### 2020 Semi-annual Report of Suning.Com Co., Ltd.



August 2020

### **Section I Important Notices and Table of Contents**

The Board of Directors, Board of Supervisors, directors, supervisors and senior management hereby ensure that the contents contained in the semi-annual report are authentic, accurate and complete and there are no false records, misleading statements or major omissions therein, and undertake to assume joint and several liabilities accordingly.

Zhang Jindong, board chairman of the Company, Huang Wei, chief financial officer, and Hua Zhisong, fiscal principal (person in charge of Accounting Department) state that they guarantee the authenticity, accuracy and completeness of the financial statements in the semi-annual report.

All directors of the Company have attended the board meeting of deliberating the semi-annual report in person. Chairman Zhang Jindong, directors Yang Guang and Xu Hong and independent directors Fang Xianming and Chen Zhenyu attended in communication mode due to official business.

Warning about non-standard audit opinions

 $\square$  Applicable  $\sqrt{}$  Not applicable

Warning about risk of involvement of forward-looking statements in the semi-annual report, such as future plan

Forward-looking statements, such as future plans covered in this report are not regarded as the actual commitment to investors who should be alert to investment risks.

Is the Company required to comply with the disclosure requirement for special industry?

Yes

Retail-related industries

Semi-annual profit distribution plan or the conversion plan of public reserves into issued shares in the reporting period approved by the Board of Directors

 $\square$  Applicable  $\sqrt{}$  Not applicable

The Company does not plan to distribute cash dividends, give bonus share or convert accumulation fund to share capital.

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### Section II Company Profile and Primary Financial Indexes

#### I. Company Information

Stock abbreviation	SUNING.COM	Stock code	002024
Changed stock abbreviation			
Stock exchange	Shenzhen Stock Exchange		
Chinese title of the Company	Suning.Com Co., Ltd.		
Company Name in Chinese for Short	SUNING.COM		
Company Name in English	SUNING.COM CO.,LTD.		
Company Name in English for Short	SUNING.COM		
Legal representative of the Company	Zhang Jindong		

#### **II. Contact Information**

	Secretary of the Board of Directors	Representative for Securities Affairs			
Name	Huang Wei	Liu Jie			
Address	No. 1 Suning Avenue, Xuanwu	lo. 1 Suning Avenue, Xuanwu District, Nanjing City, Jiangsu Province			
Tel.	025-84418888-888122/888480				
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E-mail	stock@suning.com				

#### **III. Other Conditions**

#### 1. Company Contact

Are the registered address, office address and postcode, website and e-mail address of the Company changed during the reporting period

 $\square$  Applicable  $\sqrt{}$  Not applicable

The registered address, office address and postcode, website and e-mail address of the Company remain unchanged during the reporting period. Please refer to the 2019 annual report for details.

#### 2. Information Disclosure and Preparation Place

Is the information disclosure and preparation place changed during the reporting period

 $\square$  Applicable  $\sqrt{}$  Not applicable

The name of the newspaper for information disclosure selected by the Company, the website designated by China's Securities Regulatory Commission (CSRC) for publishing the semi-annual report, and the semi-annual report preparation place remain unchanged during the reporting period. Please refer to the 2019 annual report for details.

#### 3. Other Related Information

Are other relevant information changed during the reporting period

 $\square$  Applicable  $\sqrt{}$  Not applicable

#### **IV. Main Accounting Data and Financial Indicators**

Whether the accounting data of the previous years is required to be subject to retroactive adjustment or restatement?

□ Yes √ No

Unit: RMB 1,000

Item (note)	Reporting period	Same period of last year	Increase and decrease of current period compared with that of last year	
Operating revenue	118,423,830	135,571,179	-12.65%	
Net profit attributable to shareholders of the listed company	-166,597	2,139,465	-107.79%	
Net profit to the listed company shareholders after deducting	-745,111	-3,189,780	76.64%	

nonrecurring gain or loss			
Net cash flows from business activities	204,547	-10,267,957	101.99%
Basic earnings per share (EPS) (RMB/share)	-0.0182	0.2328	-107.82%
Diluted EPS (RMB/share)	-0.0182	0.2316	-107.86%
Weighted average return on net assets	-0.19%	2.63%	-2.82%
Items	At the end of the reporting period	At the end of last year	Increase or decrease at the end of the reporting period compared with the end of last year
Total assets	230,101,169	236,855,045	-2.85%
Net assets attributable to the shareholders of the listed company	87,508,402	87,921,915	-0.47%

Note 1: The net cash flow from business activities in the second quarter of 2020 was RMB 4.130 billion, which was significantly improved compared with the same period of last year and the first quarter of 2020.

Note 2: In the second quarter of 2020, the net profit attributable to shareholders of the listed company is RMB 384 million. After deducting the net profit of non-recurring profits, the loss is about RMB 245 million, which will continue to improve compared with the same period of last year and the first quarter of 2020.

Note 3: Basic earnings per share and weighted average return on net assets were calculated and filled in based on net profit attributable to shareholders of the listed company. According to the Accounting Standards for Business Enterprises No. 34–Earnings per Share, the basic earnings per share of the Company during the reporting period reduced by 152,493,839 repurchased shares.

The Company's total issued capital as of the previous trading day before disclosure:

Total issued capital (share) as of the previous trading day of disclosure	9,124,551,203
Fully diluted earnings per share calculated as per the latest total	-0.0183

issued capital (RMB/share)	

Note: According to the *Rules for the Implementation of Shares Repurchase by Listed Companies in Shenzhen Stock Exchange*, the outstanding total issued capital shall be that with the number of shares in repurchased special account deducted when listed companies calculates earnings per share and other related indicators in regular report. "Total issued capital (share) as of the previous trading day of disclosure" shall be that with the number of shares in repurchased special account deducted.

## V. Differences of Accounting Data under Domestic and Foreign Accounting Standards

## 1. Differences of net profits and net assets in financial reports disclosed under international accounting standards and Chinese accounting standards

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no difference of net profits and net assets in financial reports disclosed under international accounting standards and Chinese accounting standards during the reporting period of the Company.

## 2. Differences of net profits and net assets in financial reports disclosed under foreign accounting standards and Chinese accounting standards

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no difference of net profits and net assets in financial reports disclosed under foreign accounting standards and Chinese accounting standards during the reporting period of the Company.

## 3. Reasons for differences between accounting data under Chinese and foreign accounting standards

 $\square$  Applicable  $\sqrt{Not}$  applicable

#### VI. Items and Amount of Non-recurring Gain or Loss

Unit: RMB 1,000

Items	Amount
Gain or loss on disposal of non-current assets (write-off part of impairment provision of assets)	-9,706
Government subsidies included in the current gain or loss, except those which are closely related to the Company's businesses, and to which the Company is continuously entitled on the basis of a certain standard quota or fixed amount	580,402
Gain or loss from fair value changes generated by the holding of trading	-588,371

financial assets and liabilities, and derivative financial assets and liabilities, as well as investment income from the disposal of trading financial assets and liabilities, derivative financial assets and liabilities and other debt investment, except gain or loss from effective hedging operations related to the Company's normal business operations.	
Non-operating revenues and expenses other than the items above	76,518
Investment income from disposal of subsidiaries	768,694
Minus: Affected income tax	242,146
Affected minority equity (after-tax)	6,877
Total	578,514

Reasons shall be given for the explanatory gain or loss items defined according to Explanatory Announcement No.1 on Information Disclosure for Companies Issuing Their Securities to the Public - Non-recurring Gain or Loss and those listed in Explanatory Announcement No.1 on Information Disclosure for Companies Issuing Their Securities to the Public - Non-recurring Gain and Loss, which are defined as recurrent gain or loss items.

#### $\square$ Applicable $\sqrt{Not}$ applicable

No explanatory gain or loss items defined according to and listed in Explanatory Announcement No.1 on Information Disclosure for Companies Issuing Their Securities to the Public - Non-recurring Gain or Loss have been defined as recurrent gain or loss items in the reporting period.

### **Section III Summary of Company Business**

#### I. Main Businesses of the Company in the Reporting Period

Is the Company required to comply with the disclosure requirement for special industry?

Yes

Retail-related industries

## 1. Development status of retail industries and the information relating to industry position of the Company in the reporting period

Affected by the epidemic, problems such as restrained consumer demand and slow recovery of consumer confidence have brought great challenges to the development of the retail industry. In the first half of 2020, the total retail sales of consumer goods decreased by 11.4% on a year-on-year basis, while the total online retail sales on a national scale increased by 7.3% on a year-on-year basis; according to the statistics of China National Commercial Information Center, the retail sales of consumer goods in brick-and-mortar stores has decreased by 17.7% on a year-on-year basis, which is below the market average.

Facing the external environment, the Company gave full play to the core capability of smart retail, accelerated the development of online business while slowly recovering offline business, realized the continuous increasing of online business, and made every effort to promote social community marketing, online sales and home delivery business; accelerated the development of third-party platform, so as to achieve rapid growth of FMCGs, general merchandise and personal care products; strengthened ecosystem empowerment by external empowerment in supply chains, service and omni-channel operating capacity accelerated by the Company for years so as to speed up the development of retail cloud business.

Affected by the epidemic in the first half of the year, the revenue at the end of the reporting period failed in meeting the transfer conditions for the right of control and was listed in contract liabilities, resulting in a decrease in the corresponding revenue. From January to June, the revenue of the Company is RMB 118.424 billion, with a year-on-year decrease of 12.65%. However, due to the accelerated opening-up empowerment, the gross merchandise volume is RMB 194.098 billion (including tax) from January to June, with a year-on-year growth of 5.37%, including a year-on-year growth of 20.19% in online gross merchandise volume (RMB 134.796 billion) (including tax), leading the proportion of online gross merchandise volume increased to 69.45%.

#### 2. Main businesses of the Company in the reporting period

#### Retail business

During the reporting period, the Company focused on omni-channel operation, accelerated the network layout of stores offline, and rapidly promoted the development of lower-tier markets and of online third-party platforms; continuously improved the commodity management capability, perfected the commodity supply chain, and strengthened the professional operation capability; continuously increased the logistics service quality, consummated the warehouse and distribution network construction, and advanced the logistics operation efficiency.

#### > Omni-channel operation

On one hand, the Company has actively responded to the offline market challenges, accelerated store adjustment, promoted the partnership mechanism of stores, optimized the benefit distribution mechanism and improved work efficiency; the store sales volume of comparable stores in the second quarter has achieved some improvements compared to that in the first quarter; it also accelerated the development of low-tier market and retail cloud business. In the first half of 2020, 1,563 new Retail Cloud Stores for Suning.Com has been opened for business, and the gross merchandise volume has increased by 61.2% on a year-on-year basis.

On the other hand, the Company has kept deepening Internet operation in the stores and empowered employees through tools such as Tuike, Tuoke, Cloud Store applets and store live streaming. In the first half of 2020, orders of Suning Tuike from the stores has increased by 113.80% on a year-on-year basis and more than 450,000 live broadcasts have been conducted in the stores. Relying on Carrefour's supply chain capability and Suning's Internet operation capability, the home delivery business of Carrefour has achieved rapid growth, with the proportion of customer volume coming from Suning ecosystem continuously increasing. In June, cloud store channel of Suning.Com was launched, in which instant home delivery of merchandise from stores has been achieved, and online shopping guides, after-sales and other services for the stores have been realized. Therefore, omni-channel commodity management and user service capabilities of stores have been improved.

The richness of online commodities has kept growing by combining self-operated platforms and third-party platforms; forwarding for social community marketing has been strengthened through the cooperation among Suning Tuike, Suning Group Purchase, SuTuan, Suning Live and short video platforms so as to achieve accurately launch, improvement and transformation of users and commodities; besides, seizing the May 1 and peak seasons of air conditioning promotion, consumer demands should have been activated by multiple promotion ways such as launching 24-month interest-free installment and issuing consumer vouchers.

As a result, the number of members has kept growth, with 46.83 million newly registered users in the first half of 2020, and the number of active users has increased by 22.37% in June on a year-on-year basis. Moreover, the re-purchase frequency of users also increased and the user stickiness has been further enhanced. As of June 30, the number of registered members for the retail of the Company has reached 602 million.

Overall, from January to June, the Company realized online gross merchandise volume of RMB 134.796 billion (tax inclusive), with a YoY growth of 20.19%, of which gross merchandise volume of third-party platform of RMB 53.133 billion (tax inclusive), with a YoY growth of 63.71%.

#### > Commodity management

The construction of 3C supply chain of household appliances has been further consolidated, and the development of FMCGs has been accelerated. With Carrefour China as the core, the Company integrated the bi-line supply chain, achieved a fast breakthrough in the field of FMCGs, and strengthened the promotion and building of the users' mind. In the first half of 2020, the gross volume of FMCGs and general merchandises has increased by 106.70% on a year-on-year basis.

To speed up the development of C2M, the Company, on the one hand, has expanded the development of independent products ranging from electrical appliances to FMCGs so as to create a matrix of Suning ecological self-owned FMCGs, including fresh grain and oil of SuFresh, non-food products of Sufriend, baby and maternal products of Lacute and other products of the Company's own brands. On the other hand, the Company has provided customized products for different user groups to realize incubation and promotion of brand owners through C2M reverse customization, industrial belt and group purchase villages, such as the small and medium-sized factories in the industrial belt integrated by the Company in the first half of 2020 for gradually cultivation of Jiangsu-Zhejiang-Guangdong Industrial Belt. Suning.Com has abundant user data and multi-scenario channel resources, which could provide complete C2M value chain services for brand owners and partners.

The Company accelerated the development of third-party platforms, improved the construction of platform ecosystem continuously, further empowered merchants by strengthening personalized recommendation, improving smart marketing tool construction, opening warehouse distribution services and other measures, promoted the distribution and transformation of customer volume continuously, and improved the operating efficiency of merchants so as to keep continuous enrichment of commodities on the platforms. In the first half of 2020, the proportion of non-electrical appliance merchants in the third-party platforms of the Company has increased to 87%, and the number and activity of merchants have also increased greatly.

#### Logistics service

During the reporting period, Suning Logistics continued to strengthen the construction and improvement of warehousing facilities, optimize the logistics operation efficiency and improve the service quality, accelerate the opening and increase the resource utilization.

In terms of logistics and warehousing network construction, one logistics base has been delivered for use in the first half of 2020, and three new logistics bases have been constructed and expanded. The licenses of logistics and warehouse land in Nanjing, Suzhou, Xi'an and other 2 cities have been received. By June 2020, 58 logistics bases in 44 cities have been put into operation by the Company, and 20 logistics bases in 18 cities are under construction and expansion. The investment and operation of Suning Logistics Real Estate Fund has been promoted continuously by Suning Logistics. And the issuance of logistics facility asset fund for the third phase has been completed in the first half of 2020.

In terms of logistics operation, Suning Logistics has been providing the users with "delivery within 1 h" instant distribution, "delivery within half-day" and "three-delivery in a day" service relying on the Company's brick-and-mortar stores, fast picking warehouses of Carrefour stores; Suning Logistics has made further improvement in after-sales service ability in the rural market as the arrangement of Suning.Com Cloud Store has developed rapidly; the partnership mechanism of terminal outlets for Suning Logistics has been promoted and terminal logistics nodes have been empowered to improve the operating efficiency.

Suning Logistics has enlarged its opening up, enhanced its socialized management capability, gave full play to the advantages in warehouse size and focused on integrated warehouse distribution services with its partners in industries of 3C household appliances, home decoration, fresh food,

general merchandise, maternal and infant products, fitness equipment, etc. As of the end of June, the opened area of warehouse property has increased by 77.77% on a year-on-year basis.

In addition, in the first half of 2020, Suning Logistics actively fulfilled its social responsibilities and utilized the national warehouse and distribution network for supporting the transportation of epidemic prevention supplies, which effectively guaranteed the immediate supply of people's livelihood.

#### ■ Construction of the Company's store network

#### (1) Development of chain network

The Company has accelerated its store adjustment as the external environment for the industrial development was weak, especially the impact of the epidemic on store operations in the first quarter, and paid more attention to the arrangement of "big stores", represented by Suning.Com Plaza and Suning.Com Cloud Stores, in the first-and second-tier markets. As of June 30, 2020, Suning.Com Cloud Stores accounted for nearly 45% of the 3C specialty stores (excluding supermarket stores) for household appliances in the first-and second-tier markets. Relying on Carrefour, the Company has developed community life centers, and paid attention to the construction of localized supply chain and the development of home business. With 1 new store of Carrefour Supermarket and 7 stores in reserve. And the Company has accelerated its expansion in Retail Cloud franchised stores of Suning.Com in third-and fourth-tier markets as per its established plans.

From January to June, there were 14 new 3C Speciality Stores, while 213 such stores were closed; there were 3 new Redbaby maternal and infant stores, while 32 such stores were closed; 7 SuFresh supermarkets were closed in the reporting period, 8 SuFresh supermarkets in operation were incorporated into Carrefour China for unified operation in order to effectively integrate resources, with 1 new Carrefour supermarket and 2 Carrefour supermarkets closed; two stores in Hong Kong were closed in the reporting period. There were 1,563 new Retail Cloud franchised stores of Suning.Com. And 636 direct-sale Suning.Com stores were closed. The Company will continue to make dynamic adjustments to stores in combination with the development of consumer market, and strengthen the terminal empowerment to improve the operating quality of stores.

As of June 30, 2020, the Company had 2,756 self-owned stores of various types, with a store property area of 7,488,200 m<sup>2</sup>, including 330,800 m<sup>2</sup> of self-owned store property area and 1,726,000 m<sup>2</sup> of property area through innovative asset operation and long-term stable cooperation with large real estate developers. There were 5,926 Retail Cloud franchised stores of Suning.Com.

#### 1) Distribution of the stores already opened at the end of the reporting period

① Distribution based on the operating format

Unit: stores, 10,000 m<sup>2</sup>

June 30, 2020

	Quantity	Area	Area ratio
Suning.Com Plaza (Note)	37	98.28	13.12%
3C Speciality Store	2,108	479.97	64.10%
Direct-sale stores of Suning.Com	197	8.52	1.14%
Carrefour Supermarket	240	145.86	19.48%
RedBaby	146	15.55	2.08%
Hong Kong stores	28	0.64	0.08%
Total	2,756	748.82	100.00%

Note: 1. Since all vertical speciality stores opened by the Company in Suning.Com Plaza have been included in the stores of various types of business, only department stores are counted here, the same as below.

- 2. The area refers to the usable area agreed in the contracts signed with stores, the same as below.
- 2 Distribution based on the location of stores

	Suning Pla		3C Specia	ality Store	RedB	aby	Carrefour supermarket stores		Direct <sup>.</sup> store Suning	s of
	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area
East China Region I	7	17.86	502	110.73	64	6.66	29	19.05	42	1.61
East China Region II	7	19.66	363	74.17	13	1.49	63	28.39	19	0.68
Central China Region	4	9.79	210	46.40	8	0.73	16	10.24	39	1.65
South China	2	5.23	241	46.50	15	1.79	26	16.98	17	0.81

	Suning Pla		3C Specia	ality Store	RedB	aby	Carrefour supermarket stores		Direct-sale stores of Suning.Com	
	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area
Region										
North China Region	8	22.05	228	63.38	8	0.85	37	23.09	22	1.17
Southwest China Region	3	7.01	290	74.92	33	3.40	40	27.71	21	1.09
Northwest China Region	3	8.15	112	31.98	5	0.63	3	1.82	8	0.39
Northeast China Region	3	8.53	162	31.89	-	-	26	18.58	29	1.12
Total	37	98.28	2,108	479.97	146	15.55	240	145.86	197	8.52

Note: East China Region I includes Jiangsu, Anhui and Shandong;East ChinaRegion II covers Shanghai, Fujian, Zhejiang and Jiangxi;East China

South China Region includes Guangdong, Guangxi and Hainan;North ChinaRegion covers Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia;North China

Southwest China Region includes Sichuan, Chongqing, Yunnan, Guizhou and Tibet; Central China Region covers Hubei, Hunan and Henan;

Northeast China Region includes Liaoning, Heilongjiang and Jilin; Northwest China Region covers Shaanxi, Gansu, Qinghai, Xinjiang and Ningxia.

It is the same as below.

3 Distribution based on the market type of stores

	Suning.Com Plaza	3C Speciality Store	RedBaby	Carrefour supermarket stores	Direct-sale stores of
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									Suning	.Com
	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area
Primary market	25	69.34	702	190.94	58	6.68	198	118.74	21	1.03
Secondary market	12	28.94	736	165.35	60	6.26	36	23.30	41	1.78
Tertiary market	-	-	614	114.53	28	2.61	6	3.82	96	4.49
Fourth market	-	-	56	9.15	-	-	-	-	39	1.22
Total	37	98.28	2,108	479.97	146	15.55	240	145.86	197	8.52

Note: Primary market refers to cities above sub-provincial level; secondary market refers to prefecture-level cities beyond primary market; tertiary market refers to the counties and county-level cities under the jurisdiction of primary and secondary market or the outer suburban districts of primary and secondary market; fourth market mainly refers to town-level cities.

#### 2) Changes of stores in the reporting period

(1) Based on the operating format

	New stores (opened from January to June 2020)		Closed stores (closed from January to June 2020)		Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
3C Speciality Store	14	3.96	213	44.44	-199	-40.48
RedBaby	3	0.24	32	3.89	-29	-3.65
Carrefour Supermarket (note)	9	2.64	2	1.43	7	1.21
Direct-sale stores of Suning.Com	-	-	636	18.08	-636	-18.08

Hong Kong stores	-	-	2	0.04	-2	-0.04
Total	26	6.84	885	67.88	-859	-61.04

Note: 8 of them were transferred from the original SuFresh Supermarket.

#### 2 Based on the location of stores

	3C Speciality Store					
	New stores (opened from January to June 2020)			es (closed from o June 2020)	Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
East China Region I	3	0.30	35	6.37	-32	-6.07
East China Region II	2	0.49	29	6.62	-27	-6.13
Central China Region	3	0.77	21	3.96	-18	-3.19
South China Region	1	0.23	43	8.77	-42	-8.54
North China Region	1	0.28	19	3.89	-18	-3.61
Southwest China Region	2	1.52	39	9.30	-37	-7.78
Northwest China Region	-	-	17	3.36	-17	-3.36
Northeast China Region	2	0.37	10	2.17	-8	-1.8
Total	14	3.96	213	44.44	-199	-40.48

	RedBaby					
	New stores (opened from January to June 2020)			es (closed from o June 2020)	Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
East China Region I	-	-	11	1.43	-11	-1.43
East China Region II	-	-	6	0.55	-6	-0.55
Central China Region	1	0.10	4	0.49	-3	-0.39
South China Region	-	-	3	0.30	-3	-0.30
North China Region	-	ŀ	4	0.46	-4	-0.46
Southwest China Region	2	0.14	3	0.54	-1	-0.40
Northwest China Region	-	-	1	0.12	-1	-0.12
Northeast China Region	-	-	-	-	-	-
Total	3	0.24	32	3.89	-29	-3.65
			Carrefour Supe	rmarket		
	New stores (opened from January to June 2020)Closed stores (closed from January to June 2020)New		Net increas decrea			
	Quantity	Area	Quantity	Area	Quantity	Area
East China Region I	5	1.51	1	0.52	4	0.99

East China Region II	1	0.36	1	0.91	-	-0.55
Central China Region	-	-	-	-	-	-
South China Region	1	0.11	-	-	1	0.11
North China Region	1	0.18	-	-	1	0.18
Southwest China Region	1	0.48	-	-	1	0.48
Northwest China Region	-	-	-	-	-	-
Northeast China Region	-	-	-	-	-	-
Total	9	2.64	2	1.43	7	1.21
		Dire	ct-sale stores of	Suning.Com		
	New stores ( January to			es (closed from o June 2020)	Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
East China Region I	-	-	125	3.11	-125	-3.11
East China Region II	-	-	66	1.97	-66	-1.97
Central China Region	-	-	73	1.69	-73	-1.69
South China Region	-	-	110	2.69	-110	-2.69

North China Region	-	-	56	1.82	-56	-1.82
Southwest China Region	-	-	104	3.46	-104	-3.46
Northwest China Region	-	-	64	2.07	-64	-2.07
Northeast China Region	-	-	38	1.27	-38	-1.27
Total	-	-	636	18.08	-636	-18.08

 $\ensuremath{\textcircled{3}}$  Changes according to market type

	3C Speciality Store					
	New stores (opened from January to June 2020)			res (closed from to June 2020)	Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
Primary market	4	2.10	69	18.54	-65	-16.44
Secondary market	7	1.43	43	8.33	-36	-6.90
Tertiary market	3	0.43	89	16.00	-86	-15.57
Fourth market	-	-	12	1.57	-12	-1.57
Subtotal	14	3.96	213	44.44	-199	-40.48
	RedBaby					
	New stores (opened from January to June 2020)		Closed stores (closed from January to June 2020)		Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area

				<u></u>		
Primary market	2	0.14	9	1.01	-7	-0.87
Secondary market	1	0.10	15	1.91	-14	-1.81
Tertiary market	-	-	8	0.97	-8	-0.97
Fourth market	-	-	-	-	-	-
Subtotal	3	0.24	32	3.89	-29	-3.65
			Carrefour Supe	ermarket		
	New stores (opened from January to June 2020)			res (closed from to June 2020)	Net increa	
	Quantity	Area	Quantity	Area	Quantity	Area
Primary market	7	2.13	1	0.91	6	1.22
Secondary market	2	0.51	1	0.52	1	-0.01
Tertiary market	-	-	-	-	-	-
Fourth market	-	-	-	-	-	-
Subtotal	9	2.64	2	1.43	7	1.21
		Direc	ct-sale stores o	f Suning.Com		
		opened from June 2020)		res (closed from to June 2020)	Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
Primary market	-	-	32	1.19	-32	-1.19
Secondary market	-	-	62	2.34	-62	-2.34
Tertiary market	-	-	356	10.23	-356	-10.23

Fourth market	-	-	186	4.32	-186	-4.32
Total	-	-	636	18.08	-636	-18.08

#### (2) Performance of comparable stores in the reporting period

#### > 3C Speciality Store

Under the influence of weak external market environment, the offline retail revenue of the Company's comparable stores (referring to stores opened on or before January 1, 2019, excluding stores in Hong Kong) has decreased by 33.30% and the area-effectiveness has decreased by 31.54% on a year-on-year basis.

In the second quarter, the Company actively promoted measures for old for new service, one-stop service of delivery and installation, and seized peak seasons for promotion and Internet operation of stores, so as to promote further recovery of customer volume for the stores. And the sales volume of comparable stores has been improved compared with that of the first quarter. At the same time, the adjustment and optimization of business area was accelerated, and the area-effectiveness was also greatly improved compared with the first quarter, with an increase of 38.01%.

#### Redbaby maternal and infant stores

The maternal and infant stores are located mainly in shopping centers. Affected by the epidemic situation in the first half of 2020, business hours, customer volume, etc. of the shopping centers were not as good as expected bringing an influence on the sales volume of Redbaby in the short run. In the first half of 2020, the offline retail revenue of comparable stores has decreased by 17.53% on a year-on-year basis, and the sales volume of comparable stores in the second quarter has improved compared to that in the first quarter. In terms of area-effectiveness, the optimization of operating area was accelerated,. The area-effectiveness of stores declined in the first half of the year, but the area-effectiveness in the second quarter increased by 15.74% compared with the first quarter. Redbaby stores will focus on omni-channel integration development and promote steady business growth through online sales.

Table 1 Based on the Operating Formats of Stores

Unit: RMB / square meter

	Area-effe		
	Amount	YoY change	YoY change of revenue
3C Speciality Store	10,229.10	-31.54%	-33.30%
RedBaby	6,019.96	-10.48%	-17.53%

Note: In terms of financial accounting, the Company regards subsidiaries as the accounting unit and the revenue of stores is considered as the criteria of internal management report and the statistics on the

income of stores paid by the consumers (without tax); the same as below. Area-effectiveness refers to the annual sales income per square meter of stores in various formats, and the calculation formula is semi-annual sales income/weighted area \*2, the same below.

