613,496,333.71
Including:										
Bank acceptance bill portfolio	663,849,328.28	100.00%			663,849,328.28	613,496,333.71	100.00%			613,496,333.71
Total	663,849,328.28	100.00%			663,849,328.28	613,496,333.71	100.00%			613,496,333.71

Provision for bad debt by individual: 0.00

Unit: CNY

Item	Closing balance			
	Book balance	Provision for bad debt	Proportion	Reason

Provision for bad debt by portfolio:

Unit: CNY

Item	Closing balance		
	Book balance	Provision for bad debt	Proportion
Bank acceptance bill portfolio	663,849,328.28		
Total	663,849,328.28		

Notes to determine provision for bad debt by portfolio:

Provision for bad debt by portfolio:

Unit: CNY

Item	Closing balance		
	Book balance	Provision for bad debt	Proportion

Notes to determine provision for bad debt by portfolio:

If provision for bad debt of notes receivable is calculated according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information about provision for bad debt:

 Applicable v N/A

(2) Provision for bad debt that is accrued, recovered or reversed during this period

Provision for bad debts during this period:

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovered or reversed	Write-off	Others	

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

Unit: CNY

Item	Derecognition at period end	Not derecognition at period end
Bank acceptance bill		547,802,328.28
Total		547,802,328.28

4. Accounts receivable

(1) Disclosed by categories

Unit: CNY

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Provision for bad debt by portfolio	4,082,161.80	100.00%	2,834,211.89	69.43%	1,247,949.91	6,902,858.86	100.00%	2,677,627.96	38.79%	4,225,230.90
Including:										
Risk portfolio	4,082,161.80	100.00%	2,834,211.89	69.43%	1,247,949.91	6,902,858.86	100.00%	2,677,627.96	38.79%	4,225,230.90
Other portfolio										
Total	4,082,161.80	100.00%	2,834,211.89	69.43%	1,247,949.91	6,902,858.86	100.00%	2,677,627.96	38.79%	4,225,230.90

Provision for bad debt by individual:

Unit: CNY

Name of client	Closing balance			Reason
	Book balance	Provision for bad debt	Proportion	

Provision for bad debts by portfolio:

Unit: CNY

Overdue years	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion of provision
Risk portfolio	4,082,161.80	2,834,211.89	69.43%

Notes to determine provision for bad debt by portfolio:

Provision for bad debt by portfolio:

Unit: CNY

Item	Closing balance		
	Book Balance	Provision for bad debt	Proportion

Notes to determine provision for bad debt by portfolio:

If provision for bad debt of accounts receivables is calculated according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information about provision for bad debt:

Applicable v N/A

Disclosed by aging

Unit: CNY

Aging	Book value
Within 1 year (including 1 year)	960,932.36
1-2 years	123,460.80
2-3 years	27,021.00
Over 3 years	2,970,747.64
3-4 years	21,003.29
4-5 years	863,061.77
Over 5 years	2,086,682.58
Total	4,082,161.80

The disclosure requirements of food and wine manufacturing-related industries in the Guidelines for Self-regulation NO.3 of Listed Companies of Shenzhen Stock Exchange -Industry Information Disclosure shall be observed

(2) Provision for bad debt that is accrued, recovered or reversed during this period

Provision for bad debts during this period:

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovered or reversed	Write-off	Others	
Provision for bad debt of accounts receivable	2,677,627.96	174,467.73		17,883.80		2,834,211.89
Total	2,677,627.96	174,467.73		17,883.80		2,834,211.89

Significant amount of reversal or recovery during this period

Unit: CNY

Company name	Amount recovered or reversed	Method

(3) Provision for bad debt that is actually written off during this period

Item	Write-off amount
Accounts receivable	17,883.80

Significant amount of write off during this period

Entity	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the amount arises from related-party transactions
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(4) Top five entities with the largest balance of the accounts receivable

Unit: CNY

Company's name	Closing balance	Proportion in the total accounts receivable	Provision amount
First	600,000.00	14.70%	600,000.00
Second	454,356.93	11.13%	454,356.93
Third	411,676.78	10.08%	12,350.30
Fourth	135,824.00	3.33%	4,074.72
Fifth	118,052.00	2.89%	118,052.00
Total	1,719,909.71	42.13%	

5. Receivables for Financing

Item	Closing Balance	Opening Balance
Bank acceptance bill	222,793,060.40	
Total	222,793,060.40	

Increase or decrease of receivable financing for the current period and changes in its fair value.

Applicable vN/A

If a provision for impairment is made for receivable financing in accordance with the general model of expected credit losses, please disclose relevant information on the provisions for impairment with reference to the disclosure method of other receivables.

Applicable vN/A

6. Prepayment

(1) Analysis by aging

Unit: CNY

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	8,077,156.80	85.85%	7,941,357.88	84.85%
1-2 years	154,508.03	1.64%	847,516.09	9.06%
2-3 years	757,130.80	8.05%	272,564.91	2.91%
Over 3 years	419,972.49	4.46%	297,407.60	3.18%
Total	9,408,768.12	--	9,358,846.48	--

Significant prepayment aging over 1 year without settlement on time:

No significant prepayment aging over 1 year are recorded in the ending balance.

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

Company's name	Closing balance	Proportion in the total prepayment (%)
First	2,145,098.45	22.80
Second	1,415,824.05	15.05
Third	1,250,222.55	13.29
Fourth	304,804.68	3.24
Fifth	300,000.00	3.19
Total	5,415,949.73	57.56

7. Other receivables

Unit: CNY		
Item	Closing balance	Opening balance
Other receivables	11,520,008.85	30,318,938.67
Total	11,520,008.85	30,318,938.67

(1) Other receivables

a) Other receivables by nature

Unit: CNY		
Nature of other receivables	Closing balance	Opening balance
Savings deposits (infringement dispute)	22,839,924.27	65,747,048.93
Deposit	18,258,461.27	16,298,680.14
Cooperation	3,910,000.00	3,910,000.00
Business loans, petty cash and others	21,280,921.11	19,800,887.50
Total	66,289,306.65	105,756,616.57

b) Provision for bad debt

Unit: CNY				
Bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses for lifetime (No credit loss occurred)	Expected credit losses for lifetime (Credit loss occurred)	
Balance as at 1 January 2021	245,645.15		75,192,032.75	75,437,677.90
Change of opening balance as at 1 January 2021 in current period				
Provision in 2021	160,762.49			160,762.49
Recovery in 2021			12,962,717.50	12,962,717.50
Write-off in 2021			7,866,105.70	7,866,105.70
Other changes	-319.39			-319.39
Balance as at 31 December 2021	406,088.25		54,363,209.55	54,769,297.80

Significant changes of loss provision in the book balance during this period.

Applicable No applicable

Disclosure by aging

Unit: CNY	
Aging	Book value
Within 1 year (including 1 year)	8,907,613.86
1-2 years	1,986,347.51
2-3 years	429,783.06
Over 3 years	54,965,562.22
3-4 years	3,048,137.40
4-5 years	2,726,619.68
Over 5 years	49,190,805.14
Total	66,289,306.65

c) Provision for bad debt that is accrued, recovered or reversed during this period

Provision for bad debts during this period:

Unit: CNY			
Category	Opening balance	Changes in current period	Closing balance

		Provision	Recovered or reversed	Write-off	Other changes	
Other receivables bad debt provision	75,437,677.90	160,762.49	12,962,717.50	7,866,105.70	-319.39	54,769,297.80
Total	75,437,677.90	160,762.49	12,962,717.50	7,866,105.70	-319.39	54,769,297.80

Significant amount of reversal or recovery during this period:

Unit: CNY

Entity	Amount of reversal or recover	Method
Industrial and Commercial Bank of China Ltd, Henan Branch	12,009,031.70	Recovery of judgment
Total	12,009,031.70	--

d) Provision for bad debt that is actually written off during this period

Item	Write-off amount
Other receivables	7,866,105.70

Significant amount of write-off during this period

Company name	Nature of accounts receivable	Write-off amount	Cause of write-off	Verification procedures performed	Related party transactions
Industrial and Commercial Bank of China Ltd., Henan Branch	Savings deposits (infringement dispute)	7,863,105.70	Judgments		No

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

Unit: CNY

Company's name	Category	Closing balance	Aging	Proportion in total receivable	Provisioning amount at period end
Industrial Commercial Bank of China Ltd., Kaifeng Haode branch	Savings deposit (Infringement dispute)	22,839,924.27	Over 5 years	34.45%	22,839,924.27
Bankruptcy administrator of Jiangsu Juntai Properties Co., Ltd., Suqian Guotai Department Store Co., Ltd.	Deposit	15,000,000.00	Over 5 years	22.63%	15,000,000.00
Nanjing Peilong Sports Culture Co., Ltd.	Cooperation	3,910,000.00	Over 5 years	5.90%	3,910,000.00
Advance money for another	Advance money for another	2,379,354.55	4-5 years	3.59%	2,379,354.55
Advance money for another	Advance money for another	1,317,920.66	Over 5 years	1.99%	1,317,920.66
Total	--	45,447,199.48	--	68.56%	45,447,199.48

8. Inventories

Did the Company need to comply with the disclosure requirements on the period

No

(1) Categories of Inventories

Unit: CNY

Category	Closing balance			Opening balance		
	Book balance	Provision for stock obsolescence	Bookvalue	Book balance	Provision for stock obsolescence	Book value

Raw material	438,692,292.37	15,300,348.33	423,391,944.04	326,289,956.43	9,565,908.51	316,724,047.92
Working progress	661,614,981.98		661,614,981.98	557,314,618.19		557,314,618.19
Stock goods	2,632,674,836.85		2,632,674,836.85	1,582,637,195.62		1,582,637,195.62
Semi-finished goods	13,085,411,678.94		13,085,411,678.94	12,396,018,284.57		12,396,018,284.57
Total	16,818,393,790.14	15,300,348.33	16,803,093,441.81	14,862,260,054.81	9,565,908.51	14,852,694,146.30

The disclosure requirements of food and wine manufacturing-related industries in the Guidelines for Self-regulation NO.3 of Listed Companies of Shenzhen Stock Exchange -Industry Information Disclosure shall be observed.

(2) Provision for stock obsolescence and impairment provision of contract cost

Unit: CNY

Category	Opening book balance	Increases in current period		Decreases in current period		Closing book balance
		Provision	Other	Recovery or reversal	Other	
Raw material	9,565,908.51	7,175,293.45		1,440,853.63		15,300,348.33
Total	9,565,908.51	7,175,293.45		1,440,853.63		15,300,348.33

Determination basis of net realizable values of inventories

i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.

ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

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

The recovery or reversal of stock obsolescence in the current period is the provision of stock obsolescence for raw materials consumed in the current period.

9. Other current assets

Unit: CNY

Item	Closing balance	Opening balance
VAT to be deducted	131,525,820.12	168,810,154.82
Consumption tax to be deducted	6,575,730.95	6,483,646.87
Advance payment of income tax	4,903,640.51	7,543,269.30
Total	143,005,191.58	182,837,070.99

10. Long-term equity investments

Unit: CNY

Investee	Opening balance	Changes in current period								Closing balance	Closing balance of provision for impairment	
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment	Other			
Joint venture												
Diageo International Spirits Company Limited	10,261,147.01			-2,562,964.31	10,293.63					464,960.20	8,173,436.53	
Subtotal	10,261,147.01			-2,562,964.31	10,293.63					464,960.20	8,173,436.53	
Associated enterprise												
Jiangsu Su Wine Culture Transmission Co., Ltd.	4,527,209.85			742,014.54						530,400.00	5,060,269.76	
Nanjing Hesong Culture Technology Co., Ltd.	3,854,437.79			-2,085.06							3,852,352.73	
Jiangsu Xinghe Investment	10,885,582.51			4,771,755.78							15,657,338.29	

Management Co., Ltd.											
Subtotal	19,267,230.15			5,511,685.26			530,400.00		321,445.37	24,569,960.78	
Total	29,528,377.16			2,948,720.95	10,293.63		530,400.00		786,405.57	32,743,397.31	

Other notes:

Other changes in the increase or decrease of long-term equity investment in the current period are the impact of adjusted long-term equity investment due to unrealized salesprofit of downstream transactions and exchange rate changes.