#### Table 2 Based on the Market Level of Stores

#### Unit: RMB / square meter

		3C Specialit	y Store	Maternal and infant store			
	Area-effe	ctiveness	VoV shanga of	Area-effective	ness	VaV shansa of	
	Amount	YoY change	YoY change of revenue	Amount	YoY change	YoY change of revenue	
Primary market	12,988.91	-33.08%	-34.89%	5,552.59	-13.35%	-21.54%	
Secondary market	8,728.05	-29.75%	-31.94%	5,845.45	-11.19%	-17.86%	
Tertiary market	8,030.13	-30.26%	-31.43%	7,503.99	-4.19%	-8.92%	
Fourth market	9,543.01	-28.88%	-30.11%	-	-	-	
Total	10,229.10	-31.54%	-33.30%	6,019.96	-10.48%	-17.53%	

Table 3 Based on the Location of Stores

#### Unit: RMB / square meter

	3C Speciality Store			Maternal and infant store			
	Area-effectiveness		YoY change of	Area-effectiveness		VoV shappe of	
	Amount	YoY change	revenue	Amount	YoY change	YoY change of revenue	
East China Region I	12,068.62	-24.72%	-26.89%	6,381.39 -12.07%		-20.02%	
East China	10,919.64	-27.06%	-28.82%	3,805.68	-16.41%	-21.55%	

Region II						
Central China Region	7,665.47	-40.43%	-41.43%	7,696.26	7.52%	-7.65%
South China Region	10,182.94	-27.81%	-31.28%	6,063.71	-0.46%	-4.08%
North China Region	10,835.54	-34.06%	-35.34%	4,747.92	-37.42%	-37.60%
Southwest China Region	9,279.88	-37.69%	-38.30%	6,218.41	-10.12%	-15.91%
Northwest China Region	8,194.44	-36.23%	-36.88%	3,710.46	-17.78%	-28.36%
Northeast China Region	8,954.84	-38.17%	-41.93%	-	-	-
Total	10,229.10	-31.54%	-33.30%	6,019.96	-10.48%	-17.53%

(3) Information of stores with gross merchandise volume ranking top 10 from January to June in 2020

Unit: square meter

N 0.	Store name	Address	Opening date	Contract area	Operatin g format	Busine ss model	Property ownership status
1	Nanjing Xinjiekou Store	Baixia District, Nanjing City	1999/12/28	16,490.35	3C househo ld applianc es	Direct sales	Properties leased
2	Chongqing Guanyin Bridge Pedestrian Street Store	Jiangbei District, Chongqing City	2006/10/1	13,812.69	3C househo ld applianc es	Direct sales	Other ownership status (note)
3	Chengdu Tianfu	Chengdu	2011/1/22	9,342.00	3C	Direct	Properties

N 0.	Store name	Address	Opening date	Contract area	Operatin g format	Busine ss model	Property ownership status
	Interchange Store	Hi-Tech Industrial Development Zone			househo ld applianc es	sales	leased
4	Shanghai Changning Road Store	Changning District, Shanghai	2005/10/1	10,582.16	3C househo Id applianc es	Direct sales	Properties leased
5	Wuxi Suning Plaza Store	Liangxi District, Wuxi City	2013/9/30	15,928.23	3C househo ld applianc es	Direct sales	Properties leased
6	Beijing Lianxiang Store	Haidian District, Beijing	2002/10/1	10,195.85	3C househo ld applianc es	Direct sales	Properties leased
7	Shanghai Wujiaochang Store	Yangpu District, Shanghai	2010/12/25	8,508.73	3C househo ld applianc es	Direct sales	Properties leased
8	Nanjing Shanxi Road Store	Gulou District, Nanjing City	2003/3/15	12,187.02	3C househo ld applianc es	Direct sales	Self-owned properties
9	Tianjin Nanlou Store	Hexi District, Tianjian City	2003/3/15	7,985.96	3C househo ld applianc	Direct sales	Properties leased

N 0.	Store name	Address	Opening date	Contract area	Operatin g format	Busine ss model	Property ownership status
					es		
10	Xi'an Jinhua Road Store	Xincheng District, Xi'an City	2007/10/1	10,165.14	3C househo Id applianc es	Direct sales	Other ownership status (note)

Note: The Company obtained long-term stable stores by implementing innovative operation of assets, including Chongqing Guanyin Bridge Pedestrian Street Store and Xi'an Jinhua Road Store.

#### (4) Situation of Retail Cloud franchised stores of Suning.Com in the reporting period

Unit: stores

Area	June 30, 2020	December 31, 2019	Increase/decrease in quantity
East China Region I	1,328	1,031	297
East China Region II	647	478	169
Central China Region	917	729	188
South China Region	892	686	206
North China Region	794	652	142
Southwest China Region	756	562	194
Northwest China Region	349	245	104
Northeast China Region	243	203	40
Total	5,926	4,586	1,340

#### (5) Operating revenue of self-owned stores and service income of franchised stores

Retail Cloud is a platform for the Company to empower retailers in lower-tier markets where franchisees can not only share Suning's quality commodity supply chain capabilities, but also can continuously improve customer experience and operating efficiency by relying on Suning's

capabilities in logistics, financial services and technologies. Retail Cloud franchised stores have developed rapidly, with 1,563 new franchised stores opened during the reporting period, a total of 5,926 stores at the end of the reporting period and 2,014 stores in reserve. The Company charged franchisees the franchise fee, brand fee and technical service fee. During the reporting period, the absolute value of service revenue related to Suning Retail Cloud business was low, but it grew rapidly. Retail Cloud is an effective practice for the Company to transform and upgrade retail service providers in low-tier markets. The Company will firmly promote its development and the revenue of related cloud services will also increase.

#### II. Significant Changes in Main Assets

#### 1. Significant changes in main assets

Main Assets	Description of Significant Changes
	As of June 30, 2020, the balance of long-term equity investment showed a decrease of 2.03% compared with that at the beginning of the period, with no major change.
	As of June 30, 2020, the balance of fixed assets showed a decrease of 3.15% compared with that at the beginning of the period, with no major change.
Ŭ	As of June 30, 2020, the balance of intangible assets showed a decrease of 3.01% compared with that at the beginning of the period, with no major change.
Construction in progress	As of June 30, 2020, the balance of project under construction showed a decrease of 18.52% compared with that at the beginning of the period, with no major change.

Note: Please refer to Section IV Discussion and Analysis on Operation "IV. Analysis of Assets and Liabilities" for detailed major changes in the Company's assets.

#### 2. Main foreign assets

#### Unit: RMB 1,000

	_							
Specific	Causes	Net asset	Location	Operation	Control	Earnings	Proportion of	Whether
contents of		size as of		mode	measures for		foreign	there are
the assets		June 30,			guaranteeing		assets in the	major
		2020			assets		net assets of	impairment
					security		the	risks
							Company	
							belonging to	
							shareholders	
							of listed	
							companies	

Hong Kong Suning Purchase Co., Ltd.	Acquisition	150,304	Hong Kong	Chain retail	Not applicable	3,659,753	0.17%	No
Others	wholesaling billion from 2. The Corr and other I <sup>-</sup> 3. Due to Company s	g and overs January to pany set a T research the needs set / acquire d, Great U	seas purc June, wit n institute and deve of carry ed subsid	chase. The th a YoY gr in Silicon lopment. ing out bu liaries in C Limited, Ci	y achieved a rowth of 85.53 Valley, mainly isiness invest ayman Islands ty Elite Limite	main busir %; engaged ir ment, men s, including	ness revenue n cloud compu gers and acq gGreat Elite L	v retailing and of RMB 3.66 uting, big data uisitions, the imited, Shiny ed and Great

#### **III. Analysis on Core Competitiveness**

Is the Company required to comply with the disclosure requirement for special industry?

Yes

Retail-related industries

# 1. With all-scenario service and marketing capabilities, Suning can accurately reach users in all scenarios, and provide effective brand promotion premium and commodity transformation.

Suning.Com has built the most complete online and offline integrated digital service network. With online multi-access, brick and mortar Internet stores as well as shopping mall and industry format relying on the Group, the Company's commodities can cover the needs and habits of different types and levels of consumer groups from the user end to each radius dimension. Based on the O2O development idea, the Company has realized free switching of online and offline all scenarios in terms of product experience, transaction concluding, interaction form and service demand. All-scenario construction is beneficial for the Company to acquire continuous, stable and low-cost flow.

The empowering output of full scene service and marketing ability and the cooperation with partners, brand owners and third-party merchants help improve brand exposure and product conversion, esp. supporting mid and small brand owners, and further increase the Company's monetization ability and enhance the profit model.

2. With professional commodity supply chain management capability, which is driven by user demands, open and collaborative, Suning can effectively meets the diversified and personalized commodity demands of users, and realize the improvement of supply chain circulation efficiency.

With professional commodity supply chain management capability, all-scenario integrated consumption ecology and strong commodity combination capability, Suning is devoted to building the most professional operation capability of omni-category commodities by equal stress on self-operated and third-party platforms.

By driving eco-manufacturing based on user demands, linking with a wider range of partners, and building an open and collaborative win-win platform, Suning provides customers and small B merchants with goods and services with complete categories, fast supply and high cost performance, and realizes the continuous improvement of supply chain circulation efficiency.

#### 3. With a leading network of in-house logistics network facilities in the retail industry, Suning.Com builds a rich logistics service product matrix relying on the physical locations of offline stores to effectively meet user demands at different time and improve the supply chain performance efficiency.

Suning Logistics built the national warehousing network layout integrating central warehouse, urban warehouse, store warehouse and forwarding warehouse, and enhanced end-to-end supply chain inventory deployment ability through digital technology series, to support the rapid circulation of commodities and form the consumer goods warehousing service ability with wide coverage, fast delivery ability and high efficiency.

Based on the rich resources of offline Internet stores, Suning Logistics provides users with a variety of logistics service products such as instant self-pick-up, delivery within 1 h, delivery within half a day and next-day delivery to meet user demands at different time.

Suning Logistics not only supports the business needs of various formats under Suning's retail ecology, and also outputs the integrated warehouse and distribution service to upstream and downstream merchants in the supply chain and third-party merchants.

### Section IV Discussion and Analysis on Operation

#### I. Overview

Suning's smart retail development started in 2009. Facing the development opportunities brought about by consumption upgrading and technological innovation, the Company actively adapted to the development trend, and comprehensively launched the smart retail development road of omni-category operation, omni-channel expansion and all-customer-group service. After ten years of Internet transformation, Suning has built an industry-leading all-scenario retail ecology, professional supply chain service capability and efficient logistics service network. Suning always insists that service is the only product of Suning, and strengthens its core capabilities centering on the nature of retail. In 2020, Suning defines the development strategy of upgrading from "retailer" to "retail service provider" in the next ten years, which is to strengthen the opening-up of basic capabilities in supply chain, logistics and scenario driven by science and technology, to help more small and medium-sized retailers succeed, and to enable users to obtain services closer and more conveniently.

In terms of supply chain services, Suning will accelerate the construction of third-party platform and establish competitive platform policies and sound merchant service system while strengthening the self-operating capability of core categories;

In terms of logistics services, Suning will further consolidate the construction of logistics infrastructure. Based on the whole value chain service with integrated warehouse and distribution, Suning will accelerate the opening-up and provide integrated logistics solutions for merchants and partners while providing users with the lowest cost and fastest service experience.

In terms of scenarios based service, Suning will continue to promote the all-scenario Internet operation, build an online and offline integrated digital service network, and reach users of all scenarios more efficiently through various channels.

Suning has entered the development stage of all-round opening-up, systematic and socialized output and empowerment, and opened a new space for the development of enterprises.

During the reporting period, relying on the rapid development of third-party platform, organized and systematic output of e-commerce, Suning better integrated the advantages of supply chain, service, large customer platform and community organizations, and Internet business developed rapidly, with online sales accounting for nearly 70%. The Retail Cloud in the county and town markets developed rapidly, with 1,563 new Suning Retail Cloud stores, and a YoY growth of 61.2% in gross merchandise volume.

In the second half of the year, the Company will continue to focus on the retail service provider strategy to further consolidate the all-scenario operation, omni-category development and service capability improvement, and continue to accelerate the opening-up empowerment. At the same time, the Company will carry out supporting organization construction, continuously promote the three modes of partner, profit sharing and stock-based compensation, and further improve the cohesion and enthusiasm of the team. With the implementation of the Company's retail service provider strategy, the Company's core competitiveness will be further enhanced and highlighted.

The Company shall comply with the *Industry Information Disclosure Guide No.* 8 - *Listed Companies Engaging in Retail Business of the Shenzhen Stock Exchange.* 

Please refer to "Section III Summary of Company Business" and "Section IV Discussion and Analysis on Operation" for details.

Unit: RMB 1,000

Items	Reporting period	Same period of last year	YoY increase or decrease (%)
Operating revenue	118,423,830	135,571,179	-12.65%
Cost of revenues	100,620,429	116,532,360	-13.65%
Sales cost	13,408,219	16,428,813	-18.39%
Management cost	2,136,716	2,696,179	-20.75%
R&D cost	1,189,989	1,457,640	-18.36%
Financial cost	1,776,794	1,466,528	21.16%
Operating income	-614,697	1,367,948	-144.94%
Total profit	-538,179	2,035,159	-126.44%
Net profit	-542,107	2,082,896	-126.03%
Net profit attributable to shareholders of the listed company	-166,597	2,139,465	-107.79%

#### 1. Changes in operating revenue

In the first half of the year, COVID-2019 had a great impact on offline sales. Although the Company vigorously developed the Internet business, placed more emphasis on the improvement of efficiency in the category management strategy, and accelerated the opening-up of some categories, the self-operated sales were affected to some extent. At the same time, at the end of the reporting period, some commodity revenue failed in meeting the transfer conditions for the right of control and was listed in contract liabilities, resulting in a decrease in the corresponding revenue. In the first half of the year, the revenue of the Company is RMB 118.424 billion, with a YoY decrease of 12.65%. After accelerating the opening-up empowerment, the Company's gross merchandise volume from January to June is RMB 194.098 billion, with a YoY growth of 5.37%, including a YoY growth of 20.19% in online gross merchandise volume, leading the proportion of online gross

merchandise volume increased to 69.45%.

#### 2. Changes in gross margin

Items	Reporting period	Same period of last year	Increase or decrease
Gross margin of main business	12.15%	12.71%	-0.56%
Gross margin of other business	3.48%	1.59%	1.89%
Comprehensive gross margin	15.63%	14.30%	1.33%

During the reporting period, the online business developed faster than the offline business. Due to the influence of sales structure, the gross margin of main business has obtained a YoY decrease. During the reporting period, the incorporation of Carrefour China into the consolidated statements brought about an increase in store-related service revenue and sublease revenue. The gross margin of other businesses obtained a YoY growth. The Company's comprehensive gross margin obtained a YoY growth of 1.33%. With the further integration of FMCG supply chain, the development of independent products, and the improvement of digital level of stores, the related service revenue will increase, the opening-up of platform and logistics will be accelerated, and the Company's comprehensive gross margin will maintain a steady increase.

Items	Reporting period	Same period of last year	Increase or decrease
Sales cost rate	11.77%	12.34%	-0.57%
Management cost rate	1.88%	2.02%	-0.14%
R&D cost rate	1.04%	1.09%	-0.05%
Operating cost rate	14.69%	15.45%	-0.76%
Financial cost rate	1.56%	1.10%	0.46%
Total expense rate	16.25%	16.55%	-0.30%

#### 3. Changes in three expense ratios

In terms of operating cost rates, the Company enhanced cost control, accelerated structural adjustment of stores, strengthened Internet operation capabilities, and improved the operation efficiency of stores; improved human efficiency (especially to enhance the enthusiasm of staff) through streamlining the organization, promoting the partnership mechanism of stores and logistics; strengthened member operation and precision marketing and paid more attention to input-output

efficiency. The increase in staged financing has led to an increase in financial expenses and the financial expense rate has also increased over the same period. Carrefour China has also continuously promoted cost reduction and efficiency improvement to improve operation efficiency. Meanwhile, due to the merger and acquisition of Wanda Department Store and Carrefour China last year, the amortization of intangible assets increased. In general, the total expense rate of Suning has a decrease of 0.30% compared with the same period of last year.

#### 4. Changes of net profit attributable to shareholders of the listed company

During the reporting period, the Company's non-recurring profits items mainly came from the acquisition of such five logistics project companies as Shandong Boning Suning.Com Commercial and Trading Co., Ltd., Wenzhou Suning Purchase Co., Ltd., Hubei Suning Logistics Co., Ltd., Xi'an Hi-tech Zone Suning Yida Logistics and Storage Investment Co., Ltd. and Tianjin Jinning Yida Logistics Co., Ltd. under SCGC - Suning Yunxiang Warehouse Logistics Facility Asset-backed Special Scheme (epidemic prevention and control). The Company made a net profit of approximately RMB 539 million in this transaction. This transaction revitalized the Company's stock assets, which will enable the Company to return capital for the acquisition of high-quality logistics warehousing assets and the improvement of logistics operation capabilities.

In conclusion, during the reporting period, the Company's net profit attributable to shareholders of the listed company is RMB -167 million. During the same period, due to the increase of investment income brought by Suning Convenience Stores (CVS)'s statement, the net profit attributable to shareholders of the listed company decreased year-on-year.

#### II. Main Business Analysis

#### 1. Revenue and cost

#### (1) Composition of operating revenue

Unit: RMB 1,000

	Reporting period		Same period of last year			
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	YoY increase or decrease	
Total operating revenue	118,423,830	100%	135,571,179	100%	-12.65%	
Main business revenue	113,909,732	96.19%	133,166,871	98.23%	-14.46%	
Other business revenue	4,514,098	3.81%	2,404,308	1.77%	87.75%	
Main business by industry						

		-		-			
Retailing	110,794,511	93.56%	128,115,682	94.50%	-13.52%		
Service and others	3,115,221	2.64%	5,051,189	3.73%	-38.33%		
Main business by product							
General merchandise	29,709,006	25.09%	16,280,732	12.01%	82.48%		
Communication products	28,692,517	24.23%	32,047,657	23.64%	-10.47%		
Small appliances	15,990,029	13.50%	20,163,328	14.87%	-20.70%		
Air-conditioner	10,132,433	8.56%	16,288,371	12.01%	-37.79%		
Digital products and computer	9,991,000	8.44%	14,640,470	10.80%	-31.76%		
Refrigerator and washing machine	9,360,493	7.90%	15,211,583	11.22%	-38.46%		
Brown goods	6,919,033	5.84%	13,483,541	9.95%	-48.69%		
Logistics service	1,278,285	1.08%	1,406,203	1.04%	-9.10%		
Installation and maintenance business	918,718	0.78%	834,380	0.62%	10.11%		
Others	918,218	0.77%	1,033,860	0.76%	-11.19%		
Financial service	-	-	1,776,746	1.31%	-100%		
Main business by region							
East China Region I	33,986,892	28.70%	39,469,057	29.11%	-13.89%		
East China Region II	18,644,115	15.74%	22,566,892	16.65%	-17.38%		
South China Region	15,099,009	12.75%	15,262,689	11.26%	-1.07%		
North China Region	16,215,063	13.69%	18,585,251	13.71%	-12.75%		

Southwest China Region	10,848,108	9.16%	11,867,474	8.75%	-8.59%
Central China Region	6,391,530	5.40%	9,438,482	6.96%	-32.28%
Northeast China Region	5,459,684	4.61%	5,721,229	4.22%	-4.57%
Northwest China Region	3,605,578	3.05%	4,559,540	3.36%	-20.92%
Hong Kong	3,659,753	3.09%	1,972,582	1.46%	85.53%
Japan	-	-	3,723,675	2.75%	-100%

Note: 1. In the reporting period, the Company achieved operating revenue of RMB 2,282,525,000 by selling commodities to and providing services for related party.

2. General merchandise includes household products, maternal and infant products, beauty makeup products, department store and supermarket products, fresh food, etc. Other income mainly includes service income of third-party platform, revenue of supporting property of self-built stores, etc.

3. The revenue from financial services was no longer be included in the consolidated statements of the Company from October 2019, and the revenue in Japan Region was no longer be included in the consolidated statements of the Company from December 2019.

#### In terms of products

#### > 3C and traditional household appliances

In the first half of the year, due to COVID-2019, stores of home appliances and 3C products were temporarily suspended or the business hours were shortened, and the store sales were affected; COVID-2019 also has a great impact on the sales of home appliances that need home installation; Since the resumption of work and production in March, the offline customer volume has recovered, but it still declined, resulting in a YoY decrease in revenue of home appliances and 3C products. On the one hand, the Company accelerates the business expansion in the lower-tier market through the Retail Cloud, on the other hand, it strengthens Suning's service advantages, and promotes special services such as "old for new service" and "one-stop of delivery and installation" to enhance the sales of home appliances and 3C products.

In terms of gross margin, although it is affected by the channel structure, the Company also gives full play to the advantages of omni-channel, strengthens strategic cooperation with brand owners and enhances the operation of single products. On the whole, the gross margin level of the Company remains stable.

#### > General merchandise

During the reporting period, the Company continued to integrate Carrefour's supply chain, set up an

O2O operation mode integrating online cloud supermarket and offline Carrefour and Suning Convenience Stores, and brought products online and rapidly developed Carrefour's home delivery business; strengthened consumer awareness of FMCGs and general merchandise through social operations such as Suning Group Purchase, Suning Tuike and SuTuan. In the reporting period, the revenue of general merchandise showed rapid growth. In order to cultivate such varieties, the Company increased the promotion input, leading to decrease in gross margin.

#### Service and others

On the one hand, during the reporting period, Suning Logistics and TTK Express promoted the integration of the two networks, and transformed and adjusted the revenue structure from delivery business to integrated warehouse and distribution business. The staged revenue declined, but the gross margin obtained a YoY growth. Relying on Suning's warehousing and supply chain advantages, the revenue from logistics services has great growth potential.

On the other hand, during the reporting period, the Company's online gross merchandise volume increased, which brought about an increase in revenue from information technology services and advertising services, and the gross margin level promoted. Due to the impact of the Company's supporting property sales in the same period last year, other revenues obtained a YoY decrease.

In terms of region

In the first half of the year, Hong Kong carried out trade business and accelerated the development of overseas purchase business relying on the advantages of supply chain, thus leading to the rapid growth of revenue.

## (2) Condition of industries, products or areas from which the income or profit accounts for more than 10% of that from the operating revenue of the Company

Is the Company required to comply with the disclosure requirement for special industry?

Yes

#### Retail-related industries

Unit: RMB 1,000

	Operating revenue	Cost of revenues	Gross margin	Increase and decrease of operating revenue over the same period of last year	Increase and decrease in cost of revenues over the same period of last year	Increase and decrease of gross margin over the same period of
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						last year
By industry						
Retailing	110,794,511	97,941,952	11.60%	-13.52%	-13.40%	-0.13%
By category						
General merchandise	29,709,006	24,612,656	17.15%	82.48%	84.47%	-0.89%
Communication products	28,692,517	27,770,838	3.21%	-10.47%	-9.90%	-0.61%
Small appliances	15,990,029	13,551,670	15.25%	-20.70%	-20.35%	-0.37%
Area						
East China Region I	33,986,892	30,457,543	10.38%	-13.89%	-6.74%	-6.88%
East China Region II	18,644,115	16,063,006	13.84%	-17.38%	-22.23%	5.37%
South China Region	15,099,009	13,408,662	11.20%	-1.07%	-4.63%	3.32%
North China Region	16,215,063	14,630,537	9.77%	-12.75%	-13.58%	0.86%

The data of the Company's main business in one recent year adjusted according to the statistical criteria at the end of reporting period under the circumstances that the data of Company's main business were adjusted based on the statistical criteria within the reporting period

 $\square$  Applicable  $\sqrt{}$  Not applicable

#### (3) Information of major sales clients and suppliers

Information on main clients of the Company

From January to June 2020
Sales amount of top five clients of the Company in total (RMB 1,000)	2,914,919
Proportion of the sales amount of top five clients in total accounting for the total sales amount in the reporting period	2.46%
Proportion of the sales amount of related parties among top five clients accounting for the total sales amount in the reporting period	0.90%

Note: In the reporting period, the Company sold commodities to its related parties Suning CVS and its subsidiaries, and achieved revenue of RMB 1,061,774,000. Besides, other clients had no association with the Company, and the directors, supervisors, senior management, core technicians, shareholders holding over 5% shares, actual controllers and other related parties did not directly or indirectly hold interests among major clients.

#### Information on main suppliers of the Company

	From January to June 2020
Procurement amount of the top five suppliers of the Company in total (RMB 1,000)	38,034,460
Proportion of the procurement amount of top five suppliers in total accounting for the total purchase amount in the reporting period	38.63%
Proportion of the procurement amount of related parties among top five suppliers accounting for the total purchase amount in the reporting period	0

Note: 1. The top five suppliers are summarized and counted according to brand criteria.

2. The top five suppliers of the Company had no association with the Company, and the directors, supervisors, senior management, core technicians, shareholders holding over 5% shares, actual controllers and other related parties did not directly or indirectly hold interests among major suppliers.

# (4) Inventory management policies and policies for dealing with unsalable and expired commodities

The Company has formulated Inventory-taking Management Standard, which examines the quality of the purchase-sale-stock management of the Company's operational assets through different forms of inventory management, strengthens the safety management of inventory assets, and defines the operation cycle and the management responsibility of the responsible person to ensure the safety of assets. Inventory management policies and policies for dealing with unsalable and expired commodities are detailed in Item (10) Inventory, "II Significant Accounting Policies and Accounting Estimate", Section X Financial Report of this report.

## 2. Expenses

	From January	y to June 2020 From January to June 2019			YoY	YoY increase/d
	Amount	Proportion in main business revenue	Amount	Proportion in main business revenue	increase or decrease	ecrease in expense proportion
Sales cost	13,408,219	11.77%	16,428,813	12.34%	-18.39%	-0.57%
Managemen t cost	2,136,716	1.88%	2,696,179	2.02%	-20.75%	-0.14%
R&D cost	1,189,989	1.04%	1,457,640	1.09%	-18.36%	-0.05%
Financial cost	1,776,794	1.56%	1,466,528	1.10%	21.16%	0.46%
Details of sellin	ng cost, manage	ment cost and R8	D cost			
Labor cost	5,547,948	4.87%	7,715,106	5.79%	-28.09%	-0.92%
Rental expenses	3,367,629	2.96%	3,752,263	2.82%	-10.25%	0.14%
Other expenses	2,761,759	2.42%	2,831,828	2.12%	-2.47%	0.30%
Logistics expense	2,299,969	2.02%	2,266,886	1.70%	1.46%	0.32%
Advertising cost	1,801,692	1.58%	3,058,277	2.30%	-41.09%	-0.72%
Utility expense	473,544	0.42%	515,709	0.39%	-8.18%	0.03%
Decoration cost	482,383	0.42%	442,563	0.33%	9.00%	0.09%
Total	16,734,924	14.69%	20,582,632	15.45%	-18.69%	-0.76%

(1) During the reporting period, the Company's operating cost rate decreased compared with the same period, and its operating efficiency improved. The change analysis is as follows:

 $(1)\,$  Main reasons for changes in labor cost

During the reporting period, the Company streamlined its organization, promoted the partnership mechanism of stores and logistics terminals, and strengthened performance appraisal, which resulted in a YoY decrease of 0.92% in personnel cost.

2 Main reasons for changes in rental expenses, decoration cost and utilities

Affected by COVID-2019, the revenue of the Company's comparable stores decreased, and the rental expenses, decoration cost and utilities related to stores increased; as the Company accelerated the adjustment and closure of inefficient and loss-making stores, and actively carried out rent reduction and rent concession, the rental expenses obtained a YoY decrease; in addition, as the Company strengthened the transformation and upgrading of Carrefour stores, the decoration cost increased.

③ Main reasons for changes in advertising and logistics cost

During the reporting period, as the Company practiced economy and strictly controlled advertising promotion investment; focused on membership and business marketing, as well as input and output; strengthened the operation of social community and live broadcast by improving the product richness of online platform, and increased the online user activation through refined operation, the advertising cost obtained a YoY decrease of 0.72%.

During the reporting period, as the proportion of online sales of the Company increased, the logistics expense obtained a YoY growth. At the same time, by accelerating the inventory deployment of small commodities, the Company promoted the construction of Carrefour's forwarding warehouses and improved the service quality.

④ Main reasons for changes in other expenses

Due to the increase in amortization of intangible assets withdrawn by the Company due to acquisition, the other expenses obtained a YoY growth.

(2) Due to the increase in the scale of bank financing applied by the Company during the reporting period, the financial expense obtained a YoY growth.

#### 3. Cash flow

Items From January to June 2020		From January to June 2019	YoY increase or decrease
Sub-total cash inflows from operating activities	150,076,691	152,630,907	-1.67%

Items	From January to June 2020	From January to June 2019	YoY increase or decrease
Sub-total cash outflows from operating activities	149,872,144	162,898,864	-8.00%
Net cash flows from business activities	204,547	-10,267,957	101.99%
Sub-total cash inflows from investing activities	17,529,942	66,850,690	-73.78%
Sub-total of cash outflows for investment activities	19,516,403	75,053,837	-74.00%
Net cash flows from investing activities	-1,986,461	-8,203,147	75.78%
Sub-total of cash inflows from financing activities	41,421,696	47,710,556	-13.18%
Sub-total cash outflows from financing activities	38,372,775	33,760,906	13.66%
Net cash flows from financing activities	3,048,921	13,949,650	-78.14%

During the reporting period, as the Company devoted itself to improving the operating fund turnover efficiency, optimizing the accounting period and payment method, the net operating cash flow became positive, with a YoY growth of 101.99%.

During the reporting period, as the Company strictly controlled the capital expenditure and accelerated the asset revitalization and return, the net cash flow from investing activities increased by 75.78% compared with the same period. During the reporting period, as Suning Financial Services Group increased its financing due to new business demands in the same period last year, the net cash flow generated by the financing activities decreased by 78.14% compared with the same period.

#### III. Analysis of Non-main Business

	Amount	Proportion among total profit	Causes	Sustainable or not
Investment income	939,136	-174.50%	It mainly referred to investment income generated from the acquisition of 5 logistics companies under SCGC - Suning Yunxiang Warehouse Logistics Facility Asset-backed Special Scheme (epidemic prevention and control)	
Gain or loss from fair value changes	-811,969	150.87%	This is mainly due to the changes of fair value of investment calculated by the Company according to trading financial assets	
Impairment loss on assets	106,798	-19.84%	It mainly referred to provisions for inventory withdrawn from the Company's inventory	
Other income	580,402	-107.85%	It mainly referred to government subsidies	No
Non-operating revenue	160,509	-29.82%	It mainly referred to the liquidated damages and indemnity received by the Company.	
Non-operating expenses	83,991	-15.61%	It mainly referred to donation outlay, penalty, indemnity and liquidated damages	

# IV. Analysis of Assets and Liabilities

# 1. Significant changes of assets

Items	At the end of the reporting period	At the end of last year	Increa se or	Description of significant changes
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	Amount	Proporti on accounti ng for total assets	Amount	Proporti on accounti ng for total assets	decrea se of proport ion	
Notes receivabl e	2,616,452	1.14%	4,660,366	1.97%	-0.83%	Due payment of notes receivable
Short-ter m borrowing s	30,487,996	13.25%	18,954,821	8.00%	5.25%	During the reporting period, as the Company maintained sufficient liquid fund reserves for business development and responding to changes in the market environment, the short-term borrowings increased
Accounts payable	29,194,729	12.69%	44,380,475	18.74%	-6.05%	Due payment of accounts payable
Unearned revenue	-	-	7,157,577	3.02%	-3.02%	This is mainly because the Company reclassified the unearned
Contract liabilities	12,924,195	5.62%	-	-	5.62%	revenue to contract liabilities according to the new accounting standards at the end of the reporting period, and some commodity revenue failed in meeting the transfer conditions for the right of control and was listed in contract liabilities according to the new revenue standards during the reporting period.
Payroll payable	957,451	0.42%	1,386,161	0.59%	-0.17%	During the reporting period, as the Company strengthened organizational optimization and paid attention to employee performance appraisal, the payroll payable to employees decreased
Other	340,057	0.15%	197,575	0.08%	0.07%	This is mainly due to the changes

	At the end reporting		At the end of	f last year	Increa	
Items	Amount	Proporti on accounti ng for total assets	Amount	Proporti on accounti ng for total assets	se or decrea se of proport ion	Description of significant changes
comprehe						in the fair value of the Company's
nsive						equity instrument investment and
income						the changes in the conversion of
						foreign currency statements during the reporting period
Minority equity	-1,158,982	-0.50%	-777,102	-0.33%	-0.17%	This is mainly due to the increase in the loss of minority equity during the reporting period

During the reporting period, the financial indicators of the Company's solvency and various assets operating ability were listed and analyzed.

(1) Main creditor-debtor relationship

Items	June 30, 2020	December 31, 2019	Increase/decrease changes
Short-term borrowings	30,487,996	18,954,821	60.85%
Long-term borrowings	6,693,875	7,720,895	-13.30%
Bonds payable	7,993,318	8,488,802	-5.84%
Balance of notes payable	23,324,463	26,158,849	-10.84%
Turnover day of notes payable (day)	44.50	41.92	2.58
Balance of accounts payable	29,194,729	44,380,475	-34.22%
Days account payable turnover (day)	66.17	50.42	15.75
Balance of accounts receivable	6,818,593	7,194,464	-5.22%

During the reporting period, as the Company maintained sufficient liquid fund reserves for business development and responding to changes in the market environment, the balance of short-term borrowings increased compared with that at the beginning of the period. In order to establish a good retailer-supplier relationship, the Company strengthened the development of supply chain financing business, and the days account payable turnover remained stable.

(2) Analysis on solvency

Items	June 30, 2020	December 31, 2019	Increase/decrease changes
Current ratio	1.00	1.00	-
Quick ratio	0.74	0.72	0.02
Asset-liability ratio	62.47%	63.21%	-0.74%

During the reporting period, as the Company strengthened the control of liability scale, the solvency is improved and the asset-liability ratio decreased.

(3) Analysis of assets operating ability

Items	June 30, 2020	December 31, 2019	Increase/decrease changes
Days account receivable turnover	11.07	8.61	2.46
Days inventory turnover (note)	44.62	38.24	6.38
Turnover day of current assets	188.1	172.42	15.68
Turnover day of total assets	368.94	297.94	71.00

Note: The days inventory turnover are the days inventory turnover goods, excluding the development costs incurred in the construction of the Company's self-built stores.

During the reporting period, as the revenue obtained a YoY decrease due to the impact of COVID-2019, the days account receivable and inventory turnover increased.

#### 2. Assets and liabilities measured at fair value

Items	Opening balance	Gain or loss from fair value changes in the current period	Cumulative changes of fair value recognized in equity	Impairment withdrawn in the current period	Amount purchased in the current period	Amount sold in the current period	Other changes	Amount at the end of the period
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	24,280,366	-766,920	259,259	-	16,711,888	-16,576,833		23,907,760
2. Derivative financial assets	-	-	-	-	-	-		-
3. Other debt investment	-	-	-	-	-	-		-
4. Other equity instruments investment	6,619,909	-	-461,467	-	-	-		6,158,442
Subtotal of financial assets	30,900,275	-766,920	-202,208	-	16,711,888	-16,576,833		30,066,202

		1					
Investment property	-	-	-	-	-	-	-
Productive biological assets	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
				-			
Total of items abovementioned	30,900,275	-766,920	-202,208	-	16,711,888	-16,576,833	30,066,202
Financial liabilities	3,383	44,796	-	-	-	-	48,179

Whether the measurement attributes of the Company's main assets within the reporting period was significantly changed or not

□ Yes √ No

#### 3. Assets right limitation by the end of reporting period

As of June 30, 2020, the Company's mortgage, pledge and other restricted use of asset were arranged as follows:

Unit: RMB 1,000

No.	Asset whose ownership is restricted	Book value at the end of the period	Restriction reason
1	Monetary fund	17,081,717	Pledge of banker's acceptance bill deposit, guarantee deposit, lock-in deposit of exchange rate and short-term borrowing
2	Other equity instruments investment (Note 1)	2,678,653	Loan pledge
3	Fixed assets	612,768	Loan mortgage
4	Trading financial assets (Note 2)	2,335,751	Loan pledge
5	Equity pledge of Wanda Dept. Store	2,700,000	Loan pledge
Total		25,408,889	-

Note 1: In order to strengthen the strategic cooperation between the Company and the operators, the 5th meeting of the 6th Board of Directors of the Company deliberated and passed the *Bill on Subscribing Additional Targeted Shares and Related Party Transactions of China United Network Communications Limited*, which was adopted by the resolution of the 4th extraordinary shareholders' meeting in 2017. The Company and China United Network Communications Limited (hereinafter referred to as "China Unicom") signed a Share Subscription Agreement with conditional effect. The Company invested RMB 4 billion in cash to subscribe 585,651,537 non-public and targeted A-share issued by the China Unicom, which provided credit enhancement for the Company's relevant financing arrangements and the pledge formalities was completed with China Securities Depository and Clearing Co., Ltd. on November 10, 2017.

Note 2: In order to promote the strategic business cooperation between the Company and Huatai Securities, the 24th meeting of the 6th Board of Directors of the Company deliberated and passed the *Bill on Confirming Participation of the Company and Related Parties in Subscribing Non-public Shares Issued by Huatai Securities Co., Ltd.* The Company and Huatai Securities Co., Ltd. (hereinafter referred to as "Huatai Securities") signed the *Agreement for Subscribing Funds-offering Non-public A-share issued by Huatai Securities Co., Ltd.* The Company invested RMB 3.4 billion in

cash to subscribe 260,536,398 non-public A-shares issued by Huatai Securities. As of June 30, 2020, the Company held 122,860,000 shares of Huatai Securities in the state of pledge, and all the shares will be released from the pledge on August 24, 2020.

## (V) Investment Analysis

#### 1. Overview

Unit: RMB 100 million

Investment amount within the reporting period	Investment amount of the same period of last year	Variation range (%)
2.45	98.59	-97.51%

(1) During the reporting period, the Company and its subsidiaries invested in the establishment of Taiyuan Suning.Com Internet E-commerce Co., Ltd. and Taicang Suning.Com E-commerce Co., Ltd. to engage in retail and logistics business, with a total paid-up capital of RMB 75.865 million.

(2) Foreign investment of the Company and domestic subsidiaries during the reporting period

① In 2019, the Company's subsidiary TTK Express Co., Ltd. completed the acquisition of Taiyuan TTK Express franchisees, and paid the final acquisition payment of RMB 3.2112 million during the reporting period.

<sup>(2)</sup> In 2018, TTK Express Co., Ltd. (hereinafter referred to as "TTK Express"), a subsidiary of the Company, signed a Framework Agreement on the Acquisition of Regional Operating Right and Assets of TTK Express Co., Ltd. with Tang Xiaoyong, Guangdong TTK Express Co., Ltd., Shenzhen South China TTK Express Co., Ltd. and other parties, and acquired the business and operating right of Guangdong TTK Express business with a capital contribution of RMB 375 million. During the reporting period, TTK Express paid the final acquisition payment of RMB 27.6504 million.

#### 2. Major equity investment acquired in the reporting period

 $\square$  Applicable  $\sqrt{}$  Not applicable

## 5. Major non-equity investment undergoing in the reporting period

Project name	Investme nt mode	Fixed assets investme nt or not	Industrie s involved in investme nt items	Amount invested in the reportin g period	Cumulati ve amount actually invested as of the reporting period	Sources of funds	Project schedule	Estimat ed income	Cumulati ve earnings achieved as of the reporting period	Causes for not meeting the schedul e and the estimate d income	Disclosu re date	Disclosure index
Suning SCGC - Yunxiang Warehous e Logistics Facility Phase I Fund	Others	No	Logistics real estate	12,783. 81	233,124. 51	Self-own ed funds	During the reporting period, Jiangsu Suning Logistics contributed a capital of RMB 128 million to Suning SCGC-Yunxi ang Warehouse Logistics	Not applicab le	1,027	Not applicab le	July 07, 2018	Announcem ent No. 2018-082 from cninfo.

Project name	Investme nt mode	Fixed assets	Industrie s	Amount invested	Cumulati ve	Sources of funds	Project schedule	Estimat ed	Cumulati ve	Causes for not	Disclosu re date	Disclosure index
		investme	involved	in the	amount			income	earnings	meeting		
		nt or not	in	reportin	actually				achieved	the		
			investme	g period	invested				as of the	schedul		
			nt items		as of the				reporting	e and		
					reporting				period	the		
					period					estimate		
										d		
										income		
							Facility					
							Phase I Fund.					
Shanghai	Others	No	Fund	1,000.0	1,000.00	Self-own	During the	Not	-	Not	April 30,	Announcem
Guotai			investme	0		ed funds	reporting	applicab		applicab	2019	ent No.
Junan			nt				period, the	le		le		2019-043
Innovation							Company					from cninfo.
Equity							contributed					
Investmen							RMB 10					
t							million to					
Fund-of-fu							Shanghai					
nd Center							Guotai Junan					
(Limited							Innovation					
Partnershi							Equity					
p)							Investment					
							Fund-of-fund					
							Center					

Project name	Investme nt mode	Fixed assets investme nt or not	Industrie s involved in investme nt items	Amount invested in the reportin g period	Cumulati ve amount actually invested as of the reporting period	Sources of funds	Project schedule	Estimat ed income	Cumulati ve earnings achieved as of the reporting period	Causes for not meeting the schedul e and the estimate d income	Disclosu re date	Disclosure index
Total				13,783. 81	234,124. 51		(Limited Partnership).	-	1,027			

# 4. Financial assets calculated by fair value

Assets category	Initial investment cost	Gain or loss from fair value changes in the current period	Cumulative changes of fair value recognized in equity	Purchased amount in the reporting period	Sold amount in the reporting period	Cumulative investment income	Amount at end of period	Sources of funds
Trading financial assets	11,970,008	-227,048	53,983	16,711,888	-16,576,833	197,424		Self-owned funds

Other non-current financial assets	12,310,358	-539,872	205,276	-	-	-		Self-owned funds
Other equity instruments investment	6,619,909	-	-461,467	-	-	35,373		Self-owned funds
Total	30,900,275	-766,920	-202,208	16,711,888	-16,576,833	232,797	30,066,202	

#### 5. Financial assets investment

(1) Securities investment

Security type	Security code	Security abbreviatio n	Initial investmen t cost	Accounting measuremen t mode	Book value at the beginning of the period	from fair value changes	Cumulative changes of fair value recognized in equity	purchased in the	sold in the	Gain or loss in the reporting period	Book value at the end of the period	Accounting items	Sources of funds
Domesti c and overseas stocks		Huatai Securities	4,160,766	Fair value measuremen t	2,705,584	-144,744	-	-	-172,032	-124,505	2,388,808	financial	Self-owned funds
Domesti	600050.S	China	4,016,309	Fair value	3,161,110	-	-482,457	-	-	-	2,678,653	Other	Self-owned

Security type	Security code	Security abbreviatio n	Initial investmen t cost	Accounting measuremen t mode	Book value at the beginning of the period	Gain or loss from fair value changes in the current period	Cumulative changes of fair value recognized in equity	purchased in the	the	Gain or loss in the reporting period	Book value at the end of the period	Accounting items	Sources of funds
c and overseas stocks	Η	Unicom		measuremen t								equity instruments investment and other current assets	funds
Domesti c and overseas stocks		Bank of Jiangsu		Fair value measuremen t	254,394	-55,166	-	-	-	-45,397	199,228	financial	Self-owned funds
Domesti c and overseas stocks	2048.HK	E-House Holdings	340,193	Fair value measuremen t	186,237	-	36,706	-	-	-	222,943	current	Self-owned funds
Domesti c and overseas	6806.HK	Shenwan Hongyuan	348,569	Fair value measuremen	227,495	_	-16,260	_	-	_	211,235	Other	Self-owned funds

Security type	Security code	Security abbreviatio n	Initial investmen t cost	Accounting measuremen t mode	Book value at the beginning of the period	from fair value changes	Cumulative changes of fair value recognized in equity	purchased in the	Amount sold in the current period	loss in the	the end of	Accounting items	Sources of funds
stocks				t								assets	
Domesti c and overseas stocks	WSG.O	Wanda Sports (ADS)		Fair value measuremen t	85,459	-12,306	1,182	-	-	-12,306	74,335	Trading financial assets	Self-owned funds
	urity investn e reporting p	nents at the eriod	_		-	-	-	-	-	-	-		
Total			9,686,068		6,620,279	-212,216	-460,829	-	-172,032	-182,208	5,775,202		
	of directors f	nouncement or approving	Directors of	al on Venture Suning was d nds reviewed a 1, 2018.	isclosed or	n March 3	1, 2018; and	the Propo	sal on Inc	reasing th	ne Amount o	of Venture C	apital Using
of shareho	e date of ani olders' meet i security inv	C		al on Venture ed on May 9, 2			•	•					

Security type	Security code	Security abbreviatio n	Initial investmen t cost	Accounting measuremen t mode	the	from fair value changes	changes of fair value	purchased in the	the	loss in the reporting	Book value at the end of		Sources of funds
any)			by the reso	lution of 7th Ex	ktraordinary	/ Shareho	lders' Meeti	ng of 2018 v	was disclo	osed on D	ecember 1	3, 2018.	

(2) Investment on derivatives

 $\square$  Applicable  $\sqrt{}$  Not applicable

There was no derivative investment during the reporting period.

#### 6. Use of the raised funds

#### (1) General use of the raised funds

Unit: RMB 1,000

Total amount of raised funds	29,085,309.4
Total amount of raised funds invested during the reporting period	1,190,462.3
Total amount of raised funds invested	22,477,402.1
Total amount of raised funds for other purposes in the reporting period	1,500,000
Accumulative total amount of raised funds for other purposes	10,406,416.6
Proportion of accumulative total amount of raised funds for other purposes	35.78%

General utilization of the raised funds

On May 20, 2016, the Company issued 1,926,996,505 of common shares (A-share) to specific objects in a non-public way, with a par value of RMB 1.00 per share and an issue subscription price of RMB 15.17 per share (the net amount of raised funds is RMB 29.0853094 billion with issue expenses and related taxes deducted) according to the "Reply on Approval of Private Offering of Shares of Suning Commerce Group Co., Ltd. (ZJXK [2016] No. 418)" issued by China Securities Regulatory Commission. The above-mentioned funds were put in place on May 20, 2016, which was verified by the PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. (Special General Partnership) and demonstrated by the capital verification report No. (2016) 573 dated May 21, 2016 issued by the accounting firm.

The Company used an amount of RMB 21.2869398 billion of raised funds (including an amount of RMB 92,800 paid for bank charges) in the previous years, and actually used an amount of RMB 1.1904623 billion (including an amount of RMB 6,600 paid for bank charges) from January to June 2020, an amount of RMB 22.4774021 billion (including an amount of RMB 99,400 paid for bank charges) used in total.

As of June 30, 2020, the balance of the Company's raised fund account (including financial management balance of the Company's raised fund) was RMB 8.4064381 billion, including raised funds of RMB 6.6079073 billion and interest income of RMB 1.7985308 billion.

## (2) Utilization of the raised funds in committed projects

Committed investment projects and use of super-raised funds Committed investment project	Changed or not (including partially changed items)	Total amount of raised funds committed to be invested	Total amount of investment after adjustment (1)	Amount invested in the reporting period	Accumulated amount invested by the end of the period (2)	Investm ent progress by the end of the period (%) (3)=(2)/( 1)	the project reaching serviceable condition scheduled	Benefits achieved in the reporting period		With significant change in feasibility of the project or not
Automated picking center project	Yes	2,505,120.4	935,120.4	0.0	935,120.4	100.0%	2019	-		
Regional delivery center construction project	Yes	2,728,332.8	1,128,332.8	0.0	1,128,332.8	100.0%	2019	-	Not	No
Logistics operation business development project	No	3,500,000.0	3,242,096.0 (Note 1)	14,919.4	1,403,628.6	43.3%	2019	-	applicable (Note 6)	
New regional delivery center construction project	Yes	0.0	1,950,000.0 (Note 2)	228.6	1,949,954.3	99.9%	2020	-		No

Logistics transport business development project	Yes	0.0	1,220,000.0 (Note 3)	0.0	79,265.8	6.5%	2021	-		No
New regional delivery center construction project (II)	Yes	0.0	2,977,926.6 (Note 4)	420,224.4	959,502.3	32.2%	2022	-		No
Rental store project	Yes	5,000,000.0	1,500,000.0	82,585.3	903,812.4	60.3%	2019	-69,494.0		
Renovation store project	Yes	1,214,100.0	236,173.4	0.0	236,173.4	100.0%	2019	8,269.5	Not	
Purchase store project	Yes	3,000,000.0	241,510.0	0.0	55,000.0	22.8%	2019	5,545.5	applicable (Note 7)	No
Suning.Com Cloud Store brand promotion project	No	847,501.3	847,501.3	0.0	847,501.3	100.0%	2019	-		
Acquisition of TTK Express equity project	Yes	0.0	2,758,490.0 (Note 5)	0.0	2,758,490.0	100.0%	2018	-	Not applicable (Note 8)	No
Supplement of capital projects of financial companies	No	2,500,000.0	2,500,000.0	0.0	2,500,000.0	100.0%	2016	-	-	No
Supplement of SuningPay capital projects	No	850,000.0	850,000.0	0.0	850,000.0	100.0%	2016	-		

								^	<u> </u>	
Cloud computing projects	No	1,100,574.0	1,100,574.0	0.0	1,100,438.5	99.9%	2019	-	Not	
Big data projects	No	491,023.0	491,023.0	0.0	491,023.0	100.0%	2019	-	applicable (Note 9)	No
Smart home project	No	106,561.9	106,561.9	0.0	106,561.9	100.0%	2019	-	(Note 9)	
Repayment of bank loans	No	2,500,000.0	2,500,000.0	0.0	2,500,000.0	100.0%	2016	-	Not applicable (Note 10)	No
Project of repayment of loans to financial institutions	Yes	0.0	1,500,000.0 (Note 11)	672,498.0	672,498.0	44.8%	2020	-	Not applicable	No
Supplementary working capital	No	3,000,000.0	3,000,000.0	0.0	3,000,000.0	100.0%	2016	-	Not applicable (Note 12)	No
Subtotal of committed investment projects	-	29,343,213.4	29,085,309.4	1,190,455.7	22,477,302.7	77.3%	-	-55,679.0	-	-
Use of over-raised funds										
Repayment of bank loans (if any)				-	-	-	-	-	-	-
Supplementary working capital (if any)				-	-	_	-	-	-	-

Total amount of over-raised funds used				-	-	_	-	-	_	-
Total		29,343,213.4	29,085,309.4	1,190,455.7	22,477,302.7	77.3%	-	-55,679.0	-	-
Situations and causes for not meeting the schedule or the estimated income (by specific project)	The Comp Southwest this projec subsidiary investment competitive Company's A total am start-up co amount wi shareholde <i>Funds</i> , and Directors a <i>Change of</i> institutions an amount Suning.Con by the Con mainly proi 63, 60, 20 a	tore project any originally pl of China in the f t by establishin or wholly owned t is allocated to e environment v s profitability. ount of RMB 5, sts and initial wo ll be raised by f ers' meeting in 20 d an amount of R and the 1st extra <i>the Use of Partia</i> . As of June 30, of RMB 903,812 m Cloud Store, a npany by optimize moted the distributed and 50 new store (set, the Compan	orm of leasing g chain stores d subordinate this project, t vill be enhanc 144.32 million rking capital. I the Company 019, the Comp 019, the Comp 019, the Comp 019, the Comp 019, the Comp 020, the Cor 2020, the	stores, with a s itself, or by company) or he physical s ed, the integ is required t itself. On the pany reached planned actu cholders' mee ds, and used in pany investo g funds for sto ature type of s hing the com stores in the before, 2017	an estimated are y injecting capit existing subsid store network w gration of online to be invested for o use an amount e 45th meeting a resolution to p ally to be invest eting in 2020, the RMB 1.5 billion of ed in opening a pore renovation, f store operated a modities, and pr core business of y 2018 and 2019	ea of 2.78 al to the iaries to s rill be enri- e and offlin or this pro- t of RMB s of the 6th bass the <i>F</i> ed for this e Compan of the raise total of 21 ixed asset and manage comoting t circle of the prespective	million m <sup>2</sup> inc subsidiaries support them ched, the co ne will be re oject, mainly 5,000 million Board of Di Proposal on C project. On t by reached a ed funds of th 0 new Sunin ts and related he operation he operation he primary an rely. In order t	creased. The newly estab- to establish ompetitivenes ealized, thus including fix of raised cap irectors and <i>Change of the</i> he 54th mee resolution to be project to r ig.Com Cloud d start-up cos ompany, has of users and d secondary to effectively	Company v olished (whe chain store ss in the In further imp ed assets a ital, and the the 2nd ex e Use of Par ting of the 6 pass the <i>F</i> repay loans d Stores, ar sts. been given traffic. The r markets, a cope with th	vill execute olly owned es. After all ternet plus proving the and related e remaining traordinary <i>rtial Raised</i> th Board of <i>Proposal on</i> to financial ad invested the priority e Company nd opened ne changes

	Suning.Com Plaza in the core business circle in primary and secondary markets, strengthening cooperation with supermarkets, shopping centers and other types of business, strengthening the output of the Company's 3C supply chain of household electrical appliances, paying attention to the coverage of the community markets to vigorously develop home-delivery service relying on Carrefour Supermarkets and Suning CVS, and build community life service platform; while speeding up the opening of Retail Cloud franchised stores in the tertiary and fourth markets to improve the Company's penetration rate and operating efficiency in the lower-tier market. The Company strictly controlled the input, optimized the decoration plan, reasonably planed the fixed equipment or take other effective measures to control the opening cost in the process of opening cloud stores; in addition, in combination with the consumption characteristics of the primary and secondary markets and due to the scarcity of store resources and the layout of business circle locations, the opening speed of the company will speed up the opening of its cloud store in an orderly manner in combination with the opening plan. The implementation of this project will not have any adverse impact on the Company.
	The relatively weak prosperity of the external market puts forward higher requirements for the improvement of the enterprise's operation ability. The Company puts forward higher requirements for the input and output of assets, and at the same time, the uncertainty of the real estate market policy makes it more difficult for the Company to purchase properties. To this end, the Company will prudently review the use of funds for the purchase store project. The implementation of this project will not have any adverse impact on the Company.
Statement on significant change in feasibility of the project	None
Amount, use and progress of over-raised funds	Not applicable

Changes in the implementation site of investment project of raised funds	Not applicable
Adjustment of implementation mode of investment project of raised funds	
Upfront investment and replacement of invested projects	After deliberation and approval by the 36th meeting of the 5th Board of Directors, the Company's sponsor institution, independent directors and Board of Supervisors agreed clearly on the replacement of the self-raised funds previously invested in the logistics platform construction project, Suning.Com Cloud Store development project (purchase store project), Internet finance project (supplementary capital projects of financial companies) and IT project with raised funds, totaling RMB 1.2990205 billion. For details, please refer to the Announcement No. 2016-058 of the Company. After deliberation and approval by the 37th meeting of the 5th Board of Directors, the Company's sponsor institution, independent directors and Board of Supervisors agreed clearly on the replacement of the self-raised funds previously invested in the Suning.Com Cloud Store development project (rental store project), renovation store project and Suning.Com Cloud Store brand promotion project with raised funds, totaling RMB 537.5661 million. For details, please refer to the Announcement No. 2016-063 of the Company.
Temporary supplement for current assets with idle raised funds	Not applicable
balance of raised funds	1. Renovation store project An amount of RMB 1.2141 billion is expected to be invested in renovation store project, which is mainly used for upgrading 202 core stores, including investment in renovation, equipment and other uses. The Company planned to invest RMB 1.2141 billion

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implementation	of the raised capital. The Company implemented the renovation of the core cloud stores with input for the raised funds project,
	and completed the renovation and upgrading of 202 stores in 2018, with a cumulative investment of RMB 236.1734 million,
	which is a certain saving compared with the expected investment. Reason as follows:

In recent years, China's retail industry has seen the development trend of accelerated penetration of online retail and the gradual rise of new retail. Under the impact of the rise of e-commerce platform on the physical store, traditional physical retail enterprises have been seeking to make innovation and transformation to meet the new needs and habits of consumers. The Company has constructed online and offline all-scenario solutions to meet the consumers' needs of shopping at anytime, anywhere and on demand, and continuously optimized the shopping process, improved the distribution timeliness and improved the consumers' shopping experience. For offline stores, the Company pays attention to the control of production-investment ratio, continuously optimizes and upgrades the store model, and strives to find the most efficient investment scheme in continuous iteration. On the one hand, optimize the store renovation plan for different markets and business circles, reasonably plan the investment in store facilities and equipment, avoid excessive investment in renovation, focus on the improvement of the abundance of merchandise displayed in the store and service quality to improve consumer's satisfaction; on the other hand, the Company's property infrastructure of store is well protected, so no large amount of capitals for renovation or new purchase items is required in the renovation process. The Company can complete the store renovation just by adjusting the minor parts of decoration and updating some operating equipment. At the same time, the Company further strengthened the control of economic returns and the operation efficiency of stores through subletting and rent reduction, thus reducing the need for the Company to rebuild individual stores. Based on the above-mentioned reasonable planning and design of stores, cost control was strengthened, and the scale of capital investment was better controlled, thus resulting in savings in fund raising after the completion of the project.