11. Other non-current financial assets

Unit: CNY

Item	Closing balance	Opening balance
Classified as financial assets at fair value through profit and loss		
Including: equity instrument investment	6,358,903,792.90	4,519,967,688.33
Debt instrument investment	1,277,038,356.16	1,846,990,537.48
Total	7,635,942,149.06	6,366,958,225.81

12. Fixed assets

Unit: CNY

Item	Closing balance	Opening balance
Fixed Assets	6,276,466,308.05	6,882,953,634.34
Total	6,276,466,308.05	6,882,953,634.34

(1) Details of fixed assets

Unit: CNY

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Other equipment	Total
Original cost of fixed assets					
1. Opening Balance	8,169,474,047.45	3,217,850,290.13	69,597,255.79	420,401,169.28	11,877,322,762.65
2. Increase in current period	17,621,033.19	66,976,766.21	544,141.53	17,689,492.30	102,831,433.23
(1) External purchase		7,094,232.94	544,141.53	17,689,492.30	25,327,866.77
(2) Transfer from construction in progress	17,621,033.19	59,882,533.27			77,503,566.46
(3) Increase from business combination					

3.Decrease in current period	16,101,579.69	27,513,021.87	1,583,901.12	7,058,584.73	52,257,087.41
(1) Disposal or retirement	16,101,579.69	27,513,021.87	1,583,901.12	7,058,584.73	52,257,087.41
(2) Decrease from business combination					
4.Closing Balance	8,170,993,500.95	3,257,314,034.47	68,557,496.20	431,032,076.85	11,927,897,108.47
Accumulated depreciation					
1.Opening Balance	2,654,250,125.55	1,927,915,277.17	55,259,614.83	356,944,110.76	4,994,369,128.31
2.Increase in current period	386,432,739.83	276,405,380.96	5,739,693.64	24,471,682.69	693,049,497.12
(1) Provision	386,432,739.83	276,405,380.96	5,739,693.64	24,471,682.69	693,049,497.12
3.Decrease in current period	9,731,141.86	19,638,278.82	1,505,895.98	5,112,508.35	35,987,825.01
(1) Disposal or retirement	9,731,141.86	19,638,278.82	1,505,895.98	5,112,508.35	35,987,825.01
4.Closing Balance	3,030,951,723.52	2,184,682,379.31	59,493,412.49	376,303,285.10	5,651,430,800.42
Provision for fixed asset impairment					
1.Opening Balance					
2.Increase in current period					
(1) Provision					
3.Decrease in current period					
(1) Disposal or retirement					
4.Closing Balance					
Book value					
1.Closing book value	5,140,041,777.43	1,072,631,655.16	9,064,083.71	54,728,791.75	6,276,466,308.05
2.Opening book value	5,515,223,921.90	1,289,935,012.96	14,337,640.96	63,457,058.52	6,882,953,634.34

(2) Investment properties without certification of rights

Item	Book value	Reason for not having the certification of rights
Yanghe Blue-collar workers apartment	31,100,054.23	In process
Yanghe 40,000-ton pottery jar warehouse	166,631,404.46	In process
Yanghe workshop, etc.	103,540,807.93	In process
Property of the subsidiary, etc	15,709,603.48	In process
Total	316,981,870.10	

13. Construction in progress

Unit: CNY

Item	Closing balance	Opening balance
Construction in progress	525,497,000.26	223,468,482.24
Total	525,497,000.26	223,468,482.24

(1) Details of the construction in progress

Unit: CNY

Item	Closing balance			Opening balance		
	Book Balance	Provision for impairment	Bookvalue	Book Balance	Provision for impairment	Book value
Shuanggou packaging production line	17,191,907.04		17,191,907.04	10,610,699.88		10,610,699.88
Intelligent brewing (Mellowness 125 workshop) project				18,611,596.70		18,611,596.70
Siyang base three-dimensional warehouse, packaging production line project	1,100,810.08		1,100,810.08	1,090,909.09		1,090,909.09
40,000 tons of pottery jar warehouse project	11,494,210.42		11,494,210.42	12,714,991.93		12,714,991.93
Nanjing operationcenterbuildingproject	226,554,154.35		226,554,154.35	114,003,278.26		114,003,278.26
Sesame Fragrant Intelligent brewing Project (Workshop 115, District 3)	51,649,644.39		51,649,644.39			
20,000 tons of pottery jar warehouse project	23,661,457.42		23,661,457.42			
sewage treatment capacity expansion and reconstruction project	14,832,564.56		14,832,564.56			
80,000 tons of pottery jar warehouse project	7,146,540.68		7,146,540.68			
Comprehensive brewing plant	4,798,126.18		4,798,126.18			
Phase II of Gui wine project	43,619,689.76		43,619,689.76			
Other projects	123,447,895.38		123,447,895.38	66,437,006.38		66,437,006.38
Total	525,497,000.26		525,497,000.26	223,468,482.24		223,468,482.24

(2) Significant changes in construction in progress

Unit: CNY

Item	Budget (CNY 10,000)	Opening balance	Increase in current period	Transfer into fixed assets	Otherdecreases	Closing balance	Proportion of accumulative project inputing budget (%)	Progress	Interest capitalizationrate	Include: Capitalized interest for the period	Capitalization rate for the period	Source of funds
Shuanggou packaging production line	12,000.00	10,610,699.88	6,581,207.16			17,191,907.04	95.01%	Latestage				Other
Intelligent brewing (Mellowness 125 workshop) project	4,500.00	18,611,596.70	8,007,528.20	26,619,124.90			86.64%	Latestage				Other

Siyang base three-dimensional warehouse, packaging production line project	4,100.00	1,090,909.09	9,900.99			1,100,810.08	64.97%	Latestage				Other
40,000 tons of pottery Jar warehouse project	36,000.00	12,714,991.93	1,472,246.32	2,693,027.83		11,494,210.42	55.91%	Latestage				Other
Nanjing operationcenter building project	80,000.00	114,003,278.26	112,550,876.09			226,554,154.35	35.81%	Middle stage				Other
Sesame Fragrant Intelligent brewing Project (Workshop 115, District 3)	6,884.28		52,499,201.93	849,557.54		51,649,644.39	82.64%	Latestage				Other
20,000 tons of pottery jar warehouse project	4,200.00		23,661,457.42			23,661,457.42	57.89%	Middle stage				Other
sewage treatment capacity expansion and reconstruction project	2,300.00		14,832,564.56			14,832,564.56	64.49%	Middle stage				Other
80,000 tons of pottery jar warehouse project	24,000.00		7,146,540.68			7,146,540.68	2.98%	Early stage				Other
Comprehensive brewing plant	4,000.00		4,798,126.18			4,798,126.18	12.00%	Early stage				Other
Phase II of Gui wine project	13,954.02		43,619,689.76			43,619,689.76	31.26%	Middle stage				Other
Total	191,938.30	157,031,475.86	275,179,339.29	30,161,710.27		402,049,104.88	--	--				--

14.Right-of-use Assets

Unit: CNY

Items	Building and construction	total
Total original carrying amount		
1. Opening balance (restated)	8,610,167.63	8,610,167.63
2. Increased	16,509,488.52	16,509,488.52
(1) New Lease	16,509,488.52	16,509,488.52
3. Decreased		
4. Closing balance	25,119,656.15	25,119,656.15
Accumulated depreciation		
1. Opening balance (restated)		-
2. Increased	5,509,542.40	5,509,542.40

(1) Provisions	5,509,542.40	5,509,542.40
3. Decreased		
(1) The lease contract expires or terminates early		
4. Closing balance	5,509,542.40	5,509,542.40
Provision for right-of-use assets impairment		
1. Opening Balance		
2. Increase in current period		
(1) Provision		
3. Decrease in current period		
(1) Disposal or retirement		
4. Closing balance		
Total book value		
1. Closing balance on book value	19,610,113.75	19,610,113.75
2. Opening balance on book value (restated)	8,610,167.63	8,610,167.63

15. Intangible assets

(1) Details of intangible assets

Unit: CNY

Item	Land use right	Patent right	No-patent right technology	Trademark right	Computer software	Total
Original cost of intangible assets						
Opening balance	1,957,318,411.98			399,851,465.43	134,198,677.78	2,491,368,555.19
Increase in current period				84,905.66	23,019,590.02	23,104,495.68
Including: Acquired				84,905.66	23,019,590.02	23,104,495.68
Internally developed						
Business combination						
Decrease in current period	615,723.68				140,943.39	756,667.07
Including: Disposal	615,723.68				140,943.39	756,667.07

Closingbalance	1,956,702,688.30			399,936,371.09	157,077,324.41	2,513,716,383.80
Accumulated amortization of intangible assets						
Opening balance	327,364,801.67			388,999,828.48	61,477,231.94	777,841,862.09
Increase in currentperiod	40,068,462.55			2,241,357.80	14,231,882.63	56,541,702.98
Including: Provision	40,068,462.55			2,241,357.80	14,231,882.63	56,541,702.98
Decrease in currentperiod	124,170.94				140,943.39	265,114.33
Including: Disposal	124,170.94				140,943.39	265,114.33
Closingbalance	367,309,093.28			391,241,186.28	75,568,171.18	834,118,450.74
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	1,589,393,595.02			8,695,184.81	81,509,153.23	1,679,597,933.06
Opening book value	1,629,953,610.31			10,851,636.95	72,721,445.84	1,713,526,693.10

The proportion of intangible assets formed through internal research and development of the Company in the balance of intangible assets at the end of this period is 0.00%.

16. Goodwill

(1) Goodwill book value

Unit: CNY

Investor's name or items resulting in goodwill	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Business combination		Disposal		
Jiangsu Shuanggou Distillery Stock Co., Ltd.	276,001,989.95					276,001,989.95
Jiangsu Zhaiugou E-commerce Co., Ltd	6,940,018.79					6,940,018.79
Jiangsu Zhaibianli E-commerce Co., Ltd	21,250,284.80					21,250,284.80
Guizhou Guijiu Co., Ltd.	18,826,210.01					18,826,210.01
ZYG TECHNOLOGY INVESTMENT LTD	5,057,111.19					5,057,111.19

Guizhou Welcome Drink Stock Co., Ltd.	11,333,195.25				11,333,195.25
Total	339,408,809.99				339,408,809.99

(2) Goodwill impairment provision

Unit: CNY

Investee's name or items resulting in goodwill	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Provision		Disposal		
Jiangsu Zhaiugou E-commerce Co., Ltd	6,940,018.79					6,940,018.79
Jiangsu Zhaibianli E-commerce Co., Ltd	21,250,284.80					21,250,284.80
Guizhou Guijiu Co., Ltd.	18,826,210.01					18,826,210.01
ZYG TECHNOLOGY INVESTMENT LTD	5,057,111.19					5,057,111.19
Guizhou Welcome Drink Stock Co., Ltd	11,333,195.25					11,333,195.25
Total	63,406,820.04					63,406,820.04

Related information of asset groups or asset group portfolio containing goodwill

The recoverable amount of asset group containing apportioned goodwill is determined according to the present value of the estimated future cash flow of the relevant asset group. Its future cash flows are determined based on the 3-year financial budget, with a certain discount rate. Cash flow over 3 years is calculated on the basis of 18.94% growth rate. After the test, there is no goodwill impairment resulting from the acquisition of Jiangsu Shuanggou Distillery Stock Co., Ltd.