The implementation of the store renovation project has certain effects on the improvement of the Company's quality of store management. The benefits realized by the project gradually show up, for example, 64, 133 and 5 stores were renovated and upgraded in 2016 and before, 2017 and 2018 respectively, and the net profit from the renovation project from 2016 to 2018 was RMB 167.2323 million, RMB 651.4428 million and RMB 1,168.6974 million respectively. By implementing the effective cost control, the Company achieved the established goal of the renovation project with input of less raised fund.

On the 45th meeting of the 6th Board of Directors and the 2nd extraordinary shareholders' meeting in 2019, the Company reached a resolution to pass the *Proposal on Change of the Use of Partial Raised Funds*, and agreed to use all balance of the raised funds of RMB 977.9266 million from the renovation store project to invest in the "new regional delivery center project (II).

Purpose of unused raised funds	The unused raised funds were used for the logistics operation business development project, logistics transport business development project, new regional delivery center construction project (II), rental store project, repayment of loans from financial institutions and purchase store project. All unused raised funds were deposited in the specific account of raised funds of the Company's raised funds supervision bank. In addition, in order to improve the fund income, the Company passed the <i>Proposal on Buying Financial Products with Idle Raised Funds with Idle Raised Funds</i> on the 2nd meeting of the 7th Board of Directors , and agreed to purchase principal-guaranteed financial products with the idle raised funds. As of June 30, 2020, the Company deposited RMB 1.6369187 billion of unused raised funds in the form of certificates of deposit and call deposit, subscribed the financial products of commercial banks with an amount of RMB 4.9454925 billion, and deposited the remaining amount of RMB 25.4961 million in the form of demand deposits. There is no mortgage or pledge of certificates of deposit and other restrictions on ownership and use rights.	
Problems in use and disclosure of raised funds or other conditions	None	

Note 1: The net amount of the Company's actual raised funds is less than the amount planned in the non-public share offering plan 2015. According to the resolution passed on the Company's third extraordinary shareholders' meeting in 2015, if the net amount of the actual raised funds (after deducting the issue expenses) is less than the total amount to be invested in the project, the Company will adjust and decide the specific projects to be invested, priority order of projects and the amount to be invested in each project according to the actual net amount of the raised funds and the priorities of the projects, and use the self-funds to supplement the insufficient amount apart from the raised funds. In view of this, the Company adjusted the amount of raised funds intended to be used in the logistics operation business development project of the logistics platform construction project according to the above principles, and the adjusted input amount of raised funds is RMB 3.242096 billion.

Note: On the 29th meeting of the 6th Board of Directors and the 6th extraordinary shareholders' meeting in 2018, the Company reached a resolution to pass the *Proposal on Change of the Investment Use of Partial Raised Funds*, and agreed to use partial raised funds of RMB 1.6 billion from the regional delivery center construction project to invest in the "new regional delivery center project", and to use partial raised funds of RMB 350 million from the automatic picking center project to invest in the new regional delivery center project. For details of the project changes, please refer to the Company's Announcements No. 2018-124 and 2018-138.

Note 3: On the 29th meeting of the 6th Board of Directors and the 6th extraordinary shareholders' meeting in 2018, the Company reached a resolution

to pass the *Proposal on Change of the Investment Use of Partial Raised Funds*, and agreed to use partial raised funds of RMB 1.22 billion from the automatic picking center project to invest in the logistics transport business development project. For details of the project changes, please refer to the Company's Announcements No. 2018-124 and 2018-138.

Note 4: On the 45th meeting of the 6th Board of Directors and the 2nd extraordinary shareholders' meeting in 2019, the Company reached a resolution to pass the *Proposal on Change of the Use of Partial Raised Funds*, and agreed to use all balance of the raised funds of RMB 977.9266 million from the renovation store project and partial raised funds of RMB 2 billion from the rental store project to invest in the "new regional delivery center project (II). For details of the project changes, please refer to the Company's Announcements No. 2019-065 and 2019-072.

Note 5: On the 45th meeting of the 5th Board of Directors and the 1st extraordinary shareholders' meeting in 2017, the Company reached a resolution to pass the *Proposal on Changing Use of Partial Raised Funds from Investment Project to Acquisition of Company Equity*, and agreed to use the remaining unused raised funds of RMB 2.75849 billion from purchase store project to the acquisition of equity of TTK Express. For details of the project changes, please refer to the Company's Announcements No. 2017-004 and 2017-008.

Note 6: Through the automatic picking center project, regional delivery center construction project, new regional delivery center construction project and new regional delivery center construction project (II), the Company can efficiently allocate and dispatch resources and reduce actual operating costs. In the future, with the socialized operation of logistics, the Company will lease out some of its logistics warehouses to obtain rental income on the basis of satisfying its own needs.

The logistics operation development project is in line with the Company's strategic development direction in the future and displays a good market development prospects and economic benefits. After the completion of the project, the Company's ability to serve clients and third-party merchants and logistics response time can be further improved, the logistics operation cost can be effectively reduced, thus improving the Company's competitiveness.

The logistics and transportation business development project will greatly improve the overall transportation and distribution capacity of Suning Logistics, effectively ensure the timeliness and safety of transportation. At the same time, the project will reduce the proportion of outsourcing transportation and control the outsourcing cost. The new energy logistics vehicles, which account for a relatively high proportion, can also effectively reduce the operation cost and enhance Suning Logistics' operation capacity.

Note 7: After all investment is allocated to the rental store project, renovation store project and purchase store project, the physical store network will be enriched, the competitiveness in the Internet plus competitive environment will be enhanced, the integration of online and offline will be realized, thus further improving the Company's profitability. The Suning.Com Cloud Store brand promotion project will not generate economic returns, but the consumer recognition, brand value and image of the Company will be greatly enhanced upon the completion of the project. In the first half of the year,

due to COVID-2019, stores, especially those located at commercial plaza set up by the Company, were temporarily suspended or the business hours were shortened, and the sales were affected. During the reporting period, the net income of rental store project was RMB - 69.494 million. As the sales of the stores stabilized, the operating income of the stores would be effectively improved. In the reporting period, the profits of the Company's renovation store and purchase store projects were good, with a net profit of RMB 8.2695 million in renovation store project, and a net profit of RMB 5.5455 million in purchase store project.

Note 8: This acquisition of TTK Express is in line with the Company's strategic development direction in the future, and has good market prospects and economic benefits. After the completion of the project, the Company will carry out relevant business integration with TTK Express. With the prominent effect of business integration, Suning Logistics' capability will be greatly improved, thus driving the promotion of sales efficiency at the front desk and helping to enhance the Company's business development capability.

Note 9: Cloud computing projects, big data projects and smart home projects will not generate economic returns. After the completion of the cloud computing project, the Company's cloud computing research and development strength will be further enhanced. The investment will provide the technical and platform support for the Company's Internet transformation, and will provide a strong IT technical support for the continuous growth of the Company's business scale. After the big data project is completed, the Company will carry out systematic construction in big data collection, collation, processing, analysis and other aspects to provide data decision-making support for development of enterprise. The investment will provide technical and platform support for the Company's Internet transformation, and will provide a strong IT technical guarantee for the continuous growth of the Company's business scale. Through the implementation of the smart home project, on the one hand, the Company will realize the layout of the smart home and share the huge market space in this industry, and on the other hand, the Company can establish a complete ecosystem for manufacturers, retailers and consumers of Suning, thus further improving the Company's market competitiveness.

Note 10: After the raised funds were used to repay partial bank loans, the Company's asset-liability ratio has decreased, the asset-liability structure has been optimized, short-term financial expenses have decreased, and the profitability has been strengthened, thus ensuring the sustainable expansion of the Company's business.

Note 11: On the 54th meeting of the 6th Board of Directors and the 1st extraordinary shareholders' meeting in 2020, the Company reached a resolution to pass the *Proposal on Change of the Use of Partial Raised Funds*, and agreed to use RMB 1.5 billion of the raised funds of the rental store project to repay loans to financial institutions. For details of the project changes, please refer to the Company's Announcements No. 2020-007 and 2020-019.

Note 12: The funds raised for the supplementary working capital project were mainly used to enrich commodities, and improve the purchase scale of 3C, mother and infant store, supermarkets to support the development of omni-category business, thus expanding the Company's differentiated purchasing ability and enhancing the added value of product management; increased investment in promotion of each link of the O2O platform to enhance its

market competitiveness, further increased investment in the operation capability of the third-party platform, formulated active merchant policies, fostered the development of merchants, and enhanced the competitiveness of the third-party platform.

#### (3) Use of the raised funds in committed projects for other purposes

① Part of the raised funds for regional delivery center project and automatic picking center project were changed into that for the new regional delivery center construction project

Projects after change	Corresponding originally committed projects	Total amount of raised funds for projects after change (1)	Actual amount invested in the reporting period	Actual cumulative amount invested as of the end of the reporting period (2)	Investment progress by the end of the period (3)=(2)/(1)	Date when the project reaching serviceable condition scheduled	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the changed project or not
New regional delivery center constructi on project		1,950,000.0	228.6	1,949,954.3	99.9%	2020	Not applicable		No
	for change, s and description condition (for spe	on on information	The Company, in invested raised fur delivery center pro and regional deli	ange consideration of the nds orderly and advar bjects, and has comp ivery center. During /ely and project cons	nced continuous leted, delivered the project im	ly the constructic and put into ope nplementation, t	on of automati ration part of he Company	ic picking cer the automat / implement	nter and regional ic picking center ed project cost

	demand for business in different project locations, and optimized the construction scheme rationally, and thus better controlled the capital investment scale. Upon prudent argument and calculation, certain balance is expected
	from the raised funds after the construction and completion of the automatic picking center project and part of the
	regional delivery center project. As required for internal business planning in the Company, the implementation
	subject for Changchun Phase II regional delivery center project of the regional delivery center project was
	changed from Changchun Suning Appliance Co., Ltd. (presently renamed as Changchun Suning.Com Sales Co.,
	Ltd.), the wholly owned subsidiary of Suning, into Changchun Suning Yida Logistics Co., Ltd. (the wholly owned
	subsidiary of Suning), and the use direction and investment contents of the raised funds remain unchanged.
	The Company hereby changed part of the raised funds for regional delivery center project and automatic picking center project into that for new regional delivery center construction project, which would be conducive to improving the use efficiency of raised funds and speeding up the construction of logistics platform in the Company.
	2. Decision-making procedure
	On the 29th meeting of the 6th Board of Directors and the 6th extraordinary shareholders' meeting in 2018, the Company reached a resolution to pass the <i>Proposal on Change of the Use of Partial Raised Funds</i> , and independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment project.
	3. Description on information disclosure condition
	The Company disclosed the Announcement on Change of the Use of Partial Raised Funds (2018-126) and Announcement on Resolutions of the 6th Extraordinary Shareholders' Meeting in 2018 (2018-138) on cninfo, Securities Daily, Securities Times, Shanghai Securities News and China Securities Journal respectively on October 20 and November 8, 2018.
Situations and causes for not meeting the schedule or the estimated income (by specific project)	None

Statement on significant change in feasibilition of the changed project	ty None
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2 Part of the raised funds for automatic picking center project are changed into that for logistics transport business development project

Projects after change	Correspondin g originally committed projects	Total amount of raised funds for projects after change (1)	Actual amount invested in the reporting period	of the end of the	Investment progress by the end of the period (3)=(2)/(1)	Date when the project reaching serviceable condition scheduled	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the changed project or not
Logistics transport business development project	Automated picking center project	1,220,000.0	0.0	79,265.8	6.5%	2021	Not applicable		No
Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects) The Company, in consideration of the actual demand on business development and project construction platinvested raised funds orderly and advanced continuously the construction of automatic picking center a regional delivery center projects, and has completed, delivered and put into operation part of the automa picking center and regional delivery center. During the project implementation, the Company implement project cost management actively and project construction by batches in consideration of the storage a transport capacity demand for business in different project locations, and optimized the construction scher								king center and of the automatic ny implemented the storage and	

	* *
	rationally, and thus better controlled the capital investment scale. Upon prudent argument and calculation, certain balance is expected from the raised funds after the construction and completion of the automatic picking
	center project and part of the regional delivery center project.
	The Company hereby changed part of the raised funds for automatic picking center project into that for logistics transport development project, which would be conductive to improving the use efficiency of the raised funds and
	the professional level and service efficiency of logistics transport operation in Suning and promoting precious, efficiency and rapid logistics services of Suning.
	2. Decision-making procedure
	On the 29th meeting of the 6th Board of Directors and the 6th extraordinary shareholders' meeting in 2018, the Company reached a resolution to pass the <i>Proposal on Change of the Use of Partial Raised Funds</i> , and independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment project.
	3. Description on information disclosure condition
	The Company disclosed the Announcement on Change of the Use of Partial Raised Funds (2018-126) and Announcement on Resolutions of the 6th Extraordinary Shareholders' Meeting in 2018 (2018-138) on cninfo, Securities Daily, Securities Times, Shanghai Securities News and China Securities Journal respectively on October 20 and November 8, 2018.
Situations and causes for not meeting the schedule or the estimated income (by specific project)	
Statement on significant change in feasibility of the changed project	None

③ All raised funds saved from renovation store project and part of the raised funds of rental stores are changed into that for new regional delivery center construction project (II)

Projects after change	Corresponding originally committed projects	of raised funds for	Actual amount invested in the reporting period	Actual cumulative amount invested as of the end of the reporting period (2)	Investment progress by the end of the period (3)=(2)/(1)	Date when the project reaching serviceable condition scheduled	Benefits achieved in the reporting period	to meet	With significant change in feasibility of the changed project or not
-	Renovation store project and rental store project	2,977,926.6	420,224.4	959,502.3	32.2%	2022	Not applicable	Not applicable	No
Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects) The Company, in consideration of the actual demand on business development and project construct invested orderly the raised funds for the rental store project and renovation store project and adva construction and renovation of Internet stores Suning.Com Cloud Store, and, by renovating and upgra stores and applying Internet, IoT, artificial intelligence (AI) and other technologies, promotes further fusion of online and offline scenes in the Company, and thus improving the stores' scale profitability. If the Company established cloud stores by centering on the core commercial sphere across China to s their customer acquisition capabilities and improve the network layout of brick-and-mortar stores. Im- industrial development changes, the Company, during the project development, better controlled investment scale of above projects by rational planning and design; also due to rare store resources and layout of business circle, the speed for establishing rental stores was reduced, and the Compa- advance the establishment of cloud stores orderly in combination with the store establishment plan. To						d advanced the d upgrading 202 furthermore the ability. Moreover, ha to strengthen es. Impacted by trolled the fund ources, location Company would			
	the use efficiency and reduce idle raised funds, the Company proposed to use part of the raised funds for logistics infrastructure construction to improve its logistics business development capacity and provide infrastructure support for its retail business. The raised funds after the change would still be used for supporting the development of the Company's main business. The Company would focus constantly on consumers' demand, increase the input on optimization of background shopping procedure, smooth information system, satisfied logistics timeliness and after-sales service needs to improve consumers' shopping experience continuously.								
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	2. Decision-making procedure								
	On the 45th meeting of the 6th Board of Directors and the 2nd extraordinary shareholders' meeting in 2019, the Company reached a resolution to pass the <i>Proposal on Change of the Use of Partial Raised Funds</i> , and independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment project.								
	3. Description on information disclosure condition								
	The Company disclosed the Announcement on Change of the Use of Partial Raised Funds (2019-065) and Announcement on Resolutions of the 2nd Extraordinary Shareholders' Meeting in 2019 (2019-072) on cninfo, Securities Daily, Securities Times, Shanghai Securities News and China Securities Journal respectively on June 29 and July 16, 2019.								
Situations and causes for not meeting the schedule or the estimated income (by specific project)									
Statement on significant change in feasibility of the changed project	None								

④ Part of the raised funds of the rental store project is changed into the project of repayment of loans to financial institutions

Unit: RMB 1,000

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Projects after change	Corresponding originally committed projects	Total amount of raised funds for projects after change (1)	Actual amount invested in the reporting period	Actual cumulative amount invested as of the end of the reporting period (2)	Investment progress by the end of the period (3)=(2)/(1)	Date when the project reaching serviceable condition scheduled	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the changed project or not
,	Rental store project	1,500,000.0	672,498.0	672,498.0	44.8%	2020	Not applicable	Not applicable	No
Reasons for procedures and disclosure condition	description of	n information projects)	strategy, the spe of cloud stores o the utilization effi use part of the r financing scale, i 2. Decision-maki On the 54th mee Company reach independent dire project. 3. Description on	act of industrial dev ed for establishing re rderly in combination iciency of the Compa raised funds to repay mprove the structure	ntal stores was in with the store end of assets and lia of assets and lia of Directors and ass the <i>Propos</i> rvisors and the st re condition	reduced, and the establishment pla s and reduce the cial institutions, r abilities, and enh d the 1st extraor <i>al on Change c</i> sponsor agreed o	e Company will in in the future. e idle raised fu which will help ance the Comp dinary shareho of the Use of clearly on the c	advance th In order to inds, the Co to reduce pany's profi olders' mee <i>Partial Rai</i> change of e	he establishment o further improve ompany plans to the Company's itability. ting in 2020, the sed Funds, and quity investment

	Announcement on Resolutions of the 1st Extraordinary Shareholders' Meeting in 2020 (2020-019) on cninfo, Securities Daily, Securities Times, Shanghai Securities News and China Securities Journal respectively on February 22 and March 10, 2020.
Situations and causes for not meeting the schedule or the estimated income (by specific project)	
Statement on significant change in feasibility of the changed project	None

### (4) Fund-raising project

Overview of fund-raising projects	Disclosure date	Disclosure index
Fund-raising projects by non-public shares in 2015	August 29, 2020	No. 2020-067 Special Report of Board of Directors on Deposit and Actual Use of Raised Funds in the First Half of 2020 from cninfo.

### (5) Financial management of raised funds

The Proposal on Buying Financial Products with Idle Raised Funds was deliberated and passed on the 2nd meeting of the 7th Board of Directors, with which, Suning was agreed to buy principal-guaranteed bank financial products issued by commercial bank and other financial institutions with the raised funds no more than RMB 9 billion (including) on the premise of meeting the construction progress need of projects with raised funds within the latest 12 months. The funds can be used in a rolling way within a year within the line of investment and financial management, viz. the balance of Suning after buying the principal-guaranteed bank financial products issued by commercial bank and other financial institutions with the raised funds at any time shall not be more than RMB 9 billion (including).

From January to June, 2020, the Company bought bank financial products with cumulative idle raised funds (including interest) of RMB 11.4644 billion, and received a financing income from raised funds of RMB 80.7928 million in the reporting period.

Up to June 30, 2020, the financial management balance of the Company's raised fund account was RMB 5.769 billion, including raised funds of RMB 4.9454925 billion and interest income of RMB 823.5075 million. The details are as follows:

Unit: RMB 1,000

	New financial	Ending balance			
Bank of deposit of raised funds	management amount incurred in current period	Raised funds	Interest income		
CITIC Bank Branch in Nanjing Longjiang	6,453,400.0	1,926,485.0	186,515.0		
Business Department of Nanjing Branch of Huaxia Bank Co., Ltd.	2,800,000.0	1,700,000.0	600,000.0		
Business Department of Nanjing Branch of China Everbright Bank Co., Ltd.	1,700,000.0	850,000.0	-		
Xinjiekou Sub-branch, Nanjing Branch of China	450,000.0	413,007.5	36,992.5		

	New financial	Ending balance		
Bank of deposit of raised funds	management amount incurred in current period	Raised funds	Interest income	
Minsheng Bank				
Nanjing Zhongyang Road Sub-branch of Industrial Bank Co., Ltd.	61,000.0	56,000.0	-	
Total	11,464,400.0	4,945,492.5	823,507.5	

### VI. Significant Assets and Equity Sales

### 1. Significant assets offering

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no significant asset offering of the Company in the reporting period.

### 2. Significant equity sales

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no significant equity offering of the Company in the reporting period.

### VII. Analysis of Main Stock Holding and Participating Companies

Conditions of subsidiaries and joint-stock companies with the impact from the net profit of an individual subsidiary or the investment income of an individual joint-stock company on the Company's net profit above 10%:

Unit: RMB 1,000

Company name	Comp any type	Main Business	Registe red capital	Total assets	Net assets	Operating revenue	Operating income	Net profit
Jiangsu Suning Yida Logistics Investment Co., Ltd.	Subsid iary	Logistics business	659,00 0	7,819,652	1,703,564	-	416,703	344,348
Jiangsu Suning Logistics Co., Ltd.	Subsid iary	Logistics business	6,999,9 14	49,279,03 7	6,765,282	3,437,071	381,292	307,413

Company name	Comp any type	Main Business	Registe red capital	Total assets	Net assets	Operating revenue	Operating income	Net profit
Suning Helper Technology Service Co., Ltd.	Subsid iary	After-sale s services	-	2,182,088	950,322	1,099,234	251,380	191,810
Shanghai Suning Trading Co., Ltd.	Subsid iary	Retail business	-	1,211,252	-5,452	1,061,777	183,101	137,779
Chongqing Suning.Com Sales Co., Ltd.	Subsid iary	Retail business	601,44 2	4,070,303	1,338,859	1,951,814	150,452	126,782
Guangdong Suning.Com Sales Co., Ltd.	Subsid iary	Retail business	419,98 4	3,683,720	1,315,526	4,064,869	127,356	93,980
Nanchang RedBaby Purchase Center Co., Ltd.	Subsid iary	Retail business	10,000	9,531,861	114,036	3,314,578	118,116	91,328
Shanghai Fengpu Suning.Com Sales Co., Ltd.	Subsid iary	Retail business	49,908	3,902,855	247,946	6,488,942	116,700	79,726
Hong Kong Suning Purchase Co., Ltd.	Subsid iary	Retail business	245,42 3	1,190,315	400,014	3,007,257	61,905	65,344
Zhejiang Suning.Com Commercial and Trading Co., Ltd.	Subsid iary	Retail business	376,27 2	2,036,802	780,359	673,954	85,445	64,110

Company name	Comp any type	Main Business	Registe red capital	Total assets	Net assets	Operating revenue	Operating income	Net profit
Xuzhou Suning.Com Sales Co., Ltd.	Subsid iary	Retail business	171,63 0	565,657	359,469	812,052	82,903	61,744
Suning Intelligent Terminal Co., Ltd.	Subsid iary	Retail business	-	1,224,483	-201,799	1,069,168	-74,410	-55,711
Hong Kong Suning Cross-border E-commerce Co., Limited	Subsid iary	Retail business	8,423	845,174	-412,862	601,336	-88,977	-89,598
Hong Kong Suning Purchase Co., Ltd.	Subsid iary	Retail business	398,07 7	1,038,743	150,304	3,046,414	-106,524	-99,391
Nanjing Suning Software Technology Co., Ltd.	Subsid iary	Informatio n Technolog y	403,57 7	963,674	277,668	662,252	-141,499	-115,333
Carrefour China (note 1)	Subsid iary	Retail business	1,153,4 37	14,918,53 2	625,282	13,999,71 0	-304,064	-224,450
Chongqing Maoning Electronic Commerce Co., Ltd.	Subsid iary	Retail business	1,000,0 00	4,812,915	-802,292	5,919,245	-303,496	-257,655
TTK Express Co., Ltd. (note 2)	Subsid iary	Express business	150,72 6	4,914,740	-2,012,70 4	561,143	-720,986	-598,405

Company name	Comp any type	Main Business	Registe red capital	Total assets	Net assets	Operating revenue	Operating income	Net profit
Jiangsu Suning.Com E-commerce Co., Ltd.	Subsid iary	Retail and platform businesse s	200,00 0	29,063,10 1	-3,321,70 4	16,772,78 5	-1,110,87 5	-812,930
Shanghai Suning Financial Service Group Co., Ltd. (note 3)	Joint stock compa ny, holdin g 41.15 % of shares	Financial technolog y services business	1,356,3 49	53,634,79 1	26,766,69 6	3,496,795	848,154	667,928
Shenzhen Hengning Business Development Co., Ltd.	Joint stock compa ny, holdin g 49% of shares	Commerci al real estate business	20,000, 000	22,678,15 4	21,730,69 2	752,649	747,234	560,427
Japan LAOX (note 4)	Joint stock compa ny, holdin g 29.77 % of shares	Retail business	643,86 2	2,894,180	687,235	2,474,550	-380,051	-923,168
Suning Smart Life Holding Limited (note 5)	Joint stock compa ny, holdin	Retail business	5,177,9 00	12,379,65 6	2,094,039	1,596,527	-1,211,73 5	-1,211,49 1

Company name	Comp any type	Main Business	Registe red capital	Total assets	Net assets	Operating revenue	Operating income	Net profit
	g 35% of shares							

Note:

1. Carrefour China is mainly engaged in sales of FMCGs and general merchandise in mainland China. If the amortization of value-added during Carrefour China acquisition was not considered, Carrefour China realized a profit of RMB 59.19 million in the first half of the year.

2. TTK Express is mainly engaged in express business. If the amortization of value-added during TTK Express acquisition was not considered, TTK Express lost RMB 552 million in the first half of the year.

3. Suning Financial Services Group is mainly engaged in financial technology service business. If the amortization of value-added of Suning Financial Services Group was not considered, Suning Financial Services Group realized a profit of RMB 773 million in the first half of the year.

4. If the amortization of value-added of Japan LAOX was not considered, Japan LAOX lost RMB 914 million in the first half of the year.

5. If the amortization of value-added of Suning Convenience Store was not considered, Suning Convenience Store lost RMB 1.122 billion in the first half of the year.

Company name	Method for Acquisition and Disposal of Subsidiaries within the Reporting Period	Influence on overall production and performance
Zhongshan Yida Logistics Co., Ltd.	Sale	
Wenzhou Suning Purchase Co., Ltd.	Sale	
Shandong Boning Suning.Com Commercial and Trading Co., Ltd.	Sale	See Section X Notes to Financial Statements "V. Change of Consolidation Scope" for more
Hubei Suning Logistics Co., Ltd.	Sale	details.
Xi'an High-tech Zone Yida Logistics and Storage Investment Co., Ltd.	Sale	

Acquisition and disposal of subsidiaries within the reporting period

Tianjin Jinning Yida Logistics Co., Ltd.	Sale	
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For details of other conditions for acquired and for disposal of subsidiaries in the reporting period, see Section X Notes to Financial Statements "V. Change of Consolidation Scope".

### VIII. Structured Entity Controlled by the Company

 $\square$  Applicable  $\sqrt{}$  Not applicable

### IX. Forecast of business performance from January to September 2020

 $\square$  Applicable  $\sqrt{}$  Not applicable

### X. Risks Faced by the Company and Countermeasures

1. The external development environment is under pressure

The Company belongs to the retail industry, and the macroeconomic development status and development trend have an important impact on the development of the industry. In recent years, the medium and low-speed economic growth has become the new normal of China's and the world's economic development. Especially at the beginning of the year, COVID-2019 gradually spread to the world, which had a negative impact on the whole macro-economy, and the growth rate of total retail sales of social consumer goods dropped rapidly. In the future, if the economic growth rate further slows down, and COVID-2019 cannot be controlled or alleviated continuously, the per capita disposable income of residents will continue to decline, which will directly affect the consumption ability of consumers, and thus have a certain impact on the business development and business performance of the Company.

In the face of weak macro-environment and fierce industry competition, on the one hand, the Company always implements the user-centered business philosophy, strengthens the channel construction, enriches commodity categories, and improves service and experience; on the other hand, the Company conducts external empowerment for the commodity supply chain, logistics service and science and technology capability formed by the Company, accelerates the opening-up, and comprehensively improves its competitiveness.