Statement of testing process of impairment of goodwill, key parameters (e.g. the forecast growth rate at present value of future cash flows; the growth rate in stable period; profit margin; the discount rate; predictive period and etc.) and determination methods of recognizing goodwill impairment loss.

Effect of goodwill impairment test

Other notes

17. Long-term prepaid expenses

Unit: CNY

Item	Opening balance	Increase in the current period	Amortization for the current period	Other decreases	Closing balance
Renovation costs of rentedhouse	127,071.76		127,071.76		
Wine city night view identification project		15,020,580.57	3,004,116.11		12,016,464.46
Brighten old factory and packaging logistics center project		2,180,484.25	436,096.85		1,744,387.40
Decoration expenses of hotel		2,929,784.78	585,956.96		2,343,827.82
Total	127,071.76	20,130,849.60	4,153,241.68		16,104,679.68

18. Deferred tax assets/ deferred tax liabilities

(1) Deferred tax assets before offset

Unit: CNY

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	69,755,972.71	17,438,816.79	84,810,902.34	21,202,543.99
Unrealized profit from internal transaction	57,053,878.39	14,263,469.60	35,903,134.07	8,975,783.52
Deductible losses	1,005,233,098.74	251,308,274.69	787,092,991.66	196,773,247.91
The difference between book value of debt and tax base	4,371,081,520.39	1,092,770,380.10	2,795,879,312.35	698,969,828.09
ESOP	40,703,820.01	10,175,955.00		
Total	5,543,828,290.24	1,385,956,896.18	3,703,686,340.42	925,921,403.51

(2) Deferred tax liabilities before offset

Unit: CNY

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Valuation of appreciation of business combination assets not under common control	41,727,391.07	10,431,847.77	44,387,767.84	11,096,941.96
Changes in fair value of financial assets held for trading	1,157,320,622.97	288,950,549.61	1,781,604,966.78	445,242,472.42
Total	1,199,048,014.04	299,382,397.38	1,825,992,734.62	456,339,414.38

(3) Deferred tax assets or liabilities presented as net value after offset

Unit: CNY

Item	Offset amount of deferred tax assets and deferred tax liabilities	Closing balance of deferred tax assets or deferred tax liabilities after offset	Opening offset amount of deferred tax assets and deferred tax liabilities	Opening balance of deferred tax assets or deferred tax liabilities after offset
Deferred tax assets		1,385,956,896.18		925,921,403.51
Deferred tax liabilities		299,382,397.38		456,339,414.38

(4) Details of unrecognized deferred tax assets

Unit: CNY

Item	Closing balance	Opening balance
Deductible temporary differences	192,033,907.02	88,933,255.36
Deductible losses	56,117,773.36	105,350,440.90
Total	248,151,680.38	194,283,696.26

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

Unit: CNY

Year	Closing balance	Opening balance	Note
2022		53,837,061.59	
2023	3,336,993.92	32,435,218.31	
2024	5,217,042.38	5,217,042.38	
2025	13,861,118.62	13,861,118.62	
2026	33,702,618.44		
Total	56,117,773.36	105,350,440.90	--

19. Other non-current assets

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Compensation for land demolition	158,606,824.94		158,606,824.94	158,606,824.94		158,606,824.94
Prepayment of construction equipment and house purchase	27,533,814.44		27,533,814.44	51,070,769.27		51,070,769.27
Total	186,140,639.38		186,140,639.38	209,677,594.21		209,677,594.21

20. Notes Payable

Unit: CNY

Item	Closing balance	Opening balance
Bank acceptance bill	30,000,000.00	
Total	30,000,000.00	

As of December 31st 2021, the company did not have any unpaid matured notes payable.

21. Accounts payable

(1) Presentation of accounts payable

Unit: CNY

Item	Closing balance	Opening balance
Payments for goods	1,364,515,734.82	1,073,245,695.34
Payables on equipments	79,659,527.26	78,625,440.95
Total	1,444,175,262.08	1,151,871,136.29

(2) Significant accounts payable aging over one year

No significant accounts payable aging over 1 year are recorded in the ending balance.

22. Contract liabilities

Unit: CNY

Item	Closingbalance	Opening balance
Advance from customers	11,645,306,829.55	6,191,149,791.32
Discounts and allowances payable to the distributors that have not yet been settled	4,159,214,600.62	2,610,197,100.00
Total	15,804,521,430.17	8,801,346,891.32

The amount and reason for any significant change in book value during the reporting period

Item	Amount	Reason
Advance from customers	5,454,157,038.23	sales revenue increased
Discounts and allowances payable to the distributors that have not yet been settled	1,549,017,500.62	sales revenue increased
Total	7,003,174,538.85	

23.Employee benefits payable

(1) Employee benefits payable shown as follows:

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term benefits	196,049,280.00	2,821,100,835.70	2,480,625,193.85	536,524,921.85
Post-employment benefits-defined contribution plans	192,207.31	158,458,746.31	158,458,746.31	192,207.31
Termination benefits		57,773.22	57,773.22	
Total	196,241,487.31	2,979,617,355.23	2,639,141,713.38	536,717,129.16

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

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and grants	195,969,775.98	2,540,634,112.04	2,200,220,570.90	536,383,317.12
Employees' welfare		90,234,437.31	90,234,437.31	
Social insurance premiums	14,860.09	84,080,450.63	84,080,450.63	14,860.09
Including: Medical Insurance	7,972.00	70,092,528.76	70,092,528.76	7,972.00
Work-related injury insurance	6,875.34	4,780,462.33	4,780,462.33	6,875.34
Maternity insurance premium	12.75	9,207,459.54	9,207,459.54	12.75
Housing funds	59,967.80	92,347,092.00	92,286,430.00	120,629.80
Labor union expenditures and employee education funds	4,676.13	13,804,743.72	13,803,305.01	6,114.84
Total	196,049,280.00	2,821,100,835.70	2,480,625,193.85	536,524,921.85

(3) Defined Contribution Plan shown as follows:

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment insurance premium	191,323.23	153,607,027.27	153,607,027.27	191,323.23

Unemployment insurance premium	884.08	4,851,719.04	4,851,719.04	884.08
Total	192,207.31	158,458,746.31	158,458,746.31	192,207.31

24. Taxes payable

Unit: CNY

Item	Closing balance	Opening balance
Value-added tax	175,920,362.08	150,194,783.11
Consumption tax	554,560,829.94	533,945,998.98
Enterprise income tax	2,200,631,701.75	1,333,112,088.00
Individual Income Tax	30,310,775.71	20,265,903.93
Urban maintenance and construction tax	26,222,879.17	45,918,790.94
Land use tax	6,464,914.93	6,456,687.93
Property tax	23,861,228.61	22,210,815.89
Education Surcharge and Local Education Surcharge	39,516,421.27	37,359,708.11
Stamp tax	1,556,153.30	1,005,142.70
Integrated funds	6,505.75	2,545.99
Other tax	2,333,399.20	2,333,690.85
Total	3,061,385,171.71	2,152,806,156.43

25. Other payables

Unit: CNY

Item	Closing balance	Opening balance
Other payables	1,808,838,882.26	1,556,699,290.45
Total	1,808,838,882.26	1,556,699,290.45

(1) Other payables

a) Categories by nature

Unit: CNY

Item	Closing balance	Opening balance
Dealer deposit	538,078,762.11	279,298,081.55
Dealer risk pledged deposit	685,270,708.36	681,336,068.47
Accrued expenses	351,345,770.61	303,563,123.81
Quality guarantee deposit and performance deposit	131,196,540.43	195,028,352.99
Other payables	102,947,100.75	97,473,663.63
Total	1,808,838,882.26	1,556,699,290.45

b) Other important payables aging more than 1 year

Unit: CNY

Item	Closing balance	Reasons for being unpaid or written-off
Dealer risk pledged deposit and dealer deposit	631,509,861.72	Dealer risk pledged deposit and dealer deposit not yet due
Total	631,509,861.72	--

26. Non-current Liabilities Due within One Year

Unit: CNY

Item	Closing balance	Opening balance (restated)
Lease liabilities due within one year	8,405,846.77	2,083,914.78
Total	8,405,846.77	2,083,914.78

27. Other current liabilities

Item	Closing balance	Opening balance
Output VAT to be transferred	1,491,462,609.44	798,216,651.49

Notes endorsed but not derecognized	547,802,328.28	
Total	2,039,264,937.72	798,216,651.49

28. Long-term loans

(1) Long-term loans by category

Unit: CNY

Item	Closing balance	Opening balance
Credit loans	36,360.00	36,360.00
Total	36,360.00	36,360.00

29. Lease Liabilities

Unit: CNY

Item	Closing balance	Opening balance
Lease liabilities	10,729,824.19	6,526,252.85
Total	10,729,824.19	6,526,252.85

30. Long-term payables

Unit: CNY

Item	Closing balance	Opening balance
Special accounts payables	196,694,194.53	197,049,341.93
Total	196,694,194.53	197,049,341.93

(1) Special accounts payables

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Reason
Compensation for replacement of employee status	197,049,341.93		355,147.40	196,694,194.53	
Total	197,049,341.93		355,147.40	196,694,194.53	--

31. Deferred incomes

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Reason
Government grants	85,999,500.00		8,757,000.00	77,242,500.00	
Total	85,999,500.00		8,757,000.00	77,242,500.00	--

Projects involving government grants:

Unit: CNY

Liability item	Opening balance	Increase in current period	Non-operating income in current period	Other income in current period	Cost reduction in current period	Other changes	Closing balance	Relevant to asset or income
Hubei Lihuacun liquor industry liquor brewing, filling project supporting facilities construction subsidies	21,796,600.00			4,257,000.00			17,539,600.00	Asset
Special fund for packaging logistics project in Shuanggou new area	12,000,000.00			3,000,000.00			9,000,000.00	Asset
Special fund for Harbin Binzhou brewery construction project	41,202,900.00						41,202,900.00	Asset
Shuanggou sewage treatment project	6,000,000.00			1,500,000.00			4,500,000.00	Asset
The second batch of provincial-level industrial and information industry transformation and upgrading special funds in 2020	5,000,000.00						5,000,000.00	Asset
Total	85,999,500.00			8,757,000.00			77,242,500.00	

32. Share capital

Unit: Share

	Opening balance	Increases/ decreases in the current period (+, -)					Closing balance
		Issuance of new shares	Share donation	Conversion of reserves funds into shares	Others	Subtotal	
Total shares	1,506,988,000.00						1,506,988,000.00

33. Capital reserves

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share premium	741,502,550.13			741,502,550.13
Other capital reserves	30,000.00	40,703,820.01		40,733,820.01
Total	741,532,550.13	40,703,820.01		782,236,370.14

Other notes, including the changes in the current period, the reasons for the changes:

The company confirms the ESOP plan fee to increase the capital reserves-other capital reserves of RMB 40,703,820.01.