#### 2. Impairment for goodwill

In recent years, the Company has strengthened the construction of scenario capability, specialized commodity supply chain capability and logistics service capability through acquisition. As of June 30, 2020, the Company's goodwill amount was RMB 7.478 billion, but the development of related acquisition business may bring about the risk of goodwill impairment. The Company will strengthen the business planning of the acquisition target, integrate the resources of both sides, form complementary development, so as to improve the operation efficiency.

### **Section V Important Matters**

## I. Annual Shareholders' Meeting and Extraordinary Shareholders' Meeting Held in Reporting Period

### 1. Shareholders' meeting in reporting period

Session	Meeting type	Participation ratio of investors	Date	Disclosure date	Disclosure index
	Extraordinary shareholders' meeting	70.87%	March 09, 2020	March 10, 2020	Announcement No. 2020-019 from cninfo.
2019 shareholders' meeting	Annual shareholders' meeting	71.10%	May 18, 2020	May 19, 2020	Announcement No. 2020-047 from cninfo.

Note: The participation ratio of investors refers to the proportion of the shares held by the investors participating in the meeting to Suning's total voting shares.

### 2. Extraordinary shareholders' meeting held on request from preferred shareholders' meeting with voting right recovered

 $\square$  Applicable  $\sqrt{}$  Not applicable

### II. Distribution of Earnings or Conversion of Additional Paid-in Capital into Issued Capital within the Reporting Period

 $\square$  Applicable  $\sqrt{}$  Not applicable

The Company does not plan to distribute cash dividends, give bonus share or convert accumulation fund into share capital in the first half of the year.

# III. Commitments completed as of the reporting period and overdue in the reporting period made by the actual controller, shareholder, related party, acquirer and the company

Commitment	Committed by	Туре	Content	Time	Period	Performance
	non-circulation shareholders	to reduction of holding stocks	Commitment of original non-circulation shareholders of the Company in non-tradable equity reform till to the	June 17, 2005		In the reporting period, the original non-circulation

Commitment	Committed by	Туре	Content	Time	Period	Performance
	Company		reporting period: when the number of shares traded and sold by listing in stock exchanges is 1% of the total number of shares in the Company, announcement would be made within two working days since the date of occurrence.			shareholders of the Company fulfilled their commitment.
Commitment made in the report of acquisition or report in changes in equity		-	-	-	-	-
Commitment made during assets reorganization	-	-	-	-	-	-
made during initial public offering or refinancing	Mr. Zhang Jindong, the shareholder of Suning, and Ms. Chen Jinfeng and Ms. Zhao Bei of Suning Appliance Group Co., Ltd.	on horizontal	To avoid damages to interests of the Company and other shareholders due to horizontal competition, Mr. Zhang Jindong, the shareholder of Suning, and Ms. Chen Jinfeng and Ms. Zhao Bei of Suning Appliance Group Co., Ltd. respectively issued <i>Non-competitive</i> <i>Commitment</i> to the Company on November 15, 2002; Suning Appliance Group Co., Ltd. issued the commitment on March 6, 2003 to ensure to avoid all capital transaction in	November 15, 2002	Infinite	In the reporting period, Mr. Zhang Jindong, the shareholder of Suning, and Ms. Chen Jinfeng and Ms. Zhao Bei of Suning Appliance Group Co., Ltd. fulfilled their commitment.

Commitment	Committed by	Туре	Content	Time	Period	Performance
			addition to that for normal business.			
Commitment on stock-based compensation	-	-	-	-	-	-
shareholders of	Suning Holdings Group Co., Ltd. (hereinafter referred to as "Suning Holdings Group")	Commitment on share lock-up	The Suning Holdings Group transfers 61,056,374 shares held in the 2014 Employee Stock Ownership Plan to Suning Appliance Group Co., Ltd. by block trade, accounting for 0.66% of the total issued capital of the Company. Suning Holdings Group committed not to reduce the additional shares hereby within 36 months since January 18, 2019.	January 18, 2019	18, 2019 to	In the reporting period, Suning Holdings Group fulfilled its commitment.
Whether the co time?	ommitment is	performed on	Yes			
In case failing completely withi the reason and t	n the period spe	ecified, specify				

### **IV. Employment and Recruitment of Accounting Firms**

Has the semi-annual financial report been audited

□ Yes √ No

Semi-annual report of the Company hasn't been audited.

### V. Statement on "Non-standard Audit Report" of Accounting Firms from the Board of Directors and the Board of Supervisors in the Reporting Period

 $\square$  Applicable  $\sqrt{}$  Not applicable

### VI. Statement on "Non-standard Audit Report" of the Previous Year from the Board of Directors

 $\square$  Applicable  $\sqrt{}$  Not applicable

### VII. Bankruptcy and reorganization matters

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no bankruptcy or reorganization in the reporting period.

### **VIII. Litigations**

Significant litigation or arbitration

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no major lawsuit or arbitration in the reporting period.

#### Other lawsuits

Other lawsuit situations that fail to meet the disclosure standards of major lawsuit summarized and disclosed by the Company are as follows:

Basic information on the lawsuit (arbitration)	Amount involved (RMB 10,000)	Whether to form estimated liabilities	Progress on the lawsuit/arbitration	Trial outcome and effect of the lawsuit (arbitration)	(arbitration) judgment		Disclosure index
In the reporting period, the lawsuit matters involved in Suning mainly include rental contracts and commodity sales contracts related to the daily operations of Suning	7,898.05	estimated liability amount formed as of June 30, 2020 was	involving lawsuit	seen from the case involved that it does not have a significant influence on Suning		Not applicable	Not applicable

### IX. Media question

 $\square$  Applicable  $\sqrt{}$  Not applicable

There are no matters widely questioned by media in the reporting period.

### X. Punishments and Rectifications

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no punishment and rectification in the reporting period.

### XI. Honesty Condition of Suning, Controlling Shareholder and Actual Controller

### $\sqrt{\text{Applicable}}$ $\square$ Not applicable

In the reporting period, Suning, its controlling shareholder and actual controller were in good honesty condition, and there was no failure to perform the effective judgment of the court, and the debt with a large amount was not paid off when it was due.

### XII. Implementation of Suning's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

### (I) Phase II employee stock ownership plan

The 23th meeting of the 5th Board of Directors of Suning reviewed and the resolution of the third extraordinary shareholders' meeting in 2015 passed the *Revision on the Proposal of the Employee Stock Ownership Plan (Phase II) of Suning Commerce Group Co., Ltd. (Draft)* and related proposals. The employee stock ownership plan (phase II) is implemented as follows:

1. Scope of shareholding employees

Participants of this employee stock ownership plan and employees of Suning who meet one of the following standards:

(1) Directors, supervisors, and senior management;

(2) Middle and senior personnel in the online and offline operation management, commodity supply chain management, logistics services and other business systems of Suning;

(3) Backbone of technology development system; middle and senior personnel in the functional management system;

(4) Other employees with special contributions recognized by Suning.

2. Sources of funds for implementing employee stock ownership plan

The source of funds for the employee stock ownership plan is the employees' self-raised funds, legal loan and other funds obtained in accordance with laws and administrative regulations.

3. The proportion of the total amount of shares held by employee stock ownership plan in the reporting period and its total issued capital of listed companies

As of June 30, 2020, the shares held by employee stock ownership plan is 65,919,578, accounting for 0.71% of Suning's total issued capital.

4. Changes in planned share equities caused by disposal rights of holders of employee stock ownership plan

According to the regulations of the *Measures on Management of employee Stock Ownership Plan* (*Phase II*) of *Suning Commerce*, in case of any of the following circumstances, the participation qualification of the holders of employee stock ownership plan will be canceled, and the original contribution amount of self-raised funds will be returned.

(1) The holder resigns or leaves without authorization;

(2) The holder refuses to renew the labor contract with Suning or its subsidiary after the expiration of the labor contract;

(3) Suning or its subsidiary does not renew the labor contract with the holder after the expiration of the labor contract;

(4) The holder is terminated by Suning or its subsidiary due to violation of laws, administrative regulations or company rules and regulations;

(5) The holder has major fault or fails to meet the performance evaluation;

(6) The holder has been demoted and degraded, resulting in his/her failure to meet the conditions for participating in the employee stock ownership plan.

As of June 30, 2020, 573 employees of Suning meet the above conditions, involving 139.88 million shares of employee stock ownership plan.

5. Changes in asset management organization

The Company selected Essence Securities as the management organization of the employee stock ownership plan, and signed *Essence-Suning Zhongcheng No.2 Directional Asset Management Plan Management Contract with Essence Securities*.

In the reporting period, the management organization of this employee stock ownership plan has not changed.

#### (II) Phase III employee stock ownership plan

The 19th meeting of the 6th Board of Directors of Suning reviewed and the resolution of the fourth extraordinary shareholders' meeting in 2018 passed the *Phase III Employee Stock Ownership Plan of Suning.Com Co., Ltd. (Draft)* and related proposals. The Phase III employee stock ownership plan is implemented as follows:

#### 1. Scope of shareholding employees

The objects of this employee stock ownership plan cover the directors and senior management of Suning, the middle and senior personnel and business backbones of the three business systems of retail, logistics and finance of Suning, the core technicians of the technical development system, the middle and senior personnel of the functional management system and other employees that the company considers having a direct impact on the operating result and future development of Suning.

2. Sources of funds for implementing employee stock ownership plan

The source of funds for the employee stock ownership plan is the legal compensation, self-raised funds and other funds in ways permitted by laws and regulations.

3. The proportion of the total amount of shares held by employee stock ownership plan in the reporting period and its total issued capital of listed companies

In order to further increase the incentive for employees and enhance their confidence in their positive efforts, in compliance with the requirements of relevant laws and regulations of the CSRC and in combination with the relevant provisions of the *Measures on Management of Phase III Employee Stock Ownership Plan of Suning.Com*, 28,789,758 shares were sold in the secondary market under the Phase III employee stock ownership plan in June 2020, and 44,281,116 shares were held under the employee stock ownership plan as of June 30, 2020, accounting for 0.48% of the total issued capital of the Company.

4. Changes in planned share equities caused by disposal rights of holders of employee stock ownership plan

According to the regulations of the *Measures on Management of Phase III Employee Stock Ownership Plan of Suning.Com*, in case of any of the following circumstances, the participation qualification of the holders of employee stock ownership plan will be canceled:

(1) The holder resigns or leaves without authorization;

(2) The holder refuses to renew the labor contract with Suning or its subsidiary after the expiration of the labor contract;

(3) Suning or its subsidiary does not renew the labor contract with the holder after the expiration of the labor contract;

(4) The holder is terminated by Suning or its subsidiary due to violation of laws, administrative regulations or company rules and regulations;

(5) The holder's disclosure of Suning's secrets, dereliction of duty or malpractice that seriously damage Suning's interests or reputation;

(6) The holder has been demoted and degraded, resulting in his/her failure to meet the conditions for participating in the employee stock ownership plan.

Within the duration, in case of any of the above circumstances, the management committee shall disqualify the holder from participating in the employee stock ownership plan, and the employee stock ownership plan shall recover the holder's shares at that time, and the recovery price shall be determined according to the principle of the lower of the initial purchase price plus capital interest and market price (calculated at the closing price of the previous trading day before the management committee disqualifies the holder from participating in the employee stock ownership plan) of the underlying stocks corresponding to the shares. The management committee shall determine the scope of employees to be transferred for the aforesaid shares, and agree on the share transfer price and relevant restrictions. Employees are transferred for shares on a voluntary basis. If the aforesaid transfer process is not completed within the duration of the employee stock ownership

plan, the recovered share of the holders shall be shared by the holders participating in the employee stock ownership plan.

As of June 30, 2020, 198 employees of Suning meet the above conditions, involving 59.16 million shares of employee stock ownership plan.

5. Changes in asset management organization

The employee stock ownership plan is managed by Suning.

6. Impact on Suning's finance

From January to June, 2020, Suning's current employee stock ownership plan confirmed the amount of management cost during the waiting period of RMB 43.74 million.

### XIII. Significant Related Transaction

### 1. Transaction related to daily operation

### (1) Providing or receiving labor service/purchasing goods

Unit: RMB 10,000

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Suning Real	Holding	Receiv	Suning.Com's	The agent		479.08	0.03%	46,0	2018-034
Estate	subsidiarie	e	self-built stores	construction	area of the agent construction project			00	Announce
Group Co., Ltd. and its	s of related shareholde	servic es	and logistics bases of Suning	cost shall be determined by	of the logistics base project is less than $50,000 \text{ m}^2$ (inclusive), with the				ment on Forecast
subsidiaries	rs of	from	and its	both parties	agent construction rate of 3.2%; the				of Daily
	Suning	related	subsidiaries	through	total construction area of the project				Related
	9	parties	provide agent	consultation	is less than $50,000-100,000$ m <sup>2</sup>				Transactio
			engineering	according to the					n from
			construction	relevant cost	construction rate of 2.10%; the total				cninfo
				input and the	construction area of the project is less				

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
			services	reference market price	than 100,000-150,000 m <sup>2</sup> (inclusive), with the agent construction rate of 1.70%; the total construction area of the project is less than 150,000-200,000 m <sup>2</sup> (inclusive), with the agent construction rate of 1.50%; the total construction area of the project is more than 200,000 m <sup>2</sup> (inclusive), with the agent construction rate of 1.40%; the self-built store project shall be paid by 3% of the total investment (excluding land funds and related taxes) of a single project construction.				

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Jiangsu Yinhe Property Manageme nt Co., Ltd.	Subsidiarie s of Suning Real Estate Group	Receiv e servic es from related parties	Suning and its subsidiaries entrust Jiangsu Yinhe Property to provide property services for chain stores, office properties, logistics bases, self-built stores, etc.	Market price	<ol> <li>Property service price of chain stores: based on the comprehensive consideration of the area where the chain stores are located and the property service coverage, the unit price of property service is about RMB 4/m<sup>2</sup>/month-RMB 5/m<sup>2</sup>/month;</li> <li>office property service price: based on the comprehensive consideration of the area where the office property is located and the property service coverage, the unit price of the property service is about RMB 5/m<sup>2</sup>/month-RMB 10/m<sup>2</sup>/month;</li> <li>property service price of logistics base: based on the comprehensive</li> </ol>	11,264.40	0.73%	47,0 00	2018-034 Announce ment on Forecast of Daily Related Transactio n from cninfo

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
					consideration of the area where the logistics base is located and the property service coverage, the unit price of property service is about RMB 1.50/m <sup>2</sup> /month-RMB 3.50/m <sup>2</sup> /month; ④ property service price of self-built stores: according to the area where the self-built stores are located and the commercial forms covered by the self-built stores, the property service price is determined on a project-by-project basis, and the estimated unit price is RMB 4.50/m <sup>2</sup> /month-RMB 12.00/m <sup>2</sup> /month).				

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Jiangsu Suning Sports Goods Co., Ltd.	Subsidiarie s of Suning Holdings Group	Receiv e servic es from related parties	Suning.Com entrusts its sport and outdoor category to Jiangsu Suning Sports for exclusive agency operation	Market price	① During the term of the agreement, the brand owner shall pay a commission to Jiangsu Suning.Com according to a certain proportion of the sales amount. Jiangsu Suning.Com shall deduct 1.5% of the total sales amount of the "sport and outdoor" category as its own income, and the rest of the commission income shall be used by Jiangsu Suning.Com to pay the agency operating expenses of Jiangsu Suning Sports; ② during the term of the agreement, the total annual sales amount of the "sport and outdoor" category operated by Jiangsu Suning	0	0	16,0 00	2018-034 Announce ment on Forecast of Daily Related Transactio n from cninfo

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
					Sports Agency shall reach 1.5 billion (including 1.5 billion). If the sales target is not met, the above deduction standard for Jiangsu Suning.Com to deduct its own income shall be adjusted to 1.8%; ③ during the term of the agreement, Jiangsu Suning Sports will independently bear the compensation, research and development expenses, advertising expenses and the proportional expenses of promotion initiated by Jiangsu Suning Sports; Jiangsu Suning.Com is responsible for the platform point redeem expenses, handling expenses, etc.				

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Jiangsu Tongshi Mingtai Digital Technology Co., Ltd.	Subsidiarie s of Suning Holdings Group	Purch ase of comm odities from related parties	Purchase PPTV and other intelligent hardware products	Market price	Market price	15,789.83	1.02%	100, 000	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in 2020
Subordinate sports and video company of	Subsidiarie s of Suning Holdings Group	Purch ase of comm odities	Purchase sports members and video members	Market price	Market price	900.00	0.06%	11,50 0	2020-028 Announce ment on Forecast

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Suning Holdings Group		from related parties							of Daily Related Transactio n from cninfo in 2020
Subordinate sports goods company of Suning Holdings Group	Subsidiarie s of Suning Holdings Group	Purch ase of comm odities from related parties	Purchase sports goods	Market price	Market price	204.67	0.01%	10,0 00	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
									2020
Alibaba Group	Ultimate holding company of institutiona I shareholde rs holding more than 5% of Suning's shares and	Purch ase of comm odities from related parties	Purchase Tmall Genie, Tmall Magic Box and other commodities	Market price	Market price	6,839.78	0.44%	12,0 00	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in 2020

Related transaction party	Connected relation its subsidiarie s	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Suning Holdings Group and its subsidiaries	Under the control of the same actual controller as Suning	Sale of comm odities to related parties	Sale of commodities	Market price	Market price	3,268.94	0.21%	25,0 00	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in 2020

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Suning Real Estate Group and its subsidiaries	Holding subsidiarie s of related shareholde rs of Suning	Sale of comm odities to related parties	Sale of commodities	Market price	Market price	14,466.34	0.94%	50,0 00	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in 2020
Jiangsu Tongshi Mingtai Digital	Subsidiarie s of Suning Holdings Group	Labor provid ed to affiliate	Provide commodity storage, trunk line allocation,	Market price	Market price	1,066.35	0.07%	15,0 00	2020-028 Announce ment on Forecast

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Technology Co., Ltd.		d party	after-sales maintenance and other services						of Daily Related Transactio n from cninfo in 2020
Suning Sports and Cultural Media (Beijing) Co., Ltd./Shangh ai Juli Media	Subsidiarie s of Suning Holdings Group	Labor provid ed to affiliate d party	Provide advertising, advertising agency and other marketing services	Market price	Market price	2,182.65	0.14%	40,0 00	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Technology Co., Ltd.									2020
Suning Cinema Investment (Beijing) Co., Ltd.	Subsidiarie s of Suning Holdings Group	Labor provid ed to affiliate d party	Provide property leasing service for Suning Cinema	Market price	Market price	469.76	0.03%	3,50 0	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in 2020

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Alibaba Group	Ultimate holding company of institutiona I shareholde rs holding more than 5% of Suning's shares and its subsidiarie s	Labor provid ed to affiliate d party	Suning's subsidiaries provide services such as commodity storage, warehouse operation management, logistics and delivery for Cainiao Network of Alibaba Group.	Market price	Market price	19,584.90	1.27%	65,0 00	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in 2020

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Shanghai Juli Media Technology Co., Ltd.	Subsidiarie s of Suning Holdings Group	Receiv e servic es from related parties	PP video and other resources provide advertising services for Suning and its subsidiaries	Market price	Market price	4,144.49	0.27%	1,00 0	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in 2020
Jiangsu Suning Football Club Co.,	Subsidiary of Suning Real Estate	Receiv e servic es	Provide advertising services for Suning and its	Market price	Market price	7,014.90	0.45%	25,0 00	2020-028 Announce ment on Forecast

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Ltd., F.C. INTERNAZI ONALE MILANO S.P.A.	Group, subsidiary of Suning Holdings Group	from related parties	subsidiaries						of Daily Related Transactio n from cninfo in 2020
Suning Sports and Cultural Media (Beijing) Co., Ltd.	Subsidiarie s of Suning Holdings Group	Receiv e servic es from related parties	PP sports and other resources provide advertising services for Suning and its subsidiaries	Market price	Market price	8,495.69	0.55%	30,0 00	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
									2020
Suning Real Estate Group Co., Ltd.	Holding subsidiarie s of related shareholde rs of Suning	Receiv e servic es from related parties	Self-built stores and supporting properties provide agency operation service of commercial plaza	Charge the agency operation commission according to 4% of the total revenue of rent and property fee of all projects, and charge agency investment attraction commission	Market price	660.20	0.04%	3,00 0	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in 2020

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
				according to 1.5 times of the average monthly rent (including property fee)					
Suning Real Estate Group Co., Ltd. and its subsidiaries	Holding subsidiarie s of related shareholde rs of Suning	Receiv e servic es from related parties	Self-built stores, logistics bases, etc. provide building engineering design services.	Market price	Market price	301.25	0.02%	8,20 0	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in
Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
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									2020
Suning Rundong Equity Investment Manageme nt Co., Ltd.	Subsidiarie s of Suning Holdings Group	Receiv e servic es from related parties	Provide consulting services for Suning's foreign investment and financing projects	Market price	Market price	192.00	0.01%	3,00 0	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in 2020

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Alibaba Group	Ultimate holding company of institutiona I shareholde rs holding more than 5% of Suning's shares and its subsidiarie s	Receiv e servic es from related parties	Provide information service and marketing service for Suning.Com flagship stores of Tmall Mall	Suning and its subsidiaries shall pay the corresponding platform service expenses according to the uniform rules of the platform.	Market price	50,390.27	3.26%	160, 000	2020-028 Announce ment on Forecast of Daily Related Transactio n from cninfo in 2020

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Suning Al Solutions Co., Limited and its subsidiaries	The actual controller is a member of Mr. Zhang Jindong's family.	Sale of comm odities to related parties	Sale of commodities	Market price	Market price	119,980.7 7	7.76%	4,00 0,00 0	2019-064 Announce ment on Forecast of Daily Related Transactio n from cninfo
Suning Al Solutions Co., Limited and its subsidiaries	The actual controller is a member of Mr. Zhang	Labor provid ed to affiliate d party	CVS provides goods delivery service for goods sold online	Market price	Market price	4,757.33	0.31%	80,0 00	2019-064 Announce ment on Forecast of Daily

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
	Jindong's family.								Related Transactio n from cninfo
Suning Al Solutions Co., Limited and its subsidiaries	The actual controller is a member of Mr. Zhang Jindong's family.	Labor provid ed to affiliate d party	The physical stores of CVS provide installation and after-sales services for refrigerators, air conditioners and other equipment and facilities	Market price	Market price	4,545.98	0.29%	18,0 00	2019-064 Announce ment on Forecast of Daily Related Transactio n from cninfo

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Suning Al Solutions Co., Limited and its subsidiaries	The actual controller is a member of Mr. Zhang Jindong's family.	Labor provid ed to affiliate d party	Provide information technology service	Market price	Market price	5,423.04	0.35%	11,00 0	2019-064 Announce ment on Forecast of Daily Related Transactio n from cninfo
Suning Al Solutions Co., Limited and its subsidiaries	The actual controller is a member of Mr. Zhang	Labor provid ed to affiliate d party	Provide property rental Contract	Market price	Market price	262.40	0.02%	17,0 00	2019-064 Announce ment on Forecast of Daily

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
	Jindong's family.								Related Transactio n from cninfo
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiarie s of Suning Holdings Group	Labor provid ed to affiliate d party	Provide information technology and data services	Market price	Market price	16,302.66	1.05%	45,3 20	2019-102 Announce ment on Forecast of Daily Related Transactio n from cninfo

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiarie s of Suning Holdings Group	Labor provid ed to affiliate d party	Provide property leasing service	Market price	Market price	409.44	0.03%	2,20	2019-102 Announce ment on Forecast of Daily Related Transactio n from cninfo
Shanghai Suning Financial Service Group Co.,	Subsidiarie s of Suning Holdings Group	Labor provid ed to affiliate d party	Provide agency account service	Market price	Market price	36.42	0.00%	1,65 0	2019-102 Announce ment on Forecast of Daily

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Ltd. and its subsidiaries									Related Transactio n from cninfo
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiarie s of Suning Holdings Group	Receiv e servic es from related parties	Provide issuance, consultation and promotion services of prepaid phone card	Market price	Market price	1,374.88	0.09%	8,80 0	2019-102 Announce ment on Forecast of Daily Related Transactio n from cninfo

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiarie s of Suning Holdings Group	Receiv e servic es from related parties	Provide third party payment service	Market price	Market price	30,343.77	1.96%	121, 000	2019-102 Announce ment on Forecast of Daily Related Transactio n from cninfo
Shanghai Suning Financial Service Group Co.,	Subsidiarie s of Suning Holdings Group	Receiv e servic es from	Sell warranty extension products	Market price	Market price	2,303.00	0.15%	66,0 00	2019-102 Announce ment on Forecast of Daily

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Ltd. and its subsidiaries		related parties							Related Transactio
									n from cninfo
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiarie s of Suning Holdings Group	Receiv e servic es from related parties	Suning Financial Services Group and Suning jointly launch interest-free and interest-reductio n installment shopping promotions.	Market price	Market price	2,440.13	0.16%	33,0 00	2019-102 Announce ment on Forecast of Daily Related Transactio n from cninfo

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiarie s of Suning Holdings Group	Suning Financ ial Servic es Group cooper ates with Suning to develo p financi al servic	Suning cooperates with Suning Financial Services Group to provide financial services for supply chains. Suning's suppliers, carriers and other eco-circle users apply to Suning Financial Services Group for factoring	Market price	Market price	944,438.0 0	61.06 %	1,50 0,00 0	2019-102 Announce ment on Forecast of Daily Related Transactio n from cninfo

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
		e of supply chains	financing services based on Suning.Com accounts payable.						
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiarie s of Suning Holdings Group	Suning Financ ial Servic es Group cooper ates with Suning	Suning Financial Services Group provides factoring financing services for Suning and its subsidiaries.	Market price	Market price	259,120.0 0	16.75 %	400, 000	2019-102 Announce ment on Forecast of Daily Related Transactio n from cninfo

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
		to develo p financi al servic e of supply chains							
Japan LAOX	Subsidiarie s of Suning Appliance Group Co., Ltd.	Purch asing goods	Purchase of goods	Market price	Market price	7,161.59	0.46%	100, 000	2019-120 Announce ment on Forecast of Daily Related

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index			
									Transactio n from cninfo			
Total						1,546,614 .91	-	7,07 5,17 0				
Details of larg	je sales returr	IS		None								
classified by	types that	would ha	elated transaction appen within the pated in terms of	agreement.								

Related transaction party	Connected relation	Type of related transa ction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transactio n (tax inclusive, RMB 10,000)	Propor tion to the total amoun t of similar transa ction	Appr oved trans actio n limit	Disclosure index
The reason of market refere	-	ences for	trading price and	Not applicable					

Note: 1. The amount criteria of related transaction shall be filled out (tax inclusive) according to the book confirmation number in the reporting period, the same as below.

2. The 17th meeting of the 6th Board of Directors of Suning deliberated and passed the Proposal on the Forecast of Daily Related Transaction. Suning entrusts Suning Real Estate Group and its subsidiaries to provide agent engineering construction services for Suning.Com's self-built stores and logistics bases put into construction by Suning and its subsidiaries. It is estimated that the cost of providing agent engineering construction services by Suning Real Estate Group will not exceed RMB 460 million (tax inclusive) from 2018 to 2020; Jiangsu Yinhe Property Management Co., Ltd. provides professional property services to Suning and its subsidiary chain stores, office properties, logistics bases, self-built stores, etc. It is estimated that the cost of providing property services to Suning by Jiangsu Yinhe Property will not exceed RMB 470 million (tax inclusive) from 2018 to 2020. Suning entrusts the Internet operation of the commodity category of sport and outdoor to Jiangsu Suning Sports for exclusive agency operation, which is responsible for the specific operations of merchants of this category, such as merchant attraction, occupancy, management, and operation and product promotion policies. It is estimated that the agency-operation service charge of Jiangsu Suning Sports will not exceed RMB 160 million (tax inclusive) from 2018 to 2020.

3. The 45th meeting of the 6th Board of Directors of Suning deliberated and passed the Proposal on Daily Related Transaction with Related Parties, which was adopted by the resolution of the second extraordinary shareholders' meeting in 2019. The amount of Suning and Suning Al Solutions Co., Limited in terms of commodity procurement, logistics services, information services, promotion and promotion is the amount of daily related transaction within two years from the settlement day (July 1, 2019).

4. The 50th meeting of the 6th Board of Directors of Suning deliberated and passed the Proposal on the Forecast of Daily Related Transaction, which was adopted by the resolution of the third extraordinary shareholders' meeting in 2019. Suning Financial Services Group and its subsidiaries maintain a high degree of strategic coordination with Suning in retail and logistics businesses. The amount of financial services and marketing promotion between the two sides is the amount of daily related transaction from the settlement day (October 1, 2019) to 2021.

# (2) Property rental

#### Unit: RMB 10,000

Related	Connec	Туре	Contents of related transaction	Pricing	Price of related	Amount	Propo	Approved	Wh	Settlem	Avai	Disc	Disclosur
transacti	ted	of		principl	transaction	of	rtion	transaction	ethe	ent	labl	losu	e index
on party	relation	relate		e for		related	to the	limit	r	method	е	re	
		d		related		transac	total		bey	of	mar	date	
		trans		transact		tion	amou		ond	related	ket		
		action		ion		(tax	nt of		the	transac	pric		
						inclusiv	simila		app	tion	е		
						e, RMB	r		rove		for		
						10,000)	trans		d		simi		
							action		limit		lar		
											tran		
											sact		
											ion		
Suning	Branch	Prope	Rent 1st to 4th floors of No.8,	Market	The rental expense	1,017.3	3.85	The rental	No	The	-	Jan	2011-003
Plaza	es of	rty	North Section of Tianfu Avenue	price	adopts the method of	5	%	expense is		minimu		uary	Announc
Shoppin	subsidi	leasin	in south of Chengdu Hi-Tech		"base plus			calculated		m		07,	ement on
g Branch	aries of	g and	Industrial Development Zone,		commission", and the			at 3.2% of		rental		201	Related
of	Suning	servic	covering a total area of about		rental expense is paid			the store's		expens		1	Transacti
Chengdu	Holding	es	10,973 m <sup>2</sup> . The lease term is		at 3.2% of the total			annual		e is			on in
Hongye	s		from January 11, 2011 to		sales (tax inclusive)			revenue		paid in			Property
Real	Group		January 10, 2031. In January		every year, and the			(tax		advanc			Leasing
Estate			2014, a subsidiary of Suning		rental unit price is not			inclusive),		е			from

Co., Ltd.	withdrew its lease of some	lower than RMB	but the unit	quarterl	cninfo
	operating areas, with a lease	70/month/m <sup>2</sup> , i.e. the	price per	y by the	
	area of 9,342 m <sup>2</sup> after the	annual minimum	square	way of	
	surrender of tenancy. In	rental expense is	meter is	"pay	
	February 2015, a subsidiary of	RMB 7.84728 million;	not lower	before	
	Suning signed a service contract	property service	than RMB	usage";	
	with Chengdu Hongye Real	expense is RMB	70/month;	the	
	Estate, entrusting it to provide	16.5/m <sup>2</sup> /month. From	property	conting	
	property services for the store,	October 11, 2019 to	service	ent	
	with the service period from	October 10, 2020, the	expense is	rental	
	October 11, 2014 to January 10,	minimum rental	RMB	expens	
	2021. In July 2017, a subsidiary	expense is reduced to	16.5/m²/m	e is	
	of Suning signed a	RMB 7.0722 million.	onth	settled	
	Supplementary Agreement with			after	
	Chengdu Hongye Real Estate,			the end	
	which reduced the minimum			of each	
	rental expense and property			year by	
	management expenses from			means	
	October 11, 2017 to October 10,			of using	
	2018 to RMB 7.2195 million and			before	
	RMB 1.70174 million. In August			payme	
	2019, Sichuan Suning and			nt.	
	Suning Plaza Shopping Branch				
	of Chengdu Hongye Real Estate				
	signed a Supplementary				
	Agreement, which reduced the				

			minimum rental expense from October 11, 2019 to October 10, 2020 to RMB 7.0722 million.										
Xuanwu	Branch	Renta	Lease out the 1st to 7th floors,	Market	From the first year to	543.26	2.06	32,240.14	No	Pay	-	Mar	2011-010
Suning	es of	Ι	the underground mezzanine and	price	the fifth year, the		%			quarterl		ch	Announc
Yinhe	subsidi	prope	the B1 of Suning headquarters		related transaction					у		16,	ement on
Novotel	aries of	rty	building 7 and 8 in Xuzhuang		price is RMB							201	Related
of	Suning		Software Park, Nanjing City for		1.2/m <sup>2</sup> /day, which							1	Transacti
Nanjing	Real		the development of hotel		increases by 5% on								on for
Xuanwu	Estate		operations. The leased property		the basis of the								Leasing
Suning	Group		covers an area of about 45,000		previous year every								Propertie
Real			m <sup>2</sup> and has a lease term of		two years from the								s to
Estate			March 20, 2011 to March 19,		sixth year								Related
Co., Ltd.			2026.										Parties
													from
													cninfo
Qingdao	Subsidi	Prope	Rent the 1st to 3rd floors of the	Market	The rental expense is	0	0.00	The rental	No	The	-	Apri	2011-020
Suning	aries of	rty	property located at 22-42	price	calculated by the		%	expense is		minimu		I 19,	Announc
Commer	Suning	rental	Jingkou Road, 1-29 Guzhen		method of "base plus			calculated		m		201	ement on
cial Co.,	Real		Road and 1-11 Shuyuan Road in		commission". The			at 3.0% of		rental		1	Related
Ltd.	Estate		Licang District of Qingdao for		amount calculated by			the store's		expens			Transacti
	Group		store operation. The total		3% of the total sales			annual		e is			on in
			building area of the leased		(tax inclusive) is taken			revenue		paid in			Property
			property is about 14,120 m <sup>2</sup> . The		as the rental expense,			(tax		advanc			Leasing
			lease term is from April 19, 2011		and the unit price per			inclusive),		е			from

to April 18, 2021. In December	square meter is not	but the unit	quarterl	cninfo
2018, a subsidiary of Suning	lower than RMB	price per	y by the	
signed a Supplementary	2.5/day, i.e. the	square	way of	
Agreement with Qingdao Suning	minimum annual	meter is	pay	
Real Estate. Qingdao Suning	rental expense is	not lower	before	
rented 26,069.8 m <sup>2</sup> of area from	RMB 12.8845 million.	than RMB	usage;	
January 1, 2019 due to the need	From January 1,	2.5/day	the	
of store operation. The lease	2019, the minimum		conting	
term is extended to April 18,	annual rental expense		ent	
2029. During the lease term	is adjusted to RMB		rental	
(from January 1 of 2019 to April	11.5 million.		expens	
18 of 2029), the rental expense			e is	
is calculated by the method of			settled	
"base plus commission". The			after	
amount calculated by 3% of the			the end	
total sales (tax inclusive) is taken			of each	
as the rental expense, and the			year by	
minimum annual rental expense			means	
is RMB 11.5 million. In August			of using	
2019, a subsidiary of Suning			before	
signed a Supplementary			payme	
Agreement with Qingdao Suning			nt.	
Commercial, and the rental				
expense was changed to RMB				
9.8147 million from October 1,				
2019 to September 30, 2020.				

							r	T				1	
Suning	Holding	Prope	Rent the 1st to 6th floors of	Market	For the first lease	1,898.5	7.19	39,671.54	No	Pay	-	Dec	2012-057
Real	subsidi	rty	Suning Plaza, 68 Huaihai Road	price	year, the rental	7	%			quarterl		emb	Announc
Estate	aries of	rental	in Nanjing City for store		expense is RMB					y in		er	ement on
Group	related		operation. The total building area		5.5/m <sup>2</sup> /day, which					advanc		28,	Related
Co., Ltd.	shareh		of the leased property is 18,611		increases by 3% on					е		201	Transacti
	olders		m <sup>2</sup> and the lease term is from		the basis of the							2	on for
	of		December 28, 2012 to		previous year every								Leasing
	Suning		December 27, 2022. From		two years from the								Propertie
			December 28, 2014, the rental		third year.								s to
			area of the store has increased										Related
			by 5,023.01 m <sup>2</sup> . From April 1,										Parties
			2016, the rental area of the store										from
			has adjusted to 17,405.09 m <sup>2</sup> ,										cninfo
			and from December 28, 2016,										
			the rental area of the store is										
			15,885.09 m <sup>2</sup> .										
Wuxi	Subsidi	Prope	Rent the 1st to 5th floors of Wuxi	Market	The rental expense is	1,348.0	5.10	45,831.11	No	Pay	-	Sep	2013-043
Suning	aries of	rty	Suning Plaza Building, 111	price	calculated at RMB	1	%			quarterl		tem	Announc
Business	Suning	leasin	Renmin Middle Road in Wuxi		3.50/m²/day,					у		ber	ement on
Manage	Applian	g and	City for store operation, with a		increasing by 3%							28,	Related
ment	се	servic	lease area of 19,217.40 m <sup>2</sup> and		every three years							201	Transacti
Co., Ltd	Group	es	a lease term from September 30,		starting from the third							3	on for
	Co.,		2013 to September 29, 2028. In		year; property service								Leasing
	Ltd.		August 2014, a subsidiary of		expense is RMB								Propertie
			Suning signed a supplementary		15/month/m <sup>2</sup> .								s to

			agreement with Wuxi Suning Business Management to withdraw its lease of some leased areas. The actual leased area of Suning is 18,945.49 m <sup>2</sup> from June 30, 2014. In September 2015, a subsidiary of Suning signed a supplementary agreement with Wuxi Business Management. As of August 30, 2015, Wuxi Suning withdrew its lease of some leased areas, with a leased area of 18,704.93 m <sup>2</sup> .										Related Parties from cninfo
Taijiang	Branch	Prope	Rent the 1st to 5th floors of	Market	The rental unit price	317.10	1.20	22,969.53	No	Pay	-	Dec	2013-063
Branch	es of	rty	Fuzhou Suning Plaza, 233	price	per square meter for		%			quarterl		emb	Announc
of	subsidi	leasin	Industrial Road in Fuzhou City		the first three years					у		er	ement on
Fuzhou	aries of	g and	for store operation, with a lease		from the first rental							25,	Related
Suning	Suning	servic	area of 16,132 $\mbox{m}^2$ and a lease		year is RMB 2/day,							201	Transacti
Real	Real	es	term from October 1, 2013 to		and the rental unit							3	on for
Estate	Estate		September 30, 2028. In May		price per square								Leasing
Co., Ltd.	Group		2015, a subsidiary of Suning		meter from the fourth								Propertie
			signed a Supplementary		rental year is RMB								s to
			Agreement with Fuzhou Suning		2.5/day, with an								Related
			Real Estate Co., Ltd. Suning		increase of 5% every								Parties
			withdrew its lease of some		two years thereafter.								from
			operating areas and readjusted										

			its store area. The actual leased area of the Suning is 14,047.66 m <sup>2</sup> from July 1, 2015. On March 31, 2020, through friendly negotiation, the Company terminated the lease of the premises for store operation.										cninfo
Suqian	А	Prope	Rent the 1st-4th floor of Suqian	Market	The unit price of rent	124.77	0.47	10,733.68	No	Pay	-	Jan	2014-007
Suning	branch	rty	Suning Plaza, Xingfu Road, and	price	per square meter is		%			quarterl		uary	Announc
Property	of	rental	Suqian City for store operation,		RMB 1.80/day for the					у		25,	ement on
Co., Ltd.	Suning		with a rental area of 10,020 m <sup>2</sup>		first two years from							201	Related
Suning	Real		and a rental period from		the first rental year,							4	Transacti
Plaza	Estate		December 28, 2013 to		and increases by 3%								on for
Branch	Group		December 27, 2028. In		every two years								Leasing
	subsidi		December 2016, Suqian Suning		thereafter.								Propertie
	ary		signed a Supplementary										s to
			Agreement with Suqian Suning										Related
			Property. Due to business										Parties
			needs, Suning adjusted the										from
			rental area of some stores, with										cninfo

			the adjusted rental area of 6,826 m <sup>2</sup> and the rental period from December 28, 2016 to December 27, 2028. The adjusted rental amount was RMB 61.9866 million.										
Huai'an	Subsidi	Prope	Rent the 1st-5th floor of Suning	Market	The unit price of rent	0	0	9,944.40	No	Pay	-	Apri	2014-028
Suning	aries of	rty	Life Square, 158 East Huaihai	price	per square meter is					quarterl		I 15,	Announc
Property	Suning	rental	Road, Huai'an City for store		RMB 1.6/day for the					у		201	ement on
Co., Ltd.	Real		operation, with a rental area of		first two years from							4	Related
	Estate		12,391.9 m <sup>2</sup> and a rental period		the first rental year,								Transacti
	Group		from April 26, 2014 to April 25,		and increases by 3%								on for
			2024. In July 2018, a subsidiary		from the third year.								Leasing
			of Suning signed a		From July 26, 2019 to								Propertie
			Supplementary Agreement with		July 25, 2020, the								s to
			Huai'an Suning Property. Since		rental expense is								Related
			July 26, 2018, Suning threw a		reduced to RMB								Parties
			lease for part of the rental area,		5,613,300.								from
			with an adjusted rental area of										cninfo
			8,152.20 m <sup>2</sup> . In October 2019, a										
			subsidiary of Suning signed a										
			Supplementary Agreement with										
			Huai'an Suning Property, and the										
			rental expense was reduced to										
			RMB 5,613,300 from July 26,										

			2019 to July 25, 2020.										
Suning	Subsidi	Prope	From June 29, 2018, the 14	Market	The rental expense	11,824.	44.78	293,828.22	No	Pay	-	Jun	2018-076
Applianc	aries of	rty	sales subsidiaries of Suning paid	price	for the first year is	18	%			quarterl		е	Announc
e Group	Suning	rental	the total rental expenses of RMB		determined according					у		30,	ement on
Co., Ltd.	Applian		1,665.79 million and the property		to the market-oriented							201	Related
has 14	се		service expenses of RMB		rental level. From the							8	Transacti
subsidiar	Group		433.2154 million to the 14		second year to the								on for
ies	Co.,		subsidiaries of Suning Appliance		sixth year, the rental								Leasing
	Ltd.		Group Co., Ltd. according to the		expense for each								Propertie
			rental contract and the property		rental year increases								s to
			service contract.		by 3% from the								Related
					previous year.								Parties
					Starting from the								from
					seventh year, the rent								cninfo
					will be reconfirmed								
					according to the								
					prevailing market rent								
					level, but the rent								
					level in the seventh								
					year will not be lower								
					than that in the first								
					year. The property								
					service expenses in								
					the first year are								
					determined according								

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		to the market-oriented						
		property expenses						
		level. From the						
		second year to the						
		sixth year, the						
		property service						
		expenses in each						
		rental year increases						
		by 3% from the						
		previous year.						
		Starting from the						
		seventh year, the						
		property service						
		expenses shall be						
		reconfirmed						
		according to the						
		market-oriented						
		property expenses						
		level at that time, but						
		the property service						
		expenses level in the						
		seventh year shall not						
		be lower than that in						
		the first year.						
		-						

Suning	Subsidi	Prope	According to the stipulations in	Market	The lease term is	9,334.4	35.35	302,80.42	No	Pay	_	Nov	CNINFO
Applianc	aries of	rty	the Rental Contract, the	price	from December 1,	9,334.4	%	302,00.42	NO	quarterl	-	emb	2018-146
e Group	Suning	rental	Supplementary Agreement to	price	2014 to November 30,		70					er	Announc
Co., Ltd.	Applian	Tentai	the Rental Contract and the		2014 to November 30, 2026. The rental					у		26.	ement on
has 11	••				expense for the first							20,	Confirma
subsidiar	ce											8	tion of
	Group		during the remaining rental		year is determined							0	
ies	Co.,		period starting from November		according to the								Renting
	Ltd.		21, 2018, Suning's sales		market-oriented rental								Propertie
			subsidiaries paid the project		level. From the								s from
			company the total rental		second year to the								Related
			expenses of RMB 2,389.3075		sixth year, the rental								Parties
			million and the total property		expense for each								
			service expenses of RMB		rental year increases								
			638.7267 million.		by 3% from the								
					previous year.								
					Starting from the								
					seventh year, the rent								
					will be reconfirmed								
					according to the								
					prevailing market rent								
					level, but the rent								
					level in the seventh								
					year will not be lower								
					than that in the first								
					year. The period of								
					the property service is								

	1	 1	1	
	from December 1,			
	2014 to November 30,			
	2026. The property			
	service expenses in			
	the first year are			
	determined according			
	to the market-oriented			
	property expenses			
	level. From the			
	second year to the			
	sixth year, the			
	property service			
	expenses in each			
	rental year increases			
	by 3% from the			
	previous year.			
	Starting from the			
	seventh year, the			
	property service			
	expenses shall be			
	reconfirmed			
	according to the			
	market-oriented			
	property expenses			
	level at that time, but			
	the property service			

	0												
					expenses level in the								
					seventh year shall not								
					be lower than that in								
					the first year.								
Total						26,407.		-					
						71							
Details of la	arge sales	returns		Not appli	cable	I	1	I				1	<u> </u>
The actual	performar	ice of dai	ily related transaction classified by	In the re	porting period, Suning a	and related	l parties	shall perform	the pr	operty ren	t in ac	cordano	ce with the
			in the reporting period and would					enen penenn	e p.	op 0. (j . o.)			
		-		contract.									
be anticipa	itea in term	IS OF TOTAL	amount (if any)										
Reasons for	Reasons for large differences between trading price and marke				Not applicable								
	erence price (if applicable)												
		,											

Note: During the reporting period, the related parties issued to the Company the *Confirmation Letter on Rent Reduction and Exemption of Suning.Com Cooperation Project* and *Confirmation letter on Rent Exemption of Suning.Com Cooperation Project during Business Suspension*. The related parties reduced and exempted the rent of stores in Wuxi Suning Plaza, Fuzhou Suning Plaza, Chengdu Suning Plaza, Qingdao Li Village Suning Plaza, Nanjing Xinjiekou Suning Plaza and Huai'an Suning Plaza established by the Company which suspend business during the period of COVID-2019.

#### 2. Related transaction from asset or equity acquisition and sale

#### $\square$ Applicable $\sqrt{}$ Not applicable

There is no related transaction from asset or equity acquisition and sale in the reporting period.

#### 3. Related transaction of joint foreign investment

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no related transaction of joint external investment in the reporting period.

#### 4. Related credits and debts

Whether there was any non-operating related credit and debt

□ Yes √ No

There were no non-operating related credit and debt in the reporting period.

#### 5. Other significant related transaction

On March 20, 2008, the 2007 annual shareholders' meeting of Suning deliberated and passed *the Proposal on Trademark License*, agreeing to license Suning Appliance Group Co., Ltd., the second largest sponsor shareholder of Suning, its wholly-owned and holding subsidiaries and companies with actual control rights to use some "Suning" series registered trademarks (traditional Chinese) and some "Suning" and "NS" series registered trademarks (simplified Chinese). If Suning Appliance Group Co., Ltd. and its wholly-owned and holding subsidiaries and companies with actual control need to use the extended trademark of trademark licensed for use in its later operating activities, Suning may apply for registration on its behalf and license its use.

On March 31, 2009, the 2008 annual shareholders' meeting of Suning deliberated and passed *the Proposal on Trademark License*, which allows Suning Appliance Group Co., Ltd. and 20% above (including 20%) directly or indirectly held companies (hereinafter referred to as "subsidiaries") to use some of Suning's registered "Suning" trademarks in Chinese characters and "Suning" series of trademarks in pinyin. If Suning Appliance Group Co., Ltd. and its subsidiaries need to use the extended trademark of trademark licensed for use in its later operating activities, Suning may apply for registration on its behalf and license its use.

As of the disclosure date of this report, Suning Appliance Group Co., Ltd. paid trademark license expenses of RMB 2 million in 2020.

On April 22, 2016, the 2015 annual shareholders' meeting of Suning deliberated and passed *the Proposal on Related Transaction on Partial Trademark Assignment and Use License*. Globally, Suning agreed that Suning Holdings Group and its subsidiaries can use the trademark with the word "Suning" in non-main business scope (including license and sublicense), that is, the trademark with the word "Suning" in the non-main business scope (simplified, traditional, pinyin and English letter forms), including but not limited to the following trademarks: Suning, S Suning, S+Suning (Chinese), S+Suning (English), S+ Suning (Chinese)+Suning (English), Suning (Chinese), Suning (traditional Chinese),

etc. In addition to China, countries and territories where individual trademarks are registered and/or used include the United States, Hong Kong, Macao, Japan, North Korea, Brunei, Australia, European Union, etc. Suning Holdings Group and its subsidiaries have not applied for registration of trademarks such as "Suning Holding", "Suning Pictures" and "Suning Investment" that need to be used in their operating activities. As the use of such trademarks does not fall within Suning's main business scope, Suning agrees that Suning Holdings Group can register and use them.

As of the disclosure date of this report, Suning Holdings Group paid trademark license expenses of RMB 2 million in 2020.

The website to disclose the interim announcements on other significant related transaction and related queries

Title of announcement	Disclosure date	Disclosure website
Announcement on Related Transaction on Trademark Use License	February 29, 2008	cninfo
Announcement on the Resolutions of Annual Shareholders' Meeting of 2007	March 21, 2008	cninfo
Announcement on Related Transaction on Trademark Use License	February 28, 2009	cninfo
Announcement on the Resolutions of Annual Shareholders' Meeting of 2008	April 01, 2009	cninfo

# XIV. Appropriation of Nonoperating Funds of the Listed Company by Controlling Shareholders and Their Related Parties

#### $\square$ Applicable $\sqrt{}$ Not applicable

No non-operating funds of the listed company have been appropriated by controlling shareholders and their related parties in the reporting period.

# XV. Major Contracts and Their Performance

#### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no trusteeship in the reporting period.

# (2) Contracting

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no contracting in the reporting period.

# (3) Leasing

Description of lease

In the reporting period, except for the normal rent of houses to open stores and the provision of properties for foreign operations, Suning had no major asset rental events occurred or had some occurred in the previous period but continued into the reporting period.

Projects that bring gain or loss to Suning up to more than 10% of the total profits of Suning in the reporting period

 $\square$  Applicable  $\sqrt{}$  Not applicable

There were no rental projects that bring gain or loss to Suning up to more than 10% of the total profits of Suning in the reporting period.

### 2. Significant guarantee

# (1) Guarantee

Unit: RMB 10,000

Suni	ng's and its su	bsidiaries' ex	ternal guaran	tee (excluding g	juarantee	for subsidiari	es)	
Guaranteed party	Disclosure date for announcem ent related to guarantee limit	Guarante e limit	Actual date of occurrenc e	Actual amount guaranteed	Guara ntee type	Guarante e period	Com plete d or not	Gua rant ee for relat ed part y or not
Shanghai Suning Financial Service Group Co., Ltd.	2019/9/28	87,295.57	2019/1/9	87,295.57	Joint liability guaran tee	2019/1/9- 2022/1/5	No	Yes
Shanghai Suning Financial	2019/9/28	60,140.21	2019/1/9	60,140.21	Joint liability guaran	2019/1/9- 2022/1/5	No	Yes

Service Group Co., Ltd.					tee			
Shanghai Suning Financial Service Group Co., Ltd.	2019/9/28	16,647.23	2019/2/21	16,647.23	Joint liability guaran tee	2019/2/21 -2022/1/5	No	Yes
Shanghai Suning Financial Service Group Co., Ltd.	2019/9/28	100,000.0 0	2019/6/28	100,000.00	Joint liability guaran tee	2019/6/28 -2022/6/2 8	No	Yes
Shanghai Suning Financial Service Group Co., Ltd.	2019/9/28	25,005.00	2019/7/10	25,005.00	Joint liability guaran tee	2019/7/10 -2020/6/3 0	Yes	Yes
Shanghai Suning Financial Service Group Co., Ltd.	2019/9/28	4,641.77	2019/7/31	4,641.77	Joint liability guaran tee	2019/7/31 -2020/7/3 0	No	Yes
Shanghai Suning Financial Service Group Co., Ltd.	2019/9/28	74,390.09	2019/9/22	74,390.09	Joint liability guaran tee	2019/9/27 -2022/9/2 3	No	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	30,060.00	2019/1/31	30,060.00	Joint liability guaran tee	2019/1/31 -2020/1/3 0	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	5,010.00	2019/2/19	5,010.00	Joint liability guaran tee	2019/2/19 -2020/2/1 8	Yes	Yes

	r	r						
Suning Commercial Factoring Co., Ltd.	2019/9/28	15,030.00	2019/5/17	15,030.00	Joint liability guaran tee	2019/5/17 -2020/5/1 6	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	15,030.00	2019/6/4	15,030.00	Joint liability guaran tee	2019/6/4- 2020/5/29	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	8,230.00	2019/7/11	8,230.00	Joint liability guaran tee	2019/7/11 -2020/7/1 0	No	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	6,626.48	2019/7/29	6,626.48	Joint liability guaran tee	2019/7/29 -2020/1/2 5	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	2,891.41	2019/7/31	2,891.41	Joint liability guaran tee	2019/7/31 -2020/1/2 7	Yes	Yes
Total external gu approved within period (A1)			0	Total actual ext guarantee limit approved within reporting perior	n the		450,9	97.76
Total external gu approved at the reporting period	end of		450,997.76	Total actual exi guarantee limit approved at the reporting perior	e end of		351,3	344.87
		Suning'	s guarantee	to its subsidiarie	S			
Guaranteed party	Disclosure date for announcem ent related to guarantee	Guarante e limit	Actual date of occurrence	amount	Guara ntee type	Guarante e period	Com plete d or not	Gua rant ee for relat ed

	limit							part y or not
Chongqing Maoning Electronic Commerce Co., Ltd.	2018/7/7	100,000.0 0	2018/8/28	15,300.00	Joint liability guaran tee	2018/8/28 -2019/8/2 7	Yes	No
Chongqing Maoning Electronic Commerce Co., Ltd.	2018/7/7	100,000.0 0	2018/10/18	4,590.00	Joint liability guaran tee	2018/10/1 8-2019/4/ 18	Yes	No
Chongqing Maoning Electronic Commerce Co., Ltd.	2018/7/7	100,000.0 0	2018/10/26	4,590.00	Joint liability guaran tee	2018/10/2 6-2019/4/ 26	Yes	No
Chongqing Maoning Electronic Commerce Co., Ltd.	2018/7/7	100,000.0 0	2019/5/24	6,120.00	Joint liability guaran tee	2019/5/24 -2019/6/2 4	Yes	No
Chongqing Maoning Electronic Commerce Co., Ltd.	2018/7/7	100,000.0 0	2019/6/27	8,981.10	Joint liability guaran tee	2019/6/27 -2019/7/2 7	Yes	No
Chongqing Maoning Electronic Commerce Co., Ltd.	2018/7/7	100,000.0 0	2019/6/27	198.90	Joint liability guaran tee	2019/6/27 -2019/12/ 27	Yes	No
Chongqing Maoning Electronic Commerce	2018/7/7	100,000.0 0	2019/8/2	8,965.80	Joint liability guaran	2019/8/2- 2019/9/2	Yes	No

Co., Ltd.					tee			
Suning International Group Co., Ltd.	2018/12/13	100,000.0 0	2018/12/14	51,934.75	Joint liability guaran tee	2018/12/1 4-2019/3/ 14	Yes	No
Suning International Group Co., Ltd.	2019/8/16	421,608.0 0	2019/9/20	247,555.00	Joint liability guaran tee	2019/9/20 -2022/9/2 5	No	No
Suning International Group Co., Ltd.	2019/8/16	421,608.0 0	2019/10/21	70,680.00	Joint liability guaran tee	2019/10/2 1-2022/9/ 26	No	No
Suning International Group Co., Ltd.	2019/8/16	421,608.0 0	2019/10/28	35,381.00	Joint liability guaran tee	2019/10/2 8-2022/9/ 26	No	No
Nanjing Suning Department Store Co., Ltd.	2019/8/31	162,000.0 0	2019/9/27	62,000.00	Joint liability guaran tee	2019/9/27 -2024/9/2 6	No	No
Nanjing Suning Department Store Co., Ltd.	2019/8/31	162,000.0 0	2019/10/21	100,000.00	Joint liability guaran tee	2019/10/2 1-2024/9/ 26	No	No
Hong Kong Suning.Com, Hong Kong Suning Procurement	2019/9/23	55,000.00	2019/9/26	10,378.41	Joint liability guaran tee	2019/9/26 -2020/9/3 0	No	No
Hong Kong Suning.Com, Hong Kong Suning Procurement	2019/9/23	55,000.00	2020/2/18	6,966.55	Joint liability guaran tee	2020/2/18 -2020/12/ 9	No	No
Hong Kong Suning.Com, Hong Kong Suning Procurement	2019/9/23	55,000.00	2020/3/6	1,427.44	Joint liability guaran tee	2020/3/6- 2020/12/9	No	No
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Hong Kong Suning.Com, Hong Kong Suning Procurement	2019/9/23	55,000.00	2020/3/12	9,707.18	Joint liability guaran tee	2020/3/12 -2021/3/1 2	No	No
Suning International Group Co., Ltd.	2019/9/27	120,000.0 0	2019/9/26	120,000.00	Joint liability guaran tee	2019/9/26 -2022/9/2 5	No	No
Nanjing Suning E-commerce Co., Ltd.	2019/10/15	300,000.0 0	2019/10/14	300,000.00	Joint liability guaran tee	2019/10/1 4-2020/8/ 31	No	No
Qingdao Carrefour Commercial Co., Ltd.	2020/2/22	5,000.00	2020/4/9	653.60	Joint liability guaran tee	2020/4/9- 2021/3/9	No	No
Qingdao Carrefour Commercial Co., Ltd.	2020/2/22	5,000.00	2020/4/27	798.00	Joint liability guaran tee	2020/4/27 -2021/3/9	No	No
Qingdao Carrefour Commercial Co., Ltd.	2020/2/22	5,000.00	2020/5/26	585.20	Joint liability guaran tee	2020/5/26 -2021/3/9	No	No
Chongqing Carrefour Commercial Co., Ltd.	2020/2/22	10,000.00	2020/4/15	2,600.00	Joint liability guaran tee	2020/4/15 -2021/4/1 3	No	No
Chongqing	2020/2/22	10,000.00	2020/6/10	936.00	Joint	2020/6/10	No	No