34. Treasury shares

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share repurchase	1,002,128,680.79		945,850,000.00	56,278,680.79
Total	1,002,128,680.79		945,850,000.00	56,278,680.79

Other notes, including the changes in the current period, the reasons for the changes

According to the proposal on Jiangsu Yanghe Distillery co., LTD. Phase I Core Backbone Shareholding Plan (Draft) deliberated and approved by the company's extraordinary General Meeting of Shareholders on August 2, 2021, the employees of this employee shareholding plan have subscribed for 9,118,384 shares at the average price of 103.73 yuan per share. The total amount of subscription was 945,850,000.00 yuan, which reduced the company's treasury stocks.

35. Other comprehensive incomes

Unit: CNY

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: previously recognized in other comprehensive income transferred to retained earnings	Less: income tax	Amount attributes to parent company after tax	Amount attributes to non-controlling shareholders after tax	
II. Other comprehensive income that will be reclassified to profit or loss	-5,213,248.93	-633,966.69				-630,741.36	-3,225.33	-5,843,990.29
Including: other comprehensive income will be re-classified into profits or losses under the equity method	-163,797.21	10,293.63				10,293.63		-153,503.58
Effect on conversion of financial statements denominated in foreign currencies	-5,049,451.72	-644,260.32				-641,034.99	-3,225.33	-5,690,486.71
Total other comprehensive income	-5,213,248.93	-633,966.69				-630,741.36	-3,225.33	-5,843,990.29

Other notes, including adjustments for valid portion of the gains and or losses from cash flow hedging transferring to initial recognition amount of projects hedged.

36. Surplus reserves

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves	753,494,000.00			753,494,000.00
Total	753,494,000.00			753,494,000.00

Notes for surplus reserves including increase or decrease changes and change reasons this period:

37.Retained Earnings

Unit: CNY

Item	Current period	Previous period
Retained Earnings before adjustment at the end of the last year	36,489,911,363.13	33,510,429,712.50
Retained Earnings after adjustment at the beginning of year	36,489,911,363.13	33,510,429,712.50
Add: net profit attributable to owners of the parent company for the current period	7,507,682,797.40	7,482,228,633.63
Less: Dividends payable on common shares	4,491,980,070.00	4,502,746,983.00
Retained earnings at the end of the current reporting period	39,505,614,090.53	36,489,911,363.13

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

(1) Retained Earnings at the beginning of the period were affected by CNY0.00 due to the retrospective adjustment under the Accounting Standards for Business Enterprises and related new regulations.

(2) Retained Earnings at the beginning of the period were affected by CNY0.00 due to changes in accounting policies.

(3) Undistributed profits at the beginning of the period were affected by CNY0.00 due to the correction of significant accounting errors.

(4) Retained Earnings s at the beginning of the period were affected by CNY0.00 due to changes in the scope of consolidation resulting from business combination involving enterprises under common control.

(5) Retained Earnings at the beginning of the period were affected by CNY0.00B in total due to other adjustments

38.Operating revenue and cost of sales

Unit: CNY

Item	Current period amount		Previous period amount	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Operating incomes	24,638,674,089.57	5,702,863,048.47	20,334,282,442.98	5,243,536,119.11
Other operating income	711,504,114.88	552,534,515.63	766,768,688.81	608,368,477.60
Total	25,350,178,204.45	6,255,397,564.10	21,101,051,131.79	5,851,904,596.71

Whether the net profit is negative or not after deducting non-recurring profits and losses by audit,

Yes No

Information on revenue:

Unit: CNY

Category of Contra	Segment 1	Segment 2		Total
Commodity type				
Including:				
By operating regions				
Including:				
Type of market or customer				
Including:				
Type of contract				
Including:				
By the time of commodity transfer				
Including:				
By the contract t				
Including:				

By the selling channel				
Including:				
Total				

Information regarding performance obligations

N/A

Information relating to the transaction price apportioned to the remaining performance obligations:

At the end of this report, the amount of revenue corresponding to the performance obligations with the contracts signed but not performed or not performed is CNY 11,645,306,829.55, of which CNY11,645,306,829.55 is expected to be recognized in 2022, and CNY 0.00 is expected to be recognized in 2023

Other notes

39. Taxes and surcharges

Unit: CNY

Item	Current period amount	Previous period amount
Consumption tax	3,445,365,868.93	2,847,452,319.78
Urban maintenance and construction tax	300,870,065.44	241,392,653.40
Educational surcharge	298,966,722.11	239,859,725.86
Property tax	70,430,075.52	60,808,511.65
Land use tax	18,361,571.79	18,164,433.97
Stamp tax	13,969,946.24	7,942,227.94
Environmental protection tax	9,370.09	11,898.43
Others	8,508.00	13,998.00
Total	4,147,982,128.12	3,415,645,769.03

40. Selling and distribution expenses

Unit: CNY

Item	Current period amount	Previous period amount
Advertising and promotion expense	1,911,827,032.90	1,411,090,022.81
Payroll	1,065,844,674.57	646,271,019.11
Travel expense	390,432,690.88	353,434,744.65
Labor expense	88,722,961.18	117,975,847.08
E-commerce expenses	37,801,331.20	24,130,806.14
Other expense	49,736,198.81	50,901,717.99
Total	3,544,364,889.54	2,603,804,157.78

41. General and administrative expenses

Unit: CNY

Item	Current period amount	Previous period amount
Payroll	738,382,078.49	665,991,755.03
Travel expense	35,607,123.11	34,612,481.35
Office allowance	7,389,752.82	6,667,982.75
Water, electric and steam expense	57,175,472.37	56,946,078.23
Business entertainment expense	25,674,580.41	18,533,811.47
Depreciation cost	430,504,129.04	463,503,047.71
Repair charge	43,706,934.03	40,899,196.47
Amortization of intangible assets	56,541,702.98	55,171,822.38
Vehicle use expense	21,827,557.47	17,742,719.25
Shipping and handling cost	31,039,417.23	43,948,370.23
ESOP plan fee	39,741,779.13	
Other expense	342,489,612.10	325,062,937.06
Total	1,830,080,139.18	1,729,080,201.93

42. Research & Development expenses

Unit: CNY

Item	Current period amount	Previous period amount
Material expenses	126,609,051.53	144,095,917.84
Payroll	84,819,165.34	77,975,559.20
Other expense	47,029,885.76	38,022,813.99
Total	258,458,102.63	260,094,291.03

43. Financial expenses

Unit: CNY

Item	Current period amount	Previous period amount
Interest expense	603,755.58	1,964.00
Bill discount expense	28,742,496.43	11,719,069.54
Less: Interest income	433,923,395.67	104,495,154.37
Plus: Losses from currency exchange (Less: income)	3,194,795.97	3,670,115.95
Plus: Bank charges	2,236,837.73	1,869,240.49
Total	-399,145,509.96	-87,234,764.39

44. Other incomes

Unit: CNY

Sources of other incomes	Current period	Previous period
Government grants received	87,366,302.47	98,151,595.19
Withholding personal tax commission	3,484,445.51	818,031.70
Total	90,850,747.98	98,969,626.89

45. Investment income

Unit: CNY

Item	Current period amount	Previous period amount
Investment income from long-term equity investments under the equity method	2,948,720.95	3,940,820.47
Investment income from disposing long-term equity investments		21,516.26
Investment income from financial assets held for trading during the holding period	23,102,480.38	113,585,439.53
Investment income from disposal of financial assets held for trading	874,562,276.89	1,089,135,586.23
Total	900,613,478.22	1,206,683,362.49

46. Gains/losses of changes in fair value

Unit: CNY

Gains/ losses of changes in fair value	Current period amount	Previous period amount
Held-for-trading financial assets	-721,212,806.81	1,267,682,598.52
Total	-721,212,806.81	1,267,682,598.52

47. Credit Impairment Loss

Unit: CNY

Item	Current period amount	Previous period amount
Credit impairment losses of other receivables	12,801,955.01	152,069.92
Credit impairment losses of accounts receivable	-174,467.73	94,412.53
Total	12,627,487.28	246,482.45

48. Losses from asset impairment

Unit: CNY

Item	Current period amount	Previous period amount
------	-----------------------	------------------------

Losses on inventory devaluation and Contract assets impairment loss	-7,175,293.45	-6,196,876.85
Total	-7,175,293.45	-6,196,876.85

49. Gains from disposal of assets

Unit: CNY

Gains from disposal of assets	Current period amount	Previous period amount
Gains from disposal of fixed assets	224,432.51	45,438.89
Gains from disposal of intangible assets	-39,747.54	
Total	184,684.97	45,438.89

50. Non-operating income

Unit: CNY

Item	Current period amount	Previous period amount	Amount including non-recurring profit and loss in current period
Donations acceptance		9,120,063.00	
Government grants		24,000.00	
Liquidated damages income	7,192,792.01	4,475,586.24	7,192,792.01
Compensation payment	11,339,388.88	8,475,059.72	11,339,388.88
Accounts payable that are unable to pay	20,610.00	64,118.24	20,610.00
Others	2,165,592.11	2,881,043.09	2,165,592.11
Total	20,718,383.00	25,039,870.29	20,718,383.00

Government grants included in current profits and losses:

Unit: CNY

Item	Body	Reason	Type	Whether the grants affect current year profit and loss	Whether it is special grant	Current period amount	Previous period amount	Related to assets/ related to earnings

51. Non-operating expenses

Unit: CNY

Item	Current period amount	Previous period amount	The amount booked into current period non-recurring profits and losses
Donation expenses	42,083,802.00	35,400,000.00	42,083,802.00
Losses from disposal of fixed asset	10,872,590.73	4,802,593.81	10,872,590.73
Integrated fund	72,950.74	77,328.11	
Reparations	3,971,839.00	422,169.33	3,971,839.00
Others	6,218,870.88	623,399.13	6,218,870.88
Total	63,220,053.35	41,325,490.38	63,147,102.61

52. Income tax expense

(1) Details of income tax expense

Unit: CNY

Item	Current period amount	Previous period amount
Income tax for the current reporting period	3,050,593,837.76	2,178,072,592.80
Deferred income tax expenses	-616,983,716.56	216,222,985.28
Total	2,433,610,121.20	2,394,295,578.08

(2) Adjustment for accounting profit and income tax expense

Unit: CNY

Item	Current period amount

Total profit	9,946,427,518.68
Income tax expenses determined by statutory/ applicable tax rate	2,486,606,879.67
Impact from subsidiaries' different tax rates	2,291,895.48
Adjust for impact from income tax expense in previous period	-3,041,806.60
Tax effect of non-taxable income	-6,512,800.33
Impact of non-deductible costs, expenses and losses	5,987,935.77
Deductible from deferred tax assets in previous period	-20,733,821.50
Impact of deductible temporary differences or deductible losses for which no deferred income tax assets is recognized for the current period	32,740,501.84
Impact of additional deduction of R&D expenses	-63,728,663.13
Income tax expense	2,433,610,121.20

53. Net other comprehensive income

Refer to note for details.