Carrefour Commercial Co., Ltd.					liability guaran tee	-2021/4/1 3		
Chongqing Carrefour Commercial Co., Ltd.	2020/2/22	10,000.00	10,000.00 2020/6/24		Joint liability guaran tee	2020/6/24 -2021/4/1 3	No	No
Haikou Carrefour Commercial Co., Ltd.	2020/2/22	5,000.00	5,000.00 2020/4/9		Joint liability guaran tee	2020/4/9- 2021/4/8	No	No
Haikou Carrefour Commercial Co., Ltd.	2020/2/22	5,000.00	2020/4/27	1,416.00	Joint liability guaran tee	2020/4/27 -2021/4/8	No	No
Total guarantee subsidiaries app the reporting pe	proved within	20,000.00		Total amount guaranteed provided on behalf of subsidiaries and actually incurred during the reporting period (B2)		972,616.38		
Total guarantee provided on beh subsidiaries app end of the repor (B3)	alf of proved at the	1,278,608.00		Total amount of subsidiary guarantee actually incurred as at the end of the reporting period (B4)		972,616.38		
		Suning's	s guarantee to	its subsidiaries	6)			
Guaranteed party	Disclosure date for announcem ent related to guarantee limit	Guarante e limit	Actual date of occurrence	Actual amount guaranteed	Guara ntee type	Guarante e period	Com plete d or not	Guar ante e for relat ed party or not

-	-	-	-	-	-	-	-	-	
Total guarantee subsidiaries app the reporting pe	proved within		0	Total amount guaranteed p on behalf of subsidiaries a actually incur during the rep period (C2)	rovided and red				
Total guarantee provided on beh subsidiaries app end of the repor (C3)	alf of proved at the		0	Total amount subsidiary gu actually incur at the end of reporting per	arantee red as the	(			
Total amount gu	aranteed by S	uning (sum o	f the aforesaid	I three categori	es)				
approved within	Total guarantee limit approved within the reporting 20,000 period (A1+B1+C1)			Total actual guarantee an incurred with reporting peri (A2+B2+C2)	in the	1,423,614.14			
Total guarantee approved at the reporting period	end of the		1,729,605.76	Total actual b of guarantee end of reporti period (A4+B	at the ing		1,323,9	961.25	
Proportion of ac A4+B4+C4) acc		-		15.13%					
Including:									
The balance of g controllers and r	-		ers, actual	351,344.87					
The balance of g for the guarante more than 70%	ed party whose	•	8,230.00						
The amount with 50% of net asse		guaranteed r	0						

Total amount guaranteed of three items above (D+E+F)	351,344.87
Explanation on undue guarantee that has guarantee liability occurred or possible of undertaking joint liability for satisfaction in the reporting period (if any)	None
Explanation on providing external guarantee in violation of specified procedures (if any)	None

Note: 1. In the reporting period, Suning's guarantee to Suning Commercial Factoring Co., Ltd. had both D and E cases, and the total will only be counted once.

2. The balance of guarantee for the shareholders, actual controllers and related parties:

As Suning Financial Services Group completed capital increase and stock expansion as of September 30, 2019 and is no longer included in Suning's consolidated statement, the 50th meeting of Suning's 6th Board of Directors and the 3rd extraordinary shareholders' meeting in 2019 deliberated and adopted *the Proposal on Confirmation of Guarantee for Suning Financial Services Group and Its Subsidiaries.* Since the date of delivery (September 30, 2019), Suning has actually provided a guarantee balance of RMB 4,008.243 million for Suning Financial Services Group and a guarantee balance of RMB 1,630.3789 million for Suning Factoring. This guarantee will continue to be performed in accordance with the original guarantee agreement. Suning will not provide any additional guarantees other than those already provided for Suning Financial Services Group and Suning Factoring Financing. As of June 30, 2020, the Company has provided guarantee balance of RMB 3.4311487 billion for Suning Financial Services Group and RMB 82.3 million for Suning Factoring.

Explanation on complex guarantee

None

### (2) External guarantee in violation of procedures

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no external guarantee in violation of procedures in the reporting period.

### 3. Entrusted finance management

Financial review of Suning in the reporting period

On the 2nd meeting of the 7th Board of Directors, the Company deliberated and passed the *Proposal on Investment and Financial Management with Own Funds*. The Company planned to use its own funds for investment and financial management. Considering the large periodical fluctuation of monetary funds of retail enterprises, the investment and financial management amount should not exceed RMB 12 billion (inclusive). Within this limit, the funds can be used in a rolling way, i.e. the amount of the Company's external investment and financial management at any one time

should not exceed RMB 12 billion (inclusive).

On the 2nd meeting of the 7th Board of Directors, the Company deliberated and passed the *Proposal on Buying Financial Products with Idle Raised Funds*. Under the condition that the construction progress and fund demand of the project invested by the raised funds are not affected, the Company planned to use the temporarily idle raised funds (including the interest generated from the raised funds) of no more than RMB 9 billion (inclusive) to purchase financial products that have flexible purchase period and high security and meet the requirements of capital preservation issued by commercial banks and other financial institutions.

Overview of Entrusted Financial Management in the Reporting Period

Unit: RMB 10,000

Specific type	Source of funds for entrusted financial management	Amount of entrusted financial management	Outstanding balance	Overdue amount
Bank financial products	Self-owned funds and raised funds	654,300.00	607,932.59	0
Financial products of securities companies	Self-owned funds	67,576.17	66,576.17	0
Others	Self-owned funds	10,567.00	15,814.26	0
Total		732,443.17	690,323.02	0

Note: 1. The amount of entrusted financial management disclosed by type refers to the maximum daily balance of such entrusted financial management in the reporting period, i.e. the maximum of the total outstanding balance of such entrusted financial management in the reporting period.

2. The outstanding balance refers to the total unexpired principal balance of this kind of entrusted financial management at the end of the reporting period.

Details of high-risk entrusted financial management with significant single amount or low security, poor liquidity and non-capital preservation

Unit: RMB 10,000

Name of trustee organi zation (or name of trustee )	Type of trustee organiz ation	Туре	Amo unt	Sourc es of funds	Starti ng and endin g dates	Endin g date	Funds invest ment	Remun eration determi nation way	Refer ence annu al yield rate	Prosp ective yield (if any)	Actu al amo unt of gain or loss in the repo rting perio d	Actu al reco very of gain or loss in the repo rting perio d	Amou nt of withdr awal of impair ment provis ion	Passi ng legal proce dures or not	Entru sted finan cing plan or not in future	Sum mary of event s and relev ant query index es
CSI Global Market s Limite d	Asset manag ement compa ny	Struct ured note	65,55 6.17 (Note )	Self-o wned funds	2019/ 9/25	2020/ 9/25	Credit instru ments	Floating income	6.00 %	None	0	0	0	Yes	Not appli cable	Not appli cable
Total			65,55 6.17								0		0			

Note: As of June 30, 2020, Suning purchased CSI Global Markets Limited's wealth management products with idle self-owned capital of USD

92.60 million, which was converted into RMB 655.5617 million at the exchange rate of USD 1 to RMB 7.0795 on June 30, 2020.

Circumstances that entrusted financial management is not expected to recover the principal or other circumstances that may lead to impairment  $\Box$  Applicable  $\sqrt{Not}$  applicable

### 4. Other significant contracts

 $\Box$  Applicable  $\sqrt{}$  Not applicable

There is no other significant contract in the reporting period.

### XVI. Social Responsibility

### 1. Engagement in major environmental protection issues

Whether the listed companies and their subsidiaries were key pollutant discharge units announced by environmental protection authorities

### Not applicable

Suning and its subsidiaries were engaged in selling 3C household appliances, maternal and infant products, general merchandise and other commodities of supermarkets through offline stores and online e-commerce website, and thereby were not the key pollution discharge units announced by the Ministry of Environmental Protection. Suning strictly followed the relevant national laws and regulations in terms of the construction and operation of logistics base and facilities of Suning.Com Plaza, without any major environmental violations as of June 30, 2020, and has been strictly implementing the environmental impact assessment and related systems and constantly strengthening the supervision and management of environmental protection to ensure that the business operation meets the relevant requirements.

### 2. Fulfillment of social responsibility for targeted poverty alleviation

### (1) Planning of targeted poverty alleviation

Suning, in positive response to the national strategy of targeted poverty alleviation and rural revitalization, carried out poverty alleviation by e-commerce to enable people in poor areas and poor people to share the dividends of economic development. It gave full play to its advantages in technology and market, connected supply to demand effectively through Internet to solve the problem of resource constraints in poor areas, and established the new way of "Internet + poverty alleviation".

### (2) Summary of targeted poverty alleviation in the first half of the year

■ Online and offline all-scenario marketing, facilitating upstream marketing of agricultural products

Suning established agricultural product direct purchase bases and provided jobs for employment and entrepreneurship relying on Chinese specialty stores, Suning Group Purchase and Suning Supermarket online as well as Suning Carrefour, Suning Retail Cloud franchised store and Suning poverty alleviation training stores offline, facilitating upstream marketing of agricultural products in multiple channels and increasing the revenue of poor people.

In 2020, COVID-19 outbroke suddenly, causing a massive impact on sales of agricultural products. Suning answered actively to the national call, proposed the e-commerce supportive policy "18 measures for facilitating agricultural product sales", set up special sections for assisting farmers in Hubei in "group" and initiated "Group Purchasing from Hubei" to help in selling the slow-selling agricultural products in Hubei and many other poor areas at full strength.

■ Imparting professional knowledge, helping farmers in learning skills

Suning imparted knowledge about e-commerce operation to farmers by ways of hands-on instruction and live streaming training in rural e-commerce college and poverty alleviation training

stores to help farmers to improve their professional skills. Moreover, Suning launched a series of commonweal projects caring about rural education to help rural children in joyful growth.

Exploit potentialities for value added services and help long-term development

Suning logistics network covers the whole country. The county and town markets set up Suning Helper county service center, effectively opening the last kilometer of rural county and town market services.

### (3) Performance of targeted poverty alleviation

Indicator	Measureme nt unit	Quantity / development status
I. General Condition		
1. Capital	RMB 10,000	33.5
2. Materials converted into cash	RMB 10,000	-
3. Number of registered workers overcoming poverty with help	Person	-
II. Items		
1. Shaking off poverty on industry development		
Including: 1.1 Types of poverty alleviation projects for industrial development		Poverty alleviation by E-commerce
1.2 Number of poverty alleviation projects for industrial development	Nos.	-
1.3 Investment amount of poverty alleviation project for industrial development	RMB 10,000	-
1.4. Number of registered workers overcoming poverty with help	Person	-
2. Shaking off poverty on transfer employment		
Including: 2.1 Investment amount of vocational skill training	RMB 10,000	-

2.2 Number of people of vocational skill training	Person-time	-
2.3 Help the poor households for whom files and cards are set up to realize the number of employees	Person	-
3. Shaking off poverty on relocation		
Including: 3.1 Quantity of employment of relocated households who were helped	Person	-
4. Poverty alleviation through education		
Including: 4.1 Amount for helping poverty students	RMB 10,000	-
4.2 Number of assisted poverty students	Person	-
4.3 Investment amount of education resources improvement in poverty-stricken areas	RMB 10,000	-
5. Poverty alleviation on health		
Including: 5.1 Amount for inputting medical & health resources in poverty areas	RMB 10,000	-
6. Poverty alleviation on ecological protection		
Including: 6.1 Project type		-
6.2 Investment amount	RMB 10,000	-
7. Safeguard measures		
Including: 7.1 Amount for assisting "three kinds of countryside caretakers"	RMB 10,000	-
7.2 Number of "three kinds of countryside caretakers" assisted	Person	-
7.3 Amount for helping poverty disabled	RMB 10,000	-

7.4 Number of poverty disabled getting help	Person	-
8. Social poverty alleviation		
Including: 8.1 Amount of poverty alleviation cooperation between the East and the West	RMB 10,000	-
8.2 Amount for fixed-point poverty alleviation	RMB 10,000	-
8.3 Investment amount of poverty alleviation public welfare fund	RMB 10,000	33.5
9. Other items		
Including: 9.1. Project number	Nos.	-
9.2 Investment amount	RMB 10,000	-
9.3. Number of registered workers overcoming poverty with help	Person	-
III, Awards (content, level)		

### (4) Subsequent targeted poverty alleviation plan

Poverty alleviation is a long-term systemic project, and Suning will give full play to the advantage in smart retail mode to promote in-depth the continuous implementation of targeted poverty alleviation. It will implement all-round poverty alleviation covering employment, training, business and contribution and extend the range of education and culture commonweal projects, poverty alleviation and helping weak groups, financial aid for students from poor families and financial assistance in education, employment supporting, public welfare donations, caring for children, natural disaster relief, voluntary service and other activities centering on targeted poverty alleviation, so as to win the tough fight of poverty alleviation jointly by giving play to its industrial advantage and resource integration capability and integrating power of all parties.

### **XVII. Instructions on Other Important Matters**

### $\square$ Applicable $\sqrt{Not}$ applicable

No other significant events needing explanation existed in the Company's reporting period.

### **XVIII. Important Matters of Subsidiaries**

 $\square$  Applicable  $\sqrt{}$  Not applicable

# Section VI Equity Change and Shareholders

### I. Equity changes

### 1. Equity changes

Unit: share

	Before this	change		Increase	or decrease i	n this change	(+, -)	After this cha	ange
	Quantity	Proportion	Newly issued shares	Donated shares	Shares transferred from additional paid-in capital	Others	Subtotal	Quantity	Proportion
I. Shares with limited sale condition	1,534,850,382	16.49%				1,356,900	1,356,900	1,536,207,282	16.50%
1. State holding									
2. State-owned corporate holding									
3. Others domestic capital holding	1,534,850,382	16.49%				1,356,900	1,356,900	1,536,207,282	16.50%
Including: Domestic corporate holding	61,056,374	0.66%						61,056,374	0.66%
Domestic natural person holding	1,473,794,008	15.83%				1,356,900	1,356,900	1,475,150,908	15.84%

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4. Foreign capital holding							
Including: Foreign corporate holding							
Foreign natural person holding							
II. Restricted shares - repurchase shares	113,710,321	1.22%		38,783,518	38,783,518	152,493,839	1.64%
III. Unrestricted shares	7,661,478,952	82.29%		-40,140,418	-40,140,418	7,621,338,534	81.86%
1. RMB common shares	7,661,478,952	82.29%		-40,140,418	-40,140,418	7,621,338,534	81.86%
2. Foreign share listed domestically							
3. Foreign share listed overseas							
4. Others							
IV. Total number of shares	9,310,039,655	100.00%		-	-	9,310,039,655	100.00%

### (1) Reason for equity change

Attributing to the confidence in Suning's future development and the recognition on Suning's value, part of the directors, senior management and core business backbones in Suning increased their holding of the shares of Suning at a price of RMB 50.5054 million in total by collective bidding trading during April 30-May 29, 2020, and the directors and senior management purchased 1,356,900 shares totally and promised never to transfer the shares increased this time within six months after the increase (May 29, 2020). (Refer to Announcement No. 2020-048 for more details)

### (2) Approval for equity change

 $\square$  Applicable  $\sqrt{}$  Not applicable

### (3) Transfer of equity change

 $\square$  Applicable  $\sqrt{}$  Not applicable

### (4) Progress in the implementation of share repurchases

On August 15, 2019, the 46th meeting of the 6th Board of Directors of Suning approved the Proposal on the Plan on Repurchasing Part of Public Shares (Announcement No. 2019-080). The Company repurchased its shares by equity capital in the form of collective trading through bidding, with the total amount of repurchasing not less than RMB 1 billion (including) and not more than RMB 2 billion (including), and the repurchase price no more than RMB 15/share (including). The shares repurchased are used for the employee stock ownership plan or stock-based compensation.

As of June 30, 2020, the total number of shares repurchased by the Company was 68,487,424, accounting for 0.74% of the Company's total issued capital. The highest transaction price was RMB 10.79 per share and the lowest transaction price was RMB 8.26 per share. The total amount paid was RMB 654.7113 million (excluding transaction costs).

Suning published the Announcement on Expiration of Buyback Period and Implementation Completion of Buyback Program in the Company on August 18, 2020, and repurchased 101,482,037 shares in accumulation by special security account for repurchase in collective bidding trading manner during repurchase implementation, accounting for 1.09% of Suning's total issued capital. The highest transaction price was RMB 11.15 per share and the lowest transaction price was RMB 8.26 per share, with the total amount paid of RMB 10.105820 billion (excluding transaction costs).

### (5) Progress in the implementation of centralized bidding to reduce share repurchases

 $\Box$  Applicable  $\sqrt{Not}$  applicable

(6) Influence of equity change on such financial indicators as the basic earnings per share and diluted earnings per share of the latest year and period, and net asset value per share attributed to common shareholders of the Company

 $\square$  Applicable  $\sqrt{}$  Not applicable

# (7) Other matters considered as necessary by the Company or required to be disclosed by securities regulators

 $\square$  Applicable  $\sqrt{}$  Not applicable

### 2. Equity change to the restrictions on sales

Unit: share

Shareholders' name	sales at the beginning of	Shares released from restrictions on sales in the current period	increased	Shares subject to the restrictions on sales at the end of the period	Restriction reasons	Date of release from the restrictions
Suning Holdings Group Co., Ltd.	61,056,374	_	-	61,056,374	Suning Holdings Group committed not to reduce the additional shares hereby within 36 months since January 18, 2019.	
Zhang Jindong	1,463,858,572	-	-	1,463,858,572	Locked up shares by senior management	-
Sun Weimin	3,452,252	-	-	3,452,252	Locked up shares by senior management	-
Ren Jun	3,447,223	-	210,900	3,658,123	shares by senior management	52,725 restricted shares were released on November 29, 2020

Shareholders' name	Shares subject to the restrictions on sales at the beginning of the period	Shares released from restrictions on sales in the current period	Shares subject to the restrictions on sales increased in the current period	Shares subject to the restrictions on sales at the end of the period	Restriction reasons	Date of release from the restrictions
Meng Xiangsheng	3,035,961	_	175,700	3,211,661		43,924 restricted shares were released on November 29, 2020
Hou Enlong	-	_	210,600	210,600	-	52,650 restricted shares were released on November 29, 2020
Yao Kai	-	_	175,600	175,600		43,900 restricted shares were released on November 29, 2020
Gu Wei	-	-	175,400	175,400		43,850 restricted shares were released on November 29, 2020
Gong Zhenyu	-	_	175,300	175,300	-	43,825 restricted shares were released on November 29, 2020
Tian Rui	-	-	174,800	174,800	-	43,700 restricted shares were released on

Shareholders' name	sales at the beginning of	Shares released from restrictions on sales in the current period	increased	Shares subject to the restrictions on sales at the end of the period	Restriction reasons	Date of release from the restrictions	
					management	November 29, 2020	
Huang Wei	-	-	58,600		shares by senior management	14,650 restricted shares were released on November 29, 2020	
Total	1,534,850,382	-	1,356,900	1,536,207,282			

### II. Securities Issuance and Listing

 $\square$  Applicable  $\sqrt{}$  Not applicable

### III. Number of corporate shareholders and number of shares held respectively

### 1. Number of corporate shareholders and number of shares held respectively

Unit: share

Total number of common shareholders at the end of reporting period		3	26,503	prefer voting	number of red stock with right recover id of the report	ed at	0	
	Shareholders with over 5% of common shares or top ten common shareholders							
Shareholde rs' name	Nature of shareholder	ure of Shareholdi shares held decrease restricted unrestricted condi- common or Number of Number of freeze restricted unrestricted condi- cholder ng ratio at the end of within the common common the reporting shares held shares held Share					edge or eezing nditions Quantity	

Zhang Jindong	Domestic natural person	20.96%	1,951,811,4 30	-	1,463,858,5 72	487,952,858	Pledg e	300,000,0 00
Suning Appliance Group Co., Ltd.	Domestic non-state-own ed legal person	19.99%	1,861,076,9 79	-	-	1,861,076,9 79	Pledg e	710,500,0 00
Taobao (China) Software Co., Ltd.	Domestic non-state-own ed legal person	19.99%	1,861,076,9 27	-	-	1,861,076,9 27	-	-
Suning Holdings Group Co., Ltd.	Domestic non-state-own ed legal person	3.98%	370,786,925	-	61,056,374	309,730,551	-	-
Chen Jinfeng	Domestic natural person	1.98%	184,127,709	-	-	184,127,709	Pledg e	181,000,0 00
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.67%	155,359,916	21,137,4 04	-	155,359,916	-	-
Jin Ming	Domestic natural person	1.34%	125,001,165	-	-	125,001,165	Pledg e	120,000,0 00
-	State-owned legal person	0.79%	73,231,900	-	-	73,231,900	-	-
Employee Stock Ownership Plan for Phase II Employees of Suning.Co	Others	0.71%	65,919,578	-	-	65,919,578	-	-

m Co., Ltd.										
Lin Yiling	Domestic natural person	0.69%	64,559,911	64,559,91 1	-	64,559,911	-	-		
to any strate ordinary lega	into one of top	None								
		<ol> <li>Mr. Zhang Jindong, Mr. Zhang Kangyang and Nanjing Runxian Enterprise Management Center (limited partnership) respectively hold 51%, 39% and 10% equity in Suning Holdings Group Co., Ltd. Mr. Zhang Kangyang is the child of Mr. Zhang Jindong, and Mr. Zhang Jindong and Suning Holdings Group Co., Ltd. form persons acting in concert relationship.</li> <li>Mr. Zhang Jindong holds 50% equity of Suning Appliance Group Co., Ltd. Mr. Zhang Jindong and Suning Appliance Group Co., Ltd. Mr.</li> </ol>								
Particulars a connected re concerted ac the sharehol mentioned a	elation or ction among lders	3. Suning Appliance Group Co., Ltd. holds a total of 1,861,076,979 shares, accounting for 19.99% of the Company's total issued capital. Suning Appliance Group Co., Ltd. holds 89,009,599 shares of the Company, accounting for 0.96% of the total issued capital of the Company through the "Tibet Trust Corporation Limited - Tibet Trust - Shunjing 34 Collective Funds Trust Plan"; holds 85,979,961 shares of the Company, accounting for 0.92% of the total issued capital of the Company through the "Tibet Trust - Levo 6 Collective Funds Trust Plan"; holds 83,489,598 shares of the Company, accounting for 0.90% of the total issued capital of the Company through the "Tibet Trust Plan"; holds 83,489,598 shares of the Company, accounting for 0.90% of the total issued capital of the Company through the "Tibet Trust Corporation Limited - Tibet Trust Plan"; holds 38,160,122 shares of the Company, accounting for 0.41% of the total issued capital of the Company through the "Tibet Trust - Levo 10 Collective Funds Trust Plan".								
		In addition to the above-mentioned relationships, it is unknown whether there are other relationships between the top 10 major shareholders of the Company and the top 10 shareholders with unlimited selling conditions, and whether there are any persons acting in concert stipulated in the <i>Measures for the Administration of</i> <i>the Takeover of Listed Companies</i> .								
	Shareholding	of top 10 co	mmon shareł	nolders not	subject to res	strictions on s	ales			
Shar	reholders' name	e Nu	umber of held	common s	hares without	S	hare ty	ре		

	restriction for sale at the end of the reporting period	Share type	Quantity
Suning Appliance Group Co., Ltd.	1,861,076,979	RMB common shares	1,861,076,97 9
Taobao (China) Software Co., Ltd.	1,861,076,927	RMB common shares	1,861,076,92 7
Zhang Jindong	487,952,858	RMB common shares	487,952,858
Suning Holdings Group Co., Ltd.	309,730,551	RMB common shares	309,730,551
Chen Jinfeng	184,127,709	RMB common shares	184,127,709
Hong Kong Securities Clearing Company Ltd.	155,359,916	RMB common shares	155,359,916
Jin Ming	125,001,165	RMB common shares	125,001,165
Central Huijin Asset Management Co., Ltd.	73,231,900	RMB common shares	73,231,900
Employee Stock Ownership Plan for Phase II Employees of Suning.Com Co., Ltd.	65,919,578	RMB common shares	65,919,578
Lin Yiling	64,559,911	RMB common shares	64,559,911
Relations or acts in concert among	Refer to "Particulars about connected relation	on or concerte	d action among

top 10 shareholders of common shares without restriction for sale and between them and top 10 shareholders of common shares	the shareholders mentioned above" for details.
Explanation for top 10 common shareholders participating in the margin trading business	The shareholder Suning Appliance Group Co., Ltd. holds 1,691,076,979 corporate shares through common securities account and 170,000,000 corporate shares via credit securities account. The shareholder Lin Yiling holds 185,100 corporate shares through common securities account and 64,374,811 corporate shares via credit securities account.

Are there transactions under repurchase agreement for the Company's top 10 shareholders of common shares and the top 10 shareholders of unrestricted common shares in the reporting period?

### $\square$ Yes $\sqrt{No}$

Top ten shareholders and top ten common shareholders holding shares without restriction for sale did not agree for repurchase transaction in the reporting period

### IV. Changes in controlling shareholder or actual controller

Change of controlling shareholder in the reporting period

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no change of controlling shareholder in the reporting period

Change of actual controller in the reporting period

 $\square$  Applicable  $\sqrt{}$  Not applicable

There is no change of actual controller in the reporting period.

## **Section VII Particulars about Preferred Stocks**

 $\square$  Applicable  $\sqrt{}$  Not applicable

The Company has no preferred stocks in the reporting period.