54. Consolidated cash flow items

(1) Cash received from other operation activities

Unit: CNY

Item	Current period amount	Previous period amount
Risk deposit	3,934,639.89	60,255,818.13
Dealer deposit	193,381,207.42	56,575,865.80
Interest income	325,095,935.92	104,495,154.37
Liquidated damages income	7,192,792.01	4,475,586.24
Government grants	78,609,302.47	94,418,595.19
Commission for with holding tax	3,484,445.51	818,031.70
Others	116,730,588.44	48,750,584.17
Total	728,428,911.66	369,789,635.60

Notes for cash received from other operation activities:

(2) Cash paid for other operating activities

Unit: CNY

Item	Current period amount	Previous period amount
Transportation fee	32,454,361.50	45,592,659.35
Advertising promotion expense	1,875,126,011.49	1,216,976,623.15
Repair charge	40,144,581.28	40,913,095.81
Travel expense	431,546,399.27	408,411,257.95
Entertainment expense	25,897,841.15	20,161,922.58
Labor expense	135,250,366.93	149,569,041.84
Others	462,537,339.25	405,109,914.56
Total	3,002,956,900.87	2,286,734,515.24

Notes for cash paid for other operating activities:

(3) Cash received from other financing activities

Unit: CNY

Item	Current period amount	Previous period amount
Repurchase of ESOP shares	945,850,000.00	
Total	945,850,000.00	

Notes for Cash received from other financing activities:

(4) Cash paid for other financing activities

Unit: CNY

Item	Current period amount	Previous period amount
Repurchase of shares		1,002,128,680.79
Lease payment	6,587,740.77	
Total	6,587,740.77	1,002,128,680.79

Notes for cash paid for other financing activities:

55. Supplementary Information about Cash Flow Statement

(1) Supplementary information about of cash flowstatement

Unit: CNY

Item	Current period amount	Previous period amount
Reconciliation of net profit to cashflow from operating activities	--	--
Net profit	7,512,817,397.48	7,484,606,313.92
Add: Impairment of assets	-5,452,193.83	5,950,394.40
Fixed assets depreciation	693,049,497.12	727,550,847.83
Right-of-use assets depreciation	5,509,542.40	
Amortization of intangible assets	56,541,702.98	55,171,822.38
Amortization of long-term deferred expenses	4,153,241.68	127,071.84
Gains on disposal of fixed assets, intangible assets and other long-term assets	-184,684.97	-45,438.89
Fixed asset scrapping losses	10,872,590.73	4,669,390.54
Losses (gains) from changes in fair value	721,212,806.81	-1,267,682,598.52
Financial expense	3,798,551.55	3,672,079.95
Investment income	-900,613,478.22	-1,206,683,362.49
Decrease in deferred tax asset	-460,035,492.67	-100,857,345.94
Increase in deferred tax liabilities	-156,957,017.00	317,080,331.22
Decrease in inventory	-1,956,133,735.33	-422,305,228.21
Decrease in operation receivable	-230,907,969.63	255,853,105.64
Increase in operation payable	10,090,059,214.80	-1,878,449,751.14
Others	-69,564,493.37	133,203.27
Net cash flow from operating activities	15,318,165,480.53	3,978,790,835.80
Significant investing and financing activities not Involving cashflow:	--	--
Net change in cash & cash equivalents	--	--
Closing balance of cash	20,847,003,550.37	7,243,186,362.29
Less: Opening balance of cash	7,243,186,362.29	4,300,144,848.67
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net Increase (decrease) in cash and cash equivalents	13,603,817,188.08	2,943,041,513.62

(2) Composition of cash and cash equivalents

Unit: CNY

Item	Closing balance	Opening balance
Cash	20,847,003,550.37	7,243,186,362.29
Including: cash onhand	3,549.27	4,434.27
Unrestricted bank deposit	20,785,927,709.41	7,201,133,719.50
Cash equivalents	61,072,291.69	42,048,208.52
Closing balance of cash and cash Equivalents	20,847,003,550.37	7,243,186,362.29

56.Foreign currency transactions

(1) Foreign currency balance

Unit: CNY

Item	Balance in foreign currency at the end of the reporting period	Exchange rate	Balance of CNY converted at the end of the reporting period
Cash and cash equivalents	--	--	77,228,299.86
Including : USD	10,263,661.09	6.3757	65,438,024.01
EUR			
HKD	4,177,908.36	0.8176	3,415,857.87
CLP	1,119,093,451.00	0.007483	8,374,417.98
Accounts receivable			
Including : USD			
EUR			
HKD			
Other receivables			100,711.28
Including : HKD	123,179.16	0.8176	100,711.28
Long-term loans	--	--	
Including : USD			
EUR			
HKD			
Accounts payable			5,983,344.71
Including : USD	938,460.83	6.3757	5,983,344.71
Other payables			371,103.79
Including : HKD	448,590.73	0.8176	366,767.78
CLP	579,431.00	0.007483	4,336.01

(2) Description of the overseas business entity, including the important foreign business entity, which shall disclose its main foreign business place, bookkeeping standard currency and selection basis, and shall also disclose the reason for the change of the bookkeeping standard currency.

√ Applicable □ N/A

Foreign business entities	Operation site	Functional currency	Choosing reason
JSSJ Industry (HK) Holdings Co., Limited	Hong Kong, China	HKD	Currency in the main economic environment of business operations
Hong Kong Zhaiyugo International Trade Co., Ltd.	Hong Kong, China	HKD	Currency in the main economic environment of business operations
ZYG E-Commerce HK Limited	Hong Kong, China	HKD	Currency in the main economic environment of business operations
ZYG LTD.	Cayman Islands	USD	Currency in the main economic environment of business operations
Yanghe International Investment Ltd.	British Virgin Islands	USD	Currency in the main economic environment of business operations

ZYG Technology Investment Ltd.	British Virgin Islands	USD	Currency in the main economic environment of business operations
Yanghe Chile SPA	Santiago, Chile	CLP	Currency in the main economic environment of business operations
Yanghe Hong Kong Distillery Co., Ltd.	Hong Kong, China	HKD	Currency in the main economic environment of business operations

57. Government grants

(1) Details of government grants

Unit: CNY

Category	Amount	Financial Report Items	Amount booked in current profit and loss
Industrial development guidance funds	46,644,851.20	Other income	46,644,851.20
Supporting subsidies	9,461,611.09	Other income	9,461,611.09
Steady post subsidy	2,894,026.61	Other income	2,894,026.61
training subsidy	2,284,880.00	Other income	2,284,880.00
Tax incentives in 2020	1,963,778.72	Other income	1,963,778.72
Support funds for industrial chain construction enterprises	1,960,000.00	Other income	1,960,000.00
award fund for Provincial governor quality award certificate enterprise	1,800,000.00	Other income	1,800,000.00
municipal Industrial Development Guide Fund (Industrial Agglomeration) project award and Subsidy funds in 2020	1,600,000.00	Other income	1,600,000.00
The second batch of special funds for the introduction of urgently needed talents for the development of Northern Jiangsu in 2019	1,032,000.00	Other income	1,032,000.00
Special funds for the revitalization of high-quality tobacco and alcohol industry in 2020	1,800,000.00	Other income	1,800,000.00
exhibition hall project construction subsidy funds	1,000,000.00	Other income	1,000,000.00
The incentive fund for increasing production in 2020	680,600.00	Other income	680,600.00
Suqian tourism commodity guidance funds in 2020	550,000.00	Other income	550,000.00
Comprehensive award and subsidy fund for technological transformation of industrial enterprises in Jiangsu Province in 2020	500,000.00	Other income	500,000.00
Wine country image publicity subsidy	500,000.00	Other income	500,000.00
Provincial Geographical Indication Promotion and Protection Project funding in 2021	500,000.00	Other income	500,000.00
Financial incentives for enterprise R & D investment in 2021	500,000.00	Other income	500,000.00
Provincial green factory incentive funds	440,000.00	Other income	440,000.00
Municipal intellectual property award and Subsidy funds in 2021	427,000.00	Other income	427,000.00
Awards and subsidies for legal protection of intellectual property rights	256,400.00	Other income	256,400.00
incentive funds for "Suqian Boutique" brand	400,000.00	Other income	400,000.00
Special funds for promoting production, stabilizing employment and ensuring growth in 2020	127,100.00	Other income	127,100.00
Others	1,287,054.85	Other income	1,287,054.85
Transfer of current deferred earnings	8,757,000.00	Other income	8,757,000.00
Total	87,366,302.47		87,366,302.47

(2) The return of government subsidies

Applicable Not applicable

V. Changes in consolidated scope

1. Changes of Consolidation Scope due to Other Causes

Explain the change of merger scope caused by other reasons (such as new subsidiary, liquidation subsidiary, etc.) and the relevant situation:

(1) In March 2021, Jiangsu Shuanggou Wine Industry Co., LTD., a holding subsidiary, invested 100 million yuan to set up Jiangsu Shuanggou Wine Sales Co., LTD., accounting for 100% of its

registered capital. It will be included in the consolidated scope of consolidated financial statements from March 2021.

(2) In April 2021, the Company and Suqian Industrial Development Group Co., Ltd. jointly invested RMB 20 million to establish Jiangsu Jiushang Internet Technology Co., LTD., of which the company invested RMB 10.2 million, accounting for 51% of the registered capital; Suqian Industrial Development Group Co., Ltd. invested CNY 9.80 million, accounting for 49%. It will be included in the consolidated scope of consolidated financial statements from April 2021.

(3) In July 2021, the company subscribed RMB 50 million to set up Jiangsu Yanghe Cultural Tourism Co., LTD., accounting for 100% of its registered capital. It will be included in the consolidated scope of consolidated financial statements from July 2021.

(4) In July 2021, its holding subsidiaries Jiangsu Yanghe Cultural Tourism Co., Ltd. and Suqian Cultural Tourism Development Group Co., Ltd. jointly invested 20 million yuan to establish Jiangsu Yanghe Cultural Tourism Operation Co., LTD., of which Jiangsu Yanghe Cultural Tourism Co., Ltd. invested CNY 16 million, accounting for 80% of its registered capital; Suqian Cultural Tourism Development Group Co., Ltd. invested CNY 4 million, accounting for 20%. It will be included in the consolidated scope of consolidated financial statements from July 2021.

(5) In November 2021, the company subscribed 24 million yuan to set up Siyang Blue Sky Packaging Service Co., LTD., accounting for 100% of its registered capital. It will be included in the consolidated scope of consolidated financial statements from November 2021.

VI. Interests in other entities

1. Interests in subsidiaries

(1) Group composition:

Name of subsidiaries	Major business location	Place of registration	Nature of business	Shareholding		Acquisition method
				Direct	Indirect	
Nanjing Yanghe Blue Classic Co., Ltd	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Establishment
Beijing Yanghe Commerce and Trade Co., Ltd.	Fengtai, Beijing	Fengtai, Beijing	Commerce		100.00%	Establishment
Jiangsu Huaqu Wine Group Co., Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		97.00%	Establishment
Suqian Tianhai Commerce and Trade Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Suqian Yanghe Guibinguan Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Hotel industry	100.00%		Establishment
Su Wine Group Trade Co., Ltd	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	83.63%	16.37%	Establishment
Jiangsu Yanghe Liquor Operation Management Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment
Jiangsu Shuanggou Liquor Operation Co., Ltd.	Sihong, Jiangsu province	Sihong, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Dongdi Union International Trade Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment
Jiangsu Dongdixinghui International Trade Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment

Suqian Blue Dream Trade Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Siyang Lantu Liquor Operation Co., Ltd.	Siyang, Jiangsu province	Siyang, Jiangsu province	Commerce	100.00%		Establishment
JSSJ Industry (HK) Holdings Co., Limited	Hong Kong, China	Hong Kong , China	CORP		100.00%	Establishment
Hubei Lihuacun Trade Co., Ltd.	Shiyan, Hubei province	Yunxian, Hubei province	Commerce		100.00%	Establishment
Jiangsu Shuanggou Distillery Stock Co., Ltd.	Sihong, Jiangsu province	Sihong, Jiangsu province	Liquor manufacture and sales	99.99%	0.01%	Business combinations involving enterprises not under common control
Sihong Shuanggou Antai Waste Recycling Co., Ltd.	Sihong, Jiangsu province	Sihong, Jiangsu province	Waste material recycle		100.00%	Business combinations involving enterprises not under common control
Hubei Lihuacun Liquor Industry Co., Ltd.	Shiyan, Hubei province	Yunxian, Hubei province	Process liquor, wine and fruit wine	100.00%		Business combinations involving enterprises not under common control
Ningxiang Miluochun Liquor Industry Co., Ltd.	Ningxiang, Hunan province	Ningxiang, Hunan province	Manufacture and sale of liquor and compound wine	100.00%		Business combinations involving enterprises not under common control
Harbin Binzhou Brewery Co., Ltd.	Binxian, Heilongjiang province	Binxian, Heilongjiang province	Liquor-making	100.00%		Business combinations involving enterprises not under common control
Su Wine Group Jiangsu Wealth Management Co., Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Assets/investment management, information consultation	100.00%		Establishment
Ningxiang Miluochun Trade Co., Ltd.	Ningxiang, Hunan province	Ningxiang, Hunan province	Commerce		100.00%	Establishment
Jinagsu Kelite Biology Technology Research Institute Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Biological engineering research, enzyme preparation research and technology transfer	100.00%		Establishment
Suqian Blue Sky Trade Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment

Shiyan Yunyang Lihuacun Package Service Co.,Ltd.	Shiyan, Hubei province	Shiyan, Hubei province	Liquor, compound wine, health wine packaging service		100.00%	Establishment
Jiangsu Lion and Sheep Network Technology Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Network technology development, technical consultation, technical services; Software development	100.00%		Establishment
Jiangsu Zhaiugou E-commerce Co., Ltd	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Business combinations involving enterprises not under common control
NanjingTongmeng City Logistics Co., Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Freight Transport, Warehouse service		99.99%	Business combinations involving enterprises not under common control
Nanjing Jinling Tongmeng City Logistics Co., Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Huaian Tongmeng City Logistics Co., Ltd.	Huaian, Jiangsu province	Huaian, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Changzhou Jiezhong Tongmeng City Logistics Co., Ltd.	Changzhou, Jiangsu province	Changzhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business Combinations involving enterprises not under common control
Nantong Tongmeng City Logistics Co., Ltd.	Nantong, Jiangsu province	Nantong, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Suzhou Tongmeng City Logistics Co., Ltd.	Suzhou, Jiangsu province	Suzhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Taizhou Tongmeng City Logistics Co., Ltd.	Taizhou, Jiangsu province	Taizhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Wuxi Tongmeng City Logistics Co., Ltd.	Wuxi, Jiangsu province	Wuxi, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Yancheng Tongmeng City Logistics Co., Ltd.	Yancheng, Jiangsu province	Yancheng, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control

Zhenjiang Tongmeng City Logistics Co., Ltd.	Zhenjiang, Jiangsu province	Zhenjiang, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Yangzhou Tongmeng City Logistics Co., Ltd.	Yangzhou, Jiangsu province	Yangzhou, Jiangsu province	Freight Transport, Warehouse service		53.00%	Business combinations involving enterprises not under common control
Suqian Tongmeng City Logistics Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Pizhou Tongmeng City Logistics Co., Ltd.	Xuzhou, Jiangsu province	Xuzhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Lianyungang Huaxing Tongmeng City Logistics Co., Ltd.	Lianyungang, Jiangsu province	Lianyungang, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Jiangsu Zhaibianli E-commerce Co., Ltd	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Business combinations involving enterprises not under common control
Hongkong Zhaiugou International Trade Co., Ltd	Hong Kong, China	Hong Kong, China	Commerce		100.00%	Business combinations involving enterprises not under common control
Guizhou Guijiu Co., Ltd.	Guiyang, Guizhou province	Guiyang, Guizhou province	Liquor production; Liquor and alcohol sales	100.00%		Business combinations involving enterprises not under common control
Guizhou Guijiu Liquor Operation Management Co., Ltd.	Guiyang, Guizhou province	Guiyang, Guizhou province	Commerce		100.00%	Establishment
Guizhou Guijiu Trade Co., Ltd.	Guiyang, Guizhou province	Guiyang, Guizhou province	Commerce		100.00%	Establishment
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
Yang He International Investment Ltd	British Virgin Islands	British Virgin Islands	Industrial investment		100.00%	Establishment

Jiangsu Shuanggou Healthy Liquor Research institute Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Healthy wine, nutrition and health food research and development		100.00%	Establishment
ZYG Technology Investment Ltd	British Virgin Islands	British Virgin Islands	Industrial investment		71.03%	Business combinations involving enterprises not under common control
Jiangsu Blue Dream E- commerce Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Yanghe Weiketang Network Technology Co., Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Network technology development, technical consultation, technical service	100.00%		Establishment
Guizhou Welcome Drink Stock Co., Ltd.	Renhuai, Guizhou province	Renhuai, Guizhou province	Liquor manufacture and sales		100.00%	Business combinations involving enterprises not under common control
Suqian Su Wine Logistics Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Road general cargo transport, cargo distribution, freight forwarder	100.00%		Establishment
Yang He Chile SPA	Santiago, Chile	Santiago, Chile	Movable and real estate investment services, building construction services	100.00%		Establishment
Jiangsu Yanghe Investment Management Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Foreign investment, Asset management, Investment consulting	50.00%	50.00%	Establishment
Su Wine Group Nanjing Operation Management Co., Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Enterprise management consulting; Industrial investment; Food sales; Gift sales; House lease; Hotel management		100.00%	Establishment
Jiangsu Zhongshiji liquor Co., Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Food sales, Gift sales		100.00%	Establishment
Yanghe Hong Kong Distillery Co., Ltd.	HongKong, China	Hong Kong, China	Industrial investment	100.00%		Establishment

Jiangsu Yanghe Calligraphy and Painting Academy	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Painting and calligraphy creation, exhibition; Academic research; Public art education; Cultural and creative products development and promotion		100.00%	Establishment
Jiangsu Shuanggou Wine Sales Co., Ltd	Sihong, Jiangsu Province	Sihong, Jiangsu Province	Commerce		100.00%	Establishment
Jiangsu Jiushang Internet Technology Co., LTD	Suqian, Jiangsu Province	Suqian, Jiangsu Province	Internet information service, alcohol sales	51.00%		Establishment
Jiangsu Yanghe Cultural Tourism Co., LTD	Suqian, Jiangsu Province	Suqian, Jiangsu Province	Tobacco retail, catering, accommodation, tourism business	100.00%		Establishment
Jiangsu Yanghe Cultural Tourism Operation Co., LTD.	Suqian, Jiangsu Province	Suqian, Jiangsu Province	Tobacco retail, catering, accommodation, tourism business		80.00%	Establishment
Siyang Blue Sky Packaging Service Co., Ltd	Sihong, Jiangsu Province	Sihong, Jiangsu Province	Wine production and packaging services	100.00%		Establishment

The shareholding ratio in the subsidiary is different from the voting ratio:

The basis for holding half or less of the voting rights but still controlling the invested entity, and for holding more than half of the voting rights but not controlling the invested entity: For important structural subjects included in the scope of merging, the basis of control: Basis for determining whether the company is an agent or a principal:

Other notes:

2. Interests in joint ventures and associates

(1) Summary of financial information of insignificant joint ventures and associates

Summarized information is as follows:

Unit: CNY

	Closing balance/ amount for the current period	Opening balance/ amount for the prior period
Associates:	--	--
Total carrying amount of investment	8,173,436.53	10,261,147.01
The aggregate amount of the following items calculated based on the Company's equity share percentage of the associates	--	--
--Netprofit	-2,562,964.31	-658,669.17
--Other comprehensive income	10,293.63	-342,416.50
-- Total comprehensive income	-2,552,670.68	-1,001,085.67
Joint ventures:	--	--
Total carrying amount of investment	24,569,960.78	19,267,230.15
The sum of the following items calculated according to the shareholding ratio	--	--
--Netprofit	5,511,685.26	4,599,489.64
-- Total comprehensive income	5,511,685.26	4,599,489.64

VII. Risks related to financial instruments

The Group is exposed to various financial risks in the ordinary course of business, mainly includes credit risk, liquidity risk, market risk, etc. The Company's management is fully responsible for the formulation of risk management objectives and policies and takes responsibility for risk management objectives and policies. The objective of the Company's risk management is to identify and analysis risk, minimizing the adverse impact of financial risks without excessive influence on the company's competitiveness and resilience.

1. Credit risks

Credit risk refers to the risk that one party of the financial instruments fails to perform its obligations and causes the financial losses of the other party. Credit risk mainly related to notes receivables and accounts receivable, in order to control the risk, the Company takes the following measures:

(1) Bank deposit

The company's bank deposits are mainly deposited in state-owned holding banks, large and medium-sized listed banks and other commercial banks with high credit. There is no significant credit risk and no significant loss caused by default.

(2) Notes receivables and accounts receivables

The Company mainly trades with dealers, according to company credit policy, and adopts the way of delivery after the payments finished. For some group purchase business, it only deals with the reputable group clients, and continuously monitors the balance of notes receivables and accounts receivables, as a result, there is no collateral required, and credit risk management concentrates on the clients. The balance of notes receivables and accounts receivables are small till 31 December 2021. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivables.

(3) Other receivable

The other receivables are mainly saving deposits involving infringement dispute, deposits and petty cash, employee business loan and so on. The Company manages other receivables and continuously monitors its balance, to ensure the Company not to face significant bad debt risks.

2. Liquidity risk

Liquidity risk refers to the risk of capital shortage when enterprise performs its obligations related to financial liabilities. The Company uses various financing methods such as bill clearing and bank loan to optimize the financing structure and maintain the balance between financing continuity and flexibility.

The maturity of the financial liabilities held by the Company according to the undiscounted remaining contractual obligations is analyzed as follows:

Item	Closing balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Accounts payable	1,444,175,262.08				1,444,175,262.08
Other payables	1,808,838,882.26				1,808,838,882.26
Long-term loan	36,360.00				36,360.00
Long-term payables				196,694,194.53	196,694,194.53

(Continued)

Item	Opening balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Accounts payable	1,151,871,136.29				1,151,871,136.29
Other payables	1,556,699,290.45				1,556,699,290.45
Long-term loan	36,360.00				36,360.00
Long-term payables				197,049,341.93	197,049,341.93

3. Market risk

Market risk is the fair value of financial instrument or future cash flow fluctuates due to the fluctuation of market price, and it mainly includes interest rate risk, foreign exchange risk, etc.

(1) Interest rate risk

Interest rate risk refers to the fair value of financial instrument or future cash flow fluctuates due to the fluctuation of interest rate. The Company faces the risk of market interest rate change mainly related to the Company's borrowing limit.

(2) Foreign exchange risk

Foreign exchange risk arises from fluctuation in exchange rate, relevant to the assets and liabilities in foreign currency. The less import and export business happened, the lower impact of exchange rate fluctuation on company's operation.

The amount in CNY of the Company's assets and liabilities shown in foreign currencies as follows:

Item	Closing balance			Opening balance		
	Balance in foreign currency	Exchange rate	Balance in CNY	Balance in foreign currency	Exchange rate	Balance in CNY
Cash and cash equivalents						
Include: USD	10,263,661.09	6.3757	65,438,024.01	1,470,471.60	6.5249	9,594,680.17
HKD	4,177,908.36	0.8176	3,415,857.87	46,702.46	0.84164	39,306.66
CLP	1,119,093,451.00	0.007483	8,374,417.98	60,178,014.00	0.009181	552,494.35
Other receivables						

HKD	123,179.16	0.8176	100,711.28	125,679.16	0.84164	105,776.61
Accounts payable						
Include: USD	938,460.83	6.3757	5,983,344.71	499,163.86	6.5249	3,256,994.27
CLP				35,950.00	0.009181	330.06
Other payables						
Include: HKD	448,590.73	0.8176	366,767.78	1,542,853.06	0.84164	1,298,526.85
CLP	579,431.00	0.007483	4,336.01	14,000.00	0.009181	128.53
Net amount			70,974,562.64			5,736,278.08

The amount of foreign currency financial assets and financial liabilities of the company is small, and exchange rate fluctuations have little impact on the company's business performance.

VIII. Fair value disclosure

1. The Financial Assets and Financial Liabilities Measured at Fair Value at the end of the Reporting Period

Unit: CNY

Item	Closing fair value			
	Level 1	Level2	Level3	Total
Continuous fair value measurement	--	--	--	--
(1) Debt instrument investment			12,183,632,684.17	12,183,632,684.17
(2) Equity instrument investment	1,299,254,210.43		5,106,949,582.47	6,406,203,792.90
Receivables Financing			222,793,060.40	222,793,060.40
Bank acceptance bill			222,793,060.40	222,793,060.40
Total assets continuously measured at fair value	1,299,254,210.43		17,513,375,327.04	18,812,629,537.47
Non-Continuous fair value measurement	--	--	--	--

2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement items

Local open market closing price

3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement it

Debt instrument investment: the expected rate of return is taken as an important reference to

evaluate its fair value

Equity instrument investment: the cost or the ending net assets of the invested entity is taken as an important reference to evaluate its fair value

Receivables for Financing: the par value is taken as an important reference to evaluate its fair value

4. In case of transfers among levels for the current period, explain the transfer reasons and policies for determining transfer time point for continuous fair value measurement items

Restricted shares of listed companies held in equity instrument investment are changed to tradable shares in the current period, and the fair value measurement of the current period is changed from the second level to the first level, and the closing price of the open market is used as the basis of its fair value measurement.

IX. 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 1 billion	34.16%	34.16%

Information about the Company's parent company

The final control party of the Company is State-owned Assets Supervision and Administration Commission of Suqian.

Other statements:

2. Subsidiaries of the Company:

The information about the subsidiaries of the Company refers to Note IX.1 Interests in Subsidiaries.

3. Joint venture and associate of the Company

The information about the joint venture and associate of the Company refers to the Note.

Other joint ventures and associates whose related party transactions with the Company in the current period or balance formed from related party transactions with the Company in the prior period as follows:

Name of joint venture and associate	Relationship with the Company
Diageo International Spirits Company Limited	Joint Venture
JiangsuSu Wine Cultural Transmission Co., Ltd.	Associate
Nanjing Hesong Culture Technology Co., Ltd.	Associate
Jiangsu Xinghe Investment Management Co., Ltd.	Associate

Other statements:

4. Other related party

Name of other related party	Relationship with the Company
Shanghai Haiyan Logistics Development Co., Ltd.	Holding 9.67% shares

VSPT, Viña San Pedro Tarapacá S.A.	Joint stock company, holding 12.50% shares
Jiangsu Diageo Wine Co. LTD	Controlled by Diageo International Spirits Company Limited, joint venture of the Company
Suqian Industrial Development Group	Actual controller

5. Related party transactions

(1) Related party transactions regarding sales and purchases of goods, provision of services and receiving services

Statement of purchase of goods / Receipt of labor services

Unit: CNY

Related Party	Transaction Content	Amount for the current period	Approved transaction amount	Whether exceeding the approved transaction amount	Amount for the prior period
VSPT, Viña San Pedro Tarapacá S.A	Red wine	21,169,155.61			6,235,323.42
Nanjing Hesong Culture Technology Co., Ltd.	Advertising and general publicity expense	303,276.09			8,416,890.42
Jiangsu Diageo Wine Co. LTD.	Liquor	10,129,543.56			5,308,792.27

Statement of sales of goods/ rendering of labor services

Unit: CNY

Related party	Transaction content	Amount for the current period	Amount for the prior period
Shanghai Haiyan Logistics Development Co., Ltd.	Sales of liquor	5,067,075.48	4,354,544.40
Jiangsu SuWine Cultural Transmission Co., Ltd.	Sales of liquor	46,448,093.82	30,058,725.66
Jiangsu Diageo Wine Co. Ltd.	Sales of liquor	3,820,908.96	4,097,463.51
Jiangsu Diageo Wine Co. LTD	Consulting fee income		967,085.23
Nanjing Hesong Culture Technology Co., Ltd.	Consulting fee income		673,267.32
Jiangsu Xinghe Investment Management Co., Ltd.	Consulting fee income	2,443,396.23	2,184,466.02

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

(2) Related party lease

The Company as a lessor

Unit: CNY

Related party	Types of Leased Assets	Amount in current period	Amount in previous period
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The Company as a lessee

Unit: CNY

Related party	Types of Leased Assets	Amount in current period	Amount in previous period
Jiangsu Yanghe Group Co., Ltd.	House	201,834.86	201,834.86

(3) Compensation for key managers

Item	Amount for the current period	Amount for the prior period
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(4) Other related party transactions

In April 2021, the Company and Suqian Industrial Development Group Co., Ltd. jointly established Jiangsu Jiushang Internet Technology Co., Ltd., including RMB 10.20 million, accounting for 51% of the registered capital; Suqian Industrial Development Group Co., Ltd. contributed RMB 9.80 million, accounting for 49%.

6. Receivables from and payables to related parties

(1) Payables

Unit: CNY

Item	Related party	Closing balance	Opening balance
Contract liabilities	Shanghai Haiyan Logistics Development Co., Ltd.	6,010,270.99	6,396,586.54
Contract liabilities	Jiangsu SuWine Cultural Transmission Co., Ltd.	26,791,306.31	7,523,939.23
Accounts payable	Jiangsu Diageo WineCo. Ltd.	2,195,373.19	255,806.65
Other Payables	Shanghai Haiyan Logistics Development Co., Ltd.	151,531.60	83,531.60
Other Payables	Jiangsu SuWine Cultural Transmission Co., Ltd.	1,000,451.00	940,228.00

X. Share-based payment

1. Others

According to Phase I Core Backbone Shareholding Plan (Draft) of Jiangsu Yanghe Distillery Co., Ltd., deliberated and approved at the second Extraordinary Shareholders' Meeting of 2021 held on August 2, 2021, The shareholding scale of the shareholding plan does not exceed 9,661,310 shares, accounting for about 0.64% of the total 1,506,988,000 shares of the Company on the announcement date of the draft shareholding plan; This Shareholding plan takes "shares" as the subscribed units, each share is CNY 1.00, and the total subscribed shares shall not exceed CNY 1,002,167,686.30. The total capital to be raised shall be capped at CNY 1,002,167,686.30, and the specific shares shall be determined according to the actual amount of capital contribution. The stock in this stock plan is derived from the company's A-share ordinary shares repurchased by the special account. The duration of the shareholding plan is 36 months, and the lock-up period of the acquired shares is 24 months, which shall be calculated from the date when the draft shareholding plan is approved by the Shareholders' Meeting and the company announces the last transfer of the underlying shares to the shareholding plan. Upon expiration of the shareholding plan, the shareholding plan shall terminate automatically, and it may be extended upon the consent of more than half of the members of the management Committee and the approval of the board of directors. Upon expiration of the lock-up period, the stock rights and interests held in the stock holding plan will be disposed according to the assessment results of the company's performance objectives. The performance assessment of the shareholding plan requires that the operating revenue in 2021 should increase by no less than 15% compared with 2020 and the operating revenue in 2022 should increase by no less than 15% compared with 2021. If the performance assessment indicators are not reached, all the underlying stock rights and interests held in the shareholding plan shall be recovered by the management Committee and sold at an appropriate time after the expiration of the lock-up period and shall be returned to the holder on the basis of the lower investment amount and the sold amount (after deducting relevant expenses), and the remaining profits shall be enjoyed by the Company.

A total of 9,118,384 shares were subscribed in the ESOP at an average price of CNY 103.73 per share, The total subscription amount was CNY 945,850,000.00, which was written off from the company's inventory shares, and the transfer registration were completed on September 10, 2021.

The fair value of the repurchased shares subscribed in the ESOP is determined to be CNY 130.58 per share, and the total amount of expenses recognized in the current period is CNY 40,703,820.01, which is included in capital reserve - Other capital reserve

XI. Commitments and contingencies

1. Significant commitments

Significant commitments as of the balance sheet date

By the end of 31 December 2021, there were no significant commitments needed to be disclosed.

2. Contingencies

(1) Significant contingencies as of the balance sheet date:

By the end of 31 December 2021, there were no significant commitments needed to be disclosed.

(2) If no contingencies that need to be disclosed, statement should be made.

The Company has no significant contingencies to disclose.

XII. Post balance sheet event

1. Profit distribution

	Unit: CNY
Profits or dividends to be distributed	27,801,336,778.06
Profits or dividends declared for distribution after being approved	4,519,335,222.00

2. Descriptions of other events subsequent to the balance sheet date

Regarding the tort liability dispute case of ICBC Zhengzhou Jiefang Road Branch, Su Wine Group Trade Co., Ltd. applied for a claim, requesting the defendant to jointly and severally compensate the plaintiff with CNY 46,025,000.00 of principal and interest loss during the deposit period (The interest loss is based on CNY 103,250,000.00 and it is calculated from 21 May, 2014 according to the loan interest rate of the People's Bank of China in the same period and the same file. Among those, CNY 18,257,000.00 is calculated till 8 September 2017, CNY 38,968,000.00 is calculated till 13 December 2017, and CNY 46,025,000.00 is calculated till the actual date of payment). According to the Civil Judgment of Suqian Intermediate People's Court of Jiangsu Province, the defendant was liable for compensation of 70% of the total loss, and the defendant was ordered to pay the plaintiff Su Wine Group Trade Co., Ltd. ,CNY22,942,500.00 loss of interest (the calculation method of interest: the interest rate standard is calculated according to the one-year fixed deposit interest rate on the day of 21 May 2013 of the Industrial and Commercial Bank of China Zhengzhou Jiefang Road Branch, where CNY 90 million is the principal from 21 May 2013 to 7 September 2017; CNY 71.7430 million is calculated from 8 September 2017 to 12 December 2017; CNY 32.7750 million is calculated from 13 December 2017 to the date of actual payment. The sum of the interest calculated above is multiplied by 70%.) 2020 Annual Report of Jiangsu Yanghe Distillery Su Wine Group Trade Co., Ltd. dissatisfied with the above judgment and has appealed to the Jiangsu Provincial Higher People's Court. On 9 July 2021, Jiangsu Provincial Higher People's Court (2019) Su Min Zhong No. 1157 "Notice of Acceptance of the Case" was received. The judgment is as follows: Dismissing the appeal and the original judgment is affirmed. This judgment is a final judgment.

On September 10, 2021, Su Wine Group Trade Co., Ltd. received the above compensation and interest (RMB 35,044,018.96) transferred from the Industrial and Commercial Bank of China Henan Branch.

ICBC Zhengzhou Jiefang Road Branch refused to accept the final judgment of Jiangsu Provincial Higher People's Court, Apply to the Supreme People's Court of the People's Republic of China for a retrial. On March 18, 2022, Su Wine Group Trade Co., Ltd. received the Notice of Supreme Court Of the People's Republic of China (2022) Supreme Court Minshen 309. As of April 27, 2022, the case is in the process of retrial.

As of April 27, 2022, the Company has no other post-balance sheet events that need to be disclosed except the above.

XIII. Notes to major items of financial statements of parent company

1. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: CNY

Provision for bad debts by individual

Unit: CNY

Type	Closing balance					Opening balance				
	Carrying balance		Credit loss provision		Book value	Carrying balance		Credit loss provision		Book value
	Amount	Percentage (%)	Amount	Proportion of provision		Amount	Percentage (%)	Amount	Proportion of provision	
Including:										
Provision for bad debts by portfolio	424,595,684.45	100.00%			424,595,684.45	387,657,700.12	100.00%			387,657,700.12
Including:										
Risk portfolio										
Other portfolio	424,595,684.45	100.00%			424,595,684.45	387,657,700.12	100.00%			387,657,700.12
Total	424,595,684.45	100.00%			424,595,684.45	387,657,700.12	100.00%			387,657,700.12
Name of client	Closing balance									
	Book balance		Provision for bad debts		Proportion		Reason			

Provision for bad debts by portfolio: other portfolio

Unit: CNY

Name of portfolio	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion
Other portfolio	424,595,684.45		
Total	424,595,684.45		--

Notes to determine provision for bad debt by portfolio:

The Company classifies items without significant recovery risk receivables as other portfolio such as items from subsidiaries in the consolidation scope, tax refunds receivable, collection and withholding of funds. By referring to the historical credit loss experience and combining the current situation and the forecast of the future economic situation, the company compiled a comparison table between the overdue age of receivables and the expected credit loss rate of the whole duration to calculate the expected credit loss.

Provision for bad debts by portfolio :

Name of portfolio	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion

Notes to determine provision for bad debt by portfolio:

If the Company uses the accounts receivable provision for bad debts according to the general model of expected credit loss, please disclose the relevant information of provision for bad debt by referring to the disclosure method of other receivables :

Applicable √ N/A

Analysis by aging

Unit: CNY

Aging	Closing balance
Within 1 year (including 1 year)	424,595,684.45
Total	424,595,684.45

(2) Top five entities with the largest balances of the accounts receivables

Unit: CNY

Company's name	Closing balance	Proportion in the total accounts receivables (%)	Provision amount
Siyang Lantu Liquor Operation Co., Ltd.	315,543,651.44	74.32%	
Hubei Lihuacun Liquor Industry Co., Ltd.	103,684,944.60	24.42%	
Ningxiang Miluochun Trade Co., Ltd.	5,183,266.40	1.22%	
Jiangsu Shuanggou Liquor Operation Co., Ltd.	183,822.01	0.04%	
Total	424,595,684.45	100.00%	

2. Other receivables

Unit: CNY

Item	Closing balance	Opening balance
Dividend receivable	1,812,736,853.55	1,775,818,203.33
Other receivables	399,089,264.75	8,627,951,102.36
Total	2,211,826,118.30	10,403,769,305.69

(1) Dividend receivable

Unit: CNY

Item	Closing balance	Opening balance
Jiangsu Shuanggou Distillery Stock Co., Ltd.	1,775,818,203.33	1,775,818,203.33
Suqian Su Wine Logistics Co., Ltd.	35,000,000.00	
Jiangsu Yanghe Weiketang Network Technology Co., Ltd.	1,918,650.22	
Total	1,812,736,853.55	1,775,818,203.33

(2) Significant dividend receivable for more than 1 year

Unit: CNY

Project	Closing balance	aging	Reasons for non-recovery	impairment and its judgment basis
Jiangsu Shuanggou Distillery Stock Co., Ltd.	1,775,818,203.33	1-2years	not recovered Temporarily	No
Total	1,775,818,203.33	--	--	--

3 Other receivables

(1) Disclosure of other receivable by nature

Unit: CNY

Nature of other receivables	Closing balance	Opening balance
Payments by related parties within the Group	397,751,387.98	8,625,917,478.43
Guarantee deposit	15,060,000.00	15,020,000.00
Business loans and petty cash	575,275.71	1,203,377.75
Other receivables	2,527,992.51	3,768,716.91

Total	415,914,656.20	8,645,909,573.09
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(2) Provision for bad debt

Unit: CNY

Provisions for debts	Phase 1	Phase 2	Phase 3	Total
	Future 12-month ECL	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at 1 January 2021	83,005.77		17,875,464.96	17,958,470.73
Change of opening balance as at 1 January 2021 in current period				
Provision in 2021				
Reverse in 2021	25,079.28		1,108,000.00	1,133,079.28
Balance as at 31 December 2021	57,926.49		16,767,464.96	16,825,391.45

Significant change of the book balance of provision during the period

Applicable v N/A

Other receivables by aging

Unit: CNY

Aging	Closing balance
Within 1 year (including 1 year)	377,596,054.74
1-2 years	7,764,186.25
2-3 years	8,830,032.00
Over 3 years	21,724,383.21
3-4 years	848,000.00
4-5 years	291,400.00
Over 5 years	20,584,983.21
Total	415,914,656.20

(3) Provision, recovery or reversal for bad debt during this period

Provision for bad debt during this period :

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovered or reversed	Writeoff	Other changes	
Provision for other receivables bad debt	17,958,470.73		1,133,079.28			16,825,391.45
Total	17,958,470.73		1,133,079.28			16,825,391.45

Significant amount of reversal or recovery during this period:

Unit: CNY

Company name	recovery or reversal	Way of recovery
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(4) Top five entities with the largest balances of the other receivables

Unit: CNY

Company's Name	Category	Closing balance	Aging	Proportion in total receivables	Provisioning amount at period end
Guizhou Guijiu Co., Ltd.	Loan	351,151,923.52	Within 1 year	84.43%	
Siyang County Blue Sky Packaging Service Co., Ltd	Sale of fixed assets	20,210,379.40	Within 1 year	4.86%	
Jiangsu Juntai Properties Co., Lt., Suqian Guotai Department Store Co., Ltd.	Deposit	15,000,000.00	Over 5 years	3.61%	15,000,000.00
Harbin Binzhou Brewery Co., Ltd.	Loan	14,577,100.00	Within 1 year 400,000.00, 1-2 years 460,000.00, 2-3 years 8,830,000.00, 3-4 years 848,000.00, Over 3 years 4,039,100.00	3.50%	
Suqian Su Wine Logistics Co., Ltd.	Loan	7,505,495.46	Within 1 year 211,309.21, 1-2 years 7,294,186.25	1.80%	
Total	--	408,444,898.38	--	98.20%	15,000,000.00

3. Long-term equity investments

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	7,994,556,728.17		7,994,556,728.17	7,964,291,378.23		7,964,291,378.23
Total	7,994,556,728.17		7,994,556,728.17	7,964,291,378.23		7,964,291,378.23

(1) Investment in subsidiaries

Unit: CNY

Investee	Opening balance	Increase in the current period				Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Provision for impairment	Others		
Suqian Yanghe Guibinguan Co., Ltd.	700,000.00					700,000.00	
Jiangsu Shuanggou Distillery Stock Co., Ltd.	1,713,152,320.00				4,147,560.97	1,717,299,880.97	
Su Wine Trade Group Co., Ltd.	285,225,078.23				21,017,788.97	306,242,867.20	
Jiangsu Yanghe Liquor Operation	10,983,280.00					10,983,280.00	

Management Co., Ltd						
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 WineGroup 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 Lionand Sheep Network Technology Co., Ltd.	5,460,000.00				5,460,000.00	
Guizhou Guijiu Co., Ltd.	943,300,000.00				943,300,000.00	
Jiangsu Yanghe Weiketang Network Technology Co., Ltd.	300,000.00				300,000.00	
Yanghe Chile SPA	456,880,000.00				456,880,000.00	
Jiangsu Yanghe Investment Management Co., Ltd.	1,500,000,000.00				1,500,000,000.00	
Yanghe Hong Kong Liquor Co., Ltd.	18,000,000.00				18,000,000.00	
Jiangsu Jiushang Internet Technology Co., LTD.		5,100,000.00			5,100,000.00	
Total	7,964,291,378.23	5,100,000.00			25,165,349,7994	7,994,556,728.17

4. Operating revenue and cost of sales

Unit: CNY

Item	Current period		Previous period	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Primary business	9,855,981,149.71	5,134,136,876.95	9,161,576,332.09	4,195,871,188.04
Other business	620,861,040.12	558,762,391.77	653,598,000.33	607,411,453.26
Total	10,476,842,189.83	5,692,899,268.72	9,815,174,332.42	4,803,282,641.30

Information relating to revenue

				Unit: CNY
Category of Contract	Segment 1	Segment 2		Total
Commodity type				
Including:				
By operating region				
Including:				
Type of market or customer				
Including:				
Type of contract				
Including:				
By the time of commodity transfer				
Including:				
By contract term				
Including:				
By Selling channel				
Including:				
Total				

Information relating to performance obligations

None

Information relating to the transaction price apportioned to the remaining performance obligations:

At the end of this report, the amount of revenue corresponding to the performance obligations with the contracts signed but not performed or not performed is CNY 21,199,823,390.34, of which CNY 12,048,368,518.30 is expected to be recognized in 2022, and CNY 9,151,454,872.04 is expected to be recognized in 2023. CNY 0.00 is expected to be recognized as revenue in the year.

5. Investment income

Unit: CNY

Item	Current period	Previous period
Investment income from long-term equity investments under the equity method	3,816,035,295.48	6,249,926,000.50
Investment income from disposing long-term equity investments		
Investment income from financial assets held for trading during the holding period	10,199,080.04	6,204,748.21
Investment income from disposal of financial assets held for trading	198,932,628.59	212,610,583.98
Total	4,025,167,004.11	6,468,741,332.69

XIV. Supplementary information

1. Detailed statement of non-recurring profits and losses

Applicable N/A

Unit: CNY

Item	Amount	Notes
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Profit or loss from disposal of non-current assets	-10,687,905.76	
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 a fixed amount or quantity in accordance with the state's uniform standards)	87,366,302.47	
In addition to the effective hedging business related to the company's normal business operations, changes in fair value from holding financial assets held for trading, derivative financial assets, financial liabilities held for trading, fair value changes, and investment income from disposal of financial assets held for trading and derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	153,349,470.08	
Reversal of the impairment provision for receivables subject to separate impairment test	12,009,031.70	
Other non-operating income and expense except the items mentioned above	-31,556,128.88	
Other profit and loss items that conform to the definition of non-recurring profits and losses	3,484,445.51	
Less: Effect of income tax	79,096,331.61	
Effect of minority equity	-55,656.60	
Total	134,924,540.11	--

Specific details of other profit and loss items that conform to the definition of non-recurring profits and losses

Applicable √ N/A

The Company does not have any Specific details of other profit and loss items that conform to the definition of non-recurring profits and losses

Statement for extraordinary gain and loss items that the Company defines according to the definition in "Explanatory Announcement of Information Disclosure of Company that Issues Securities publicly No.1- Extraordinary Gain and Loss" and definition of recurrent gain and loss items that are listed as extraordinary gain and loss in the "Explanatory Announcement of Information Disclosure of Company that Issues Securities publicly NO. 1- Extraordinary Gain and Loss":

Applicable √ N/A

2. Return on equity and earnings per share

Profit during reporting period	Weighted average ROE	EPS(CNY/Share)	
		Basic EPS	Diluted EPS

Net profits attributable to ordinary shareholders of the Company	18.55%	5.0141	5.0141
Net profits attributable to ordinary shareholders of the Company after deduction of extraordinary gain and loss	18.22%	4.9239	4.9239

3. Other