## Section VIII Directors, Supervisors, and Senior Managers

### I. Shareholding Change of Directors, Supervisors, and Senior Management

Name	Position	Post-hol ding	Shareholdin g at the beginning of the period (share)	Sharehol ding increase d in the current period (share)	Share holdin g decre ased in the curren t period (share )	Shareholdin g at the end of the period (share)	restricte d stocks granted	Number of restricte d stocks granted at the end of the period (share)
Zhang Jindong	Chairma n	Incumbe nt	1,951,811,43 0			1,951,811,43 0		
Sun Weimin	Director, Vice chairman	Incumbe nt	4,603,003			4,603,003		
Ren Jun	Director	Incumbe nt	4,596,297	210,900		4,807,197		
Meng Xiangsh eng	Director, Senior Vice Presiden t	Incumbe nt	4,047,949	175,700		4,223,649		
Yang Guang	Director	Incumbe nt	-	-		-		
Xu Hong	Director	Incumbe nt	-	-		-		
Liu Shiping	Indepen dent director	Incumbe nt	-	-		-		
Fang Xianmin g	Indepen dent director	Incumbe nt	-	-		-		
Chen Zhenyu	Indepen dent director	Appoint ment	-	-		-		
Wang Xiaoling	Chairma n of the Board of Supervis ors	Incumbe nt	-	-		-		

Li Jianying	Supervis or	Incumbe nt	-	-	-		
Hua Zhisong	Supervis or	Incumbe nt	-	-	-		
Hou Enlong	Presiden t of business line	Incumbe nt	-	210,600	210,600		
Yao Kai	Presiden t of business line	Appoint ment	-	175,600	175,600		
Tian Rui	Vice Presiden t	Incumbe nt	-	174,800	174,800		
Gu Wei	Vice Presiden t	Incumbe nt	-	175,400	175,400		
Gong Zhenyu	Vice Presiden t	Appoint ment	-	175,300	175,300		
Huang Wei	Financial director and secretary of the board of directors	Incumbe nt	-	58,600	58,600		
Shen Houcai	Indepen dent director	Former	-	-	-		
Xiao Zhongxia ng	Financial director	Former	-	-	-		
Huang Jinlao	Presiden t of business line	Former	-	-	-		
Total			1,965,058,67 9	1,356,900	1,966,415,57 9		

### II. Turnover of Directors, Supervisors and Senior Management

Name Post Type	Date	Reason
----------------	------	--------

Shen Houcai	Independent director	Leaving after expiratio n of appointm ent	December 16, 2019 to March 9, 2020	Mr. Shen Houcai, an independent director of the Company, was unable to continue to serve as an independent director of the Company since December 16, 2019 because he has served as an independent director for six consecutive years. He submitted a written resignation report to the Company and applied to resign from the relevant positions such as independent director of the 6th Board of Directors and member of special committees of the Board of Directors. According to relevant regulations such as the <i>Guidelines for the Establishment of Independent Director System of Listed Companies</i> , Mr. Shen Houcai's resignation will result in the number of independent directors of the Company being less than one-third of the board members, and his resignation will take effect on the date when a new independent director is elected at the shareholders' meeting. The 1st extraordinary shareholders' meeting in 2020 passed a proposal on the general election of Board of Directors of the Company Arter his resignation.
Huang Jinlao	President of business line	Leaving after expiratio n of appointm ent	March 9, 2020	Leaving after expiration of appointment
Xiao Zhongxiang	Financial director	Leaving after expiratio n of appointm ent	March 9, 2020	Leaving after expiration of appointment
Yao Kai	President of business line	Engaged	March 9, 2020	Suning deliberated and passed the <i>Proposal on</i> <i>Appointment of Senior Management of Suning</i> <i>on</i> the 1st Meeting of the 7th Board of Directors, and agreed to appoint him as the president of business line.
Gong Zhenyu	Vice President	Engaged	March 9, 2020	Suning deliberated and passed the <i>Proposal on</i> <i>Appointment of Senior Management of Suning</i> <i>on</i> the 1st Meeting of the 7th Board of Directors, and agreed to appoint him as the vice president.
Huang Wei	Financial director	Engaged	March 9, 2020	Suning deliberated and passed the <i>Proposal on</i> <i>Appointment of Senior Management of Suning</i> <i>on</i> the 1st Meeting of the 7th Board of Directors, and agreed to appoint him as the financial director.

## Section IX Relevant Condition of Corporate Bonds

### I. Basic Information of Corporate Bonds

Name of bond	Bond abbreviation	Bond code	Issue date	Date of maturity	Bond balance (RMB 10,000)	Interest rate	Way of repaying capital and interest
Corporate bonds (Phase I) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors		112682	April 19, 2018	April 19, 2021	200,000	5.20%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal.
Corporate bonds (Phase II) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors		112697	May 9, 2018	May 9, 2021	170,000	5.50%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal.
Corporate bonds (Phase III) issued in public by Suning.Com Co., Ltd. in 2018 to qualified		112721	June 15, 2018	June 15, 2023	100,000	5.75%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal. If a holder exercises the
investors							put option, the interest payment date of the puttable part of the bonds is June 15 of each year (2019-2021); the cash date of the puttable part of the bonds is June 15, 2021.
Corporate bonds (Phase IV) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors		112733	July 17, 2018	July 17, 2021	120,000	5.70%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal.
Corporate	18 Suning	112743	August	August	160,000	5.50%	Payment of interest per

Name of bond	Bond abbreviation	Bond code	Issue date	Date of maturity	Bond balance (RMB 10,000)	Interest rate	Way of repaying capital and interest
bonds (Phase V) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors	05		13, 2018	13, 2021			year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal.
Corporate bonds (Phase VI) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors	06	112799	November 16, 2018	November 16, 2021	150,000	4.70%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal. If a holder exercises the put option, the interest payment date of the puttable part is November 16 of each year (2019-2020); the cash date of the puttable part is November 16, 2020.
	18 Suning 07	112800	November 16, 2018	November 16, 2023	100,000	4.90%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal. If a holder exercises the put option, the interest payment date of the puttable part is November 16 of each year (2019-2021); the cash date of the puttable part is November 16, 2021.
	20 Suning.Com MTN001	102000322	March 13, 2020	March 13, 2023	50,000	5.00%	The interest of the notes in current period is paid once a year, and the principal and the last interest are paid on cash date in lump-sum.
Suning listed transferred trad	bond or ing venues	Shenzhen S	Stock Excha	ange, interb	ank bond n	narket	
Investor suitabi	lity	Suning's bonds are publicly issued to qualified investors who meet the provisions of the <i>Measures for the Administration of Issuance and Trading of Corporate Bonds</i> and open qualified A-share securities accounts in Shenzhen					

Name of bond Bond abbreviation	Bond code	Issue date	Date of maturity	Bond balance (RMB 10,000)	Interest rate	Way of repaying capital and interest	
	Branch of C	hina Secur	ities Depos	itory and C	learing C	Co., Ltd.	
	The MTN is	issued to in	nstitutional	investors o	f interba	nk bond market.	
cashing information of	(tax inclusiv					paid with RMB 5.20/sheet	
corporate bonds during the reporting period	On May 11	On May 11, 2020, the interest of 18 Suning 02 was paid with RMB 5.50/sheet (tax inclusive) from May 9, 2019 to May 8, 2020.					
	On June 15, 2020, the interest of 18 Suning 03 was paid with RMB 5.75/sheet (tax inclusive) from June 15, 2019 to June 14, 2020.						
	No interest payment and cashing of bond was held for 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07 and 20 Suning. Com MTN001 in the reporting period.						
attached with special terms such as the issuer's or	1. 18 Suning 03: the duration of the bonds is 5 years, that is, from June 15, 2018 to June 15, 2023. Option of adjusting coupon rate of the issuer and put option of investors at the end of the third year are attached.						
investor's option terms and exchangeable terms, the implementation of relevant terms in the reporting period	2. 18 Suning 06: the duration of the bonds is 3 years, that is, from November 16, 2018 to November 16, 2021. Option of adjusting coupon rate of the issuer and put option of investors at the end of the second year are attached.						
(if applicable).	3. 18 Sunin 2018 to No	3. 18 Suning 07: the duration of the bonds is 5 years, that is, from November 16, 2018 to November 16, 2023. Option of adjusting coupon rate of the issuer and put option of investors at the end of the third year are attached.					
		18 Suning 03, 18 Suning 06 and 18 Suning 07 are free from the case that the holder exercises the investor's put option during the reporting period.					

### II. Information of bond trustee and credit rating agency

# 1. 18 Suning 01/18 Suning 02/18 Suning 03/18 Suning 04/18 Suning 05/18 Suning 06/18 Suning 07

Entrusted bonds manager:							
Name	CITIC Securities Co., Ltd.	Office address	CITICS Building, No.48 Liangmaqia o Road, Chaoyang District, Beijing	Contact	Zhao Wei, Zhou Weifan	Tel.	010-60836701
Credit rating agency tracking and rating corporate bonds during the reporting period:							
NameChina Chengxin International Credit Rating Co., Ltd.Office addressBeijing China Merchants International Financial Center, No. 156, Fuxingmen Street, Xicheng District, Beijing				Fuxingmen Nei			
	Any change in the bond trustee and credit rating agency hired by Suning during the reporting period, the bond trustee and credit rating agency hired by trustee and credit rating agency hired by						

procedures for performance, the impact on the interests of	Suning have not changed.
procedures for performance, the impact on the interests of	Suming have not changed.
investors, etc.	

### 2. 20 Suning. Com MTN001

Entrusted bonds manager:							
Name	House Co., Ltd. South Road, Shanghai					021-63326662	
Credit rating	Credit rating agency tracking and rating corporate bonds during the reporting period:						
Name	China Chengxin International Credit Rating Co., Ltd.		Office address	Beijing China Merchants International Financial Center, No. 156, Fuxingmen N Street, Xicheng District, Beijing		Fuxingmen Nei	
Any change in the bond trustee and credit rating agency hired by Suning during the reporting period, reasons for the change, the procedures for performance, the impact on the interests of investors, etc.				During the rep trustee and cr Suning have r	edit rating ag		

### III. Use of Raised Funds by Corporate Bonds

## 1. 18 Suning 01

of raised funds by corporate bonds	The issuing amount of 18 Suning 01 was RMB 2 billion, and the raised funds of the bonds was proposed to supplement Suning's operating funds after deducting the issuing expenses. The raised funds by corporate bonds were all used for the above purposes.
Ending balance (RMB 10,000)	0
	The special account for raised funds was operated in strict accordance with relevant regulations.
Whether the use of raised funds is consistent with the purpose, use plan and other agreements promised in the prospectus	Vec

### 2. 18 Suning 02

of raised funds by corporate bonds	The issuing amount of 18 Suning 02 was RMB 1.7 billion, and the raised funds of the bonds was proposed to pay off Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts.
Ending balance (RMB 10,000)	0
	The special account for raised funds was operated in strict accordance with relevant regulations.

consistent with the purpose, use Yes plan and other agreements promised in the prospectus		Yes
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### 3. 18 Suning 03

of raised funds by corporate bonds	The issuing amount of 18 Suning 03 was RMB 1 billion, and the raised funds of the bonds was proposed to pay off Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts.
Ending balance (RMB 10,000)	0
	The special account for raised funds was operated in strict accordance with relevant regulations.
Whether the use of raised funds is consistent with the purpose, use plan and other agreements promised in the prospectus	Vec

### 4. 18 Suning 04

of raised funds by corporate bonds	The issuing amount of 18 Suning 04 was RMB 1.2 billion, and the raised funds of the bonds was proposed to pay off Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts.
Ending balance (RMB 10,000)	0
	The special account for raised funds was operated in strict accordance with relevant regulations.
Whether the use of raised funds is consistent with the purpose, use plan and other agreements promised in the prospectus	Yes

### 5. 18 Suning 05

of raised funds by corporate bonds	The issuing amount of 18 Suning 05 was RMB 1.6 billion, and the raised funds of the bonds was proposed to pay off Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts.
Ending balance (RMB 10,000)	0
	The special account for raised funds was operated in strict accordance with relevant regulations.
Whether the use of raised funds is consistent with the purpose, use plan and other agreements promised in the prospectus	Yes

### 6. 18 Suning 06

of raised funds by corporate bonds	The issuing amount of 18 Suning 06 was RMB 1.5 billion, and the raised funds of the bonds was proposed to pay off Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts.
Ending balance (RMB 10,000)	0
	The special account for raised funds was operated in strict accordance with relevant regulations.
Whether the use of raised funds is consistent with the purpose, use plan and other agreements promised in the prospectus	Vec

#### 7. 18 Suning 07

of raised funds by corporate bonds	The issuing amount of 18 Suning 07 was RMB 1 billion, and the raised funds of the bonds was proposed to pay off Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts.
Ending balance (RMB 10,000)	0
	The special account for raised funds was operated in strict accordance with relevant regulations.
Whether the use of raised funds is consistent with the purpose, use plan and other agreements promised in the prospectus	Vec

### 8. 20 Suning. Com MTN001

of raised funds by corporate bonds	The issuing amount of 20 Suning. Com MTN001 was RMB 0.5 billion, and the raised funds of the bonds were proposed to pay off Suning's bank loan at maturity after deducting the issuing expenses. All the raised funds in this period had paid off Suning's due bank loan.
Ending balance (RMB 10,000)	0
	The special account for raised funds was operated in strict accordance with relevant regulations.
Whether the use of raised funds is consistent with the purpose, use plan and other agreements promised in the prospectus	Ves

### **IV. Corporate Bonds Rating Information**

Regular follow-up rating for 18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07, and 20 Suning. Com MTN001 shall be completed within two months after the release of the annual report of the bond issuer. Results of regular follow-up rating and other relevant information will be announced on the website of China Chengxin Securities Rating Co., Ltd. (www.ccxr.com.cn) and the website of the exchange according to regulatory requirements

or agreements, so stay tuned.

The rating of corporate bonds during the reporting period is as follows:

On June 15, 2020, China Chengxin International Credit Rating Co., Ltd., the credit rating agency of this bond, issued the *Follow-Up Rating Report on 2018 Corporate Bonds (Phase I, II, III, IV, V, and VI) Issued by Suning.Com Co., Ltd. in Public to Qualified Investors (2020)*, and the 2020 Annual *Follow-Up Rating Report of Suning.Com Co., Ltd.*; main credit rating of Suning is kept at AAA, the rating outlook is stable, and the credit rating of this bond is kept at AAA.

# V. Corporate Bond Credit Enhancement Mechanism, Debt Repayment Plan and Other Guarantee Measures for Debt Repayment

### 1. 18 Suning 01

There is no relevant credit enhancement mechanism for the bonds. During the reporting period, Suning further strengthened the asset liability management and liquidity management according to the debt structure to ensure that the funds are used as planned, and that the funds are prepared in time and in full for the annual interest payment and the due principal repayment, so as to fully protect the interests of investors. For details of Suning debt repayment plan and other debt repayment guarantee measures, please refer to "section V Debt repayment plan and other guarantee measures" in the *Prospectus for Corporate Bonds (Phase I) issued in Public by Suning.Com Co., Ltd. in 2018 to Qualified Investors* published in cninfo on April 17, 2018.

### 2. 18 Suning 02

There is no relevant credit enhancement mechanism for the bonds. During the reporting period, Suning further strengthened the asset liability management and liquidity management according to the debt structure to ensure that the funds are used as planned, and that the funds are prepared in time and in full for the annual interest payment and the due principal repayment, so as to fully protect the interests of investors. For details of Suning debt repayment plan and other debt repayment guarantee measures, please refer to "section V Debt repayment plan and other guarantee measures" in the *Prospectus for Corporate Bonds (Phase II) issued in Public by Suning.Com Co., Ltd. in 2018 to Qualified Investors* published in cninfo on May 5, 2018.

### 3. 18 Suning 03

There is no relevant credit enhancement mechanism for the bonds. During the reporting period, Suning further strengthened the asset liability management and liquidity management according to the debt structure to ensure that the funds are used as planned, and that the funds are prepared in time and in full for the annual interest payment and the due principal repayment, so as to fully protect the interests of investors. For details of Suning debt repayment plan and other debt repayment guarantee measures, please refer to "section V Debt repayment plan and other guarantee measures" in the *Prospectus for Corporate Bonds (Phase III) issued in Public by Suning.Com Co., Ltd. in 2018 to Qualified Investors* published in cninfo on June 13, 2018.

### 4. 18 Suning 04

There is no relevant credit enhancement mechanism for the bonds. During the reporting period, Suning further strengthened the asset liability management and liquidity management according to the debt structure to ensure that the funds are used as planned, and that the funds are prepared in time and in full for the annual interest payment and the due principal repayment, so as to fully protect the interests of investors. For details of Suning debt repayment plan and other debt repayment guarantee measures, please refer to "section V Debt repayment plan and other guarantee measures" in the *Prospectus for Corporate Bonds (Phase IV) issued in Public by Suning.Com Co., Ltd. in 2018 to Qualified Investors* published in cninfo on July 13, 2018.

### 5. 18 Suning 05

There is no relevant credit enhancement mechanism for the bonds. During the reporting period, Suning further strengthened the asset liability management and liquidity management according to

the debt structure to ensure that the funds are used as planned, and that the funds are prepared in time and in full for the annual interest payment and the due principal repayment, so as to fully protect the interests of investors. For details of Suning debt repayment plan and other debt repayment guarantee measures, please refer to "section V Debt repayment plan and other guarantee measures" in the *Prospectus for Corporate Bonds (Phase V) issued in Public by Suning.Com Co., Ltd. in 2018 to Qualified Investors* published in cninfo on August 9, 2018.

### 6. 18 Suning 06 and 18 Suning 07

There is no relevant credit enhancement mechanism for the bonds. During the reporting period, Suning further strengthened the asset liability management and liquidity management according to the debt structure to ensure that the funds are used as planned, and that the funds are prepared in time and in full for the annual interest payment and the due principal repayment, so as to fully protect the interests of investors. For details of Suning debt repayment plan and other debt repayment guarantee measures, please refer to "section V Debt repayment plan and other guarantee measures" in the *Prospectus for Corporate Bonds (Phase VI) issued in Public by Suning.Com Co., Ltd. in 2018 to Qualified Investors* published in cninfo on November 14, 2018.

### 7. 20 Suning. Com MTN001

There is no relevant credit enhancement mechanism for the bonds. During the reporting period, Suning further strengthened the asset liability management and liquidity management according to the debt structure to ensure that the funds are used as planned, and that the funds are prepared in time and in full for the annual interest payment and the due principal repayment, so as to fully protect the interests of investors. The details for source and guarantee measures for debt service funds are shown in "Chapter IV Section II Source and Guarantee Measures for Debt Service Funds" of *Prospectus for Medium-term Notes in Phase I of 2020 of Suning.Com Co., Ltd.* published on www.chinamoney.com.cn and website of Shanghai Clearing House (www.shclearing.com) on March 6, 2020.

### VI. Convening Information of Meeting of Bond Holders during Reporting Period

No meeting of bond holders for 18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07, and 20 Suning. Com MTN001 was held during reporting period.

### VII. Information of Execution of Duty of Bond Trustee during Reporting Period

On June 15, 2020, CITIC Securities Co., Ltd., the trustee of 18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, and 18 Suning 07 bond, issued *Entrusted Business Report on Corporate Bonds Issued by Suning.Com Co., Ltd. (2019).* 

# **W**. Main Accounting Data and Financial Indicators by the End of the Reporting Period and Last Year (or the same period of the reporting period or last year)

Items	At the end of the reporting period	The end of last year	Increase or decrease at end of reporting period compared with the end of last year
Current ratio	1.00	1.00	-
Asset liability ratio	62.47%	63.21%	-0.74%
Quick ratio	0.74	0.72	0.02
	Reporting period	Same period of last year	Increase and decrease of current period compared with that of last year

EBITDA Times Interest Earned	2.26	4.07	-44.47%
Loan repayment rate	100%	100%	-
Interest coverage	100%	100%	-

Note 1: EBITDA Times interest earned = Earnings before interest, taxes, depreciation and amortization / (interest expense charged to financial cost + capitalized interest expense)

Note 2: Loan repayment rate = actual loan repayment / repayable loan

Note 3: Interest coverage = actual interest paid / payable interest

Main reasons for the YoY variation above 30% for the accounting data and financial indicators above-mentioned: the EBITDA times interest earned in this reporting period reduce by 44.47% in comparison with that in the same period of last year, which is mainly because that the total profit of Suning shows a YoY reduction in this reporting period.

### IX. Overdue and Outstanding Debts

 $\Box$  Applicable  $\sqrt{}$  Not applicable

Suning has no overdue and outstanding debt.

# X. Interest Payment and Cashing of Other Bonds and Debt Financing Instruments during the Reporting Period

During the reporting period, Suning did not carry out interest payment and cashing of other bonds and debt financing instruments.

# XI. Information of Bank Credit, Use and Repayment of Bank Loan during the Reporting Period

1. Bank credit and use information. As of June 30, 2020, Suning and its subsidiaries have obtained credit line of RMB 76.468 billion and unused credit line of RMB 24.1 billion.

2. Repayment of bank loans: due to business needs of Suning and its subsidiaries, the repayment of bank loans is as follows during the reporting period:

Unit: RMB 1,000

Loan currency	December 31, 2019 Ending balance	Amount borrowed in the reporting period	Amount repaid in the reporting period	June 30, 2020 Ending balance
RMB	27,977,139	26,678,313	18,536,559	36,118,893
НКД	815,000	777,500	700,000	892,500
USD	545,000	-	-	545,000

The above bank loans were not overdue, and Suning repaid the principal and interest on schedule according to the loan contract.

### XII. Conditions of Implementing Relevant Agreements or Commitments in Corporate Bond Prospectus in Reporting Period

During the reporting period, 18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07, and 20 Suning. Com MTN001 were executed in accordance with the

relevant provisions of the prospectus, and the interest was paid on schedule, without any impact on the interests of investors.

### XIII. Major Events in the Reporting Period

In the reporting period, the bond held by Suning is free from the cases shown in Article XLV of *Measures for the Administration of Issuance and Trading of Corporate Bonds*.

### XIV. Is There a Guarantor for Corporate Bonds?

□ Yes √ No

## **Section X Financial Report**

### I. Audit Report

Whether the semi-annual report has been audited or not

 $\square$  Yes  $\sqrt{No}$ 

Semiannual financial report of the Company has not been audited.
Assets	Note	June 30, 2020 Consolidated	December 31, 2019 Consolidated	June 30, 2020 Company	December 31, 2019 Company
Current assets					
Monetary capital	IV (1)	36,524,914	33,902,215	15,328,882	15,993,595
Trading financial assets	IV (2)	11,931,998	11,970,008	8,797,180	7,817,143
Notes receivable	IV (3), XVI (1)	2,616,452	4,660,366	4,764,871	7,445,608
Accounts receivable	IV (4), XVI (2)	6,818,593	7,194,464	112,546,392	93,518,152
Accounts receivable financing	IV (5)	621,586	497,858	-	-
Advance payment	IV (6)	27,193,014	26,988,913	30,195,480	28,845,889
Other accounts receivable	IV (7), XVI (3)	1,360,547	1,601,848	24,479,761	23,356,245
Inventory	IV (8)	23,524,620	26,780,104	15,825,986	18,125,245
Non-current assets due within 1 year	IV (7)	12,417	11,488	-	-
Other current assets	IV (9)	6,704,736	7,154,210	2,007,458	2,275,473
Total current assets		117,308,877	120,761,474	213,946,010	197,377,350
Non-current assets					
Debt investment	IV (10)	10,183	10,442	10,183	10,442
Other equity instruments investment	IV (11)	4,346,671	4,598,371	4,301,060	4,553,304
Other non-current financial assets	IV (12)	11,975,762	12,310,358	1,447,446	1,728,539
Long-term accounts receivable	IV (7), XVI (3)	974,949	947,264	968,866	969,335
Long-term equity investment	IV (13), XVI (4)	39,442,611	40,258,417	46,419,460	46,128,979
Investment property	IV (14)	6,096,674	6,150,434	642,363	689,445
Fixed assets	IV (15)	17,247,717	17,807,820	1,936,615	1,953,071

Construction in progress	IV (16)	3,539,035	4,343,334	38,673	35,888
Intangible assets	IV (17)	14,251,998	14,694,322	347,710	346,740
Development expenditure	IV (17)	44,755	42,927	3,234	4,290
Goodwill	IV (18)	7,477,796	7,477,796	-	-
Long-term unamortized expenses	IV (19)	2,159,641	2,524,836	79,356	103,251
Deferred income tax assets	IV (21)	4,577,606	4,130,170	-	-
Other non-current assets	IV (20)	646,894	797,080	134,673	119,515
Total non-current assets		112,792,292	116,093,571	56,329,639	56,642,799
Total assets		230,101,169	236,855,045	270,275,649	254,020,149

Liabilities and shareholders' equity	Note	June 30, 2020 Consolidated	December 31, 2019 Consolidated	June 30, 2020 Company	December 31, 2019 Company
Current liabilities					
Short-term loan	IV (23)	30,487,996	18,954,821	19,273,044	17,968,900
Derivative financial liabilities		618	400	618	400
Transactional financial liabilities		63,900	-	63,900	-
Notes payable	IV (24)	23,324,463	26,158,849	23,300,771	18,694,516
Accounts payable	IV (25)	29,194,729	44,380,475	88,114,319	84,632,541
Advance receipts	IV (26)	-	7,157,577	-	51,780,639
Contract liabilities	IV (30)	12,924,195	-	63,568,557	-
Payroll payable	IV (27)	957,451	1,386,161	112,650	135,790
Taxes payable	IV (28)	1,544,464	1,713,287	63,456	196,239
Other payables	IV (29)	11,100,153	12,612,303	5,291,467	5,973,231
Non-current liabilities due within 1 year	IV (31)	6,485,387	7,662,708	5,891,682	7,458,690
Estimated liabilities	IV (36)	126,622	151,177	1	10
Other current liabilities	IV (32)	939,457	1,079,223	54,584	9,764
Total current liabilities		117,149,435	121,256,981	205,735,049	186,850,720
Non-current liabilities					
Long-term loans	IV (33)	6,693,875	7,720,895	1,397,000	2,083,000
Bonds payable	IV (34)	7,993,318	8,488,802	7,993,318	8,488,802
Long-term payables	IV (35)	2,569,934	2,440,760	380,000	380,000
Estimated liabilities	IV (36)	-	-	-	-
Deferred income	IV (37)	2,219,964	2,231,956	280,542	382,029
Long-term payroll payable		-	-	-	-
Deferred income tax liabilities	IV (21)	7,077,662	7,567,680	1,501,474	1,847,311

Other non-current liabilities	IV (38)	47,561	3,158	-	-
Total non-current liabilities		26,602,314	28,453,251	11,552,334	13,181,142
Total liabilities		143,751,749	149,710,232	217,287,383	200,031,862
Shareholders' equity					
Issued capital	IV (39)	9,310,040	9,310,040	9,310,040	9,310,040
Capital reserve	IV (40)	37,144,792	37,249,004	37,046,693	37,150,905
Less: treasury stock	IV (41)	(1,951,047)	(1,899,961)	(1,951,047)	(1,899,961)
Other comprehensive income	IV (42)	340,057	197,575	(1,001,817)	(618,037)
Surplus reserve	IV (43)	1,724,703	1,748,672	1,724,703	1,748,672
General risk reserve		10,932	38,699	10,932	38,699
Undistributed profit	IV (44)	40,928,925	41,277,886	7,848,762	8,257,969
Total shareholders' equities attributable to Suning		87,508,402	87,921,915	52,988,266	53,988,287
Minority equity	VI (1)(b)	(1,158,982)	(777,102)	-	-
Total shareholders' equities		86,349,420	87,144,813	52,988,266	53,988,287
Total liabilities and shareholder's equity		230,101,169	236,855,045	270,275,649	254,020,149

Notes to financial statements are components of the financial statement.

Principal of enterprise: Zhang Jindong Principal of accounting organization: Hua Zhisong

Principal of accounting work: Huang Wei

Suning.Com Co., Ltd. Consolidated and Company Income Statement for the Six Months Ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Items	Note	From January to June 2020	From January to June 2019	From January to June 2020	From January to June 2019
		Consolidated	Consolidated	Company	Company
I. Operating revenue	IV (45), XVI (5)	118,423,830	135,571,179	71,884,766	102,106,332
Minus: Cost of revenues	IV (45), XVI (5)	(100,620,429)	(116,532,360)	(68,162,841)	(96,966,065)
Taxes and surcharges	IV (46)	(449,179)	(533,288)	(10,976)	(46,278)
Marketing expenses	IV (47)	(13,408,219)	(16,428,813)	(2,452,566)	(3,324,840)
Management expenses	IV (48)	(2,136,716)	(2,696,179)	(615,804)	(1,110,714)
Research and development expenses	IV (49)	(1,189,989)	(1,457,640)	(69,057)	(100,736)
Net financial cost	IV (50)	(1,776,794)	(1,466,528)	(1,061,635)	(862,408)
Including: Interest		(1,172,958)	(1,153,189)	(859,878)	(961,783)
Interest income		270,785	325,714	131,838	163,073
Assets impairment loss	IV (22), IV (52)	(106,798)	(194,163)	(83,317)	(140,430)
Credit impairment loss	IV (53)	(48,266)	(330,995)	18,071	(48,796)
Plus: Other income	IV (54)	580,402	190,878	96,458	1,439
Losses / (gains) from change in fair value	IV (56)	(811,969)	174,039	(466,513)	232,691
Investment income	IV (55), XVI (6)	939,136	5,074,534	431,978	338,408
Including: Investment income from associated enterprises and joint ventures		(109,624)	583,647	301,381	98,801
Loss on asset disposal	IV (57)	(9,706)	(2,716)	(658)	(515)
II. Operating profit		(614,697)	1,367,948	(492,094)	78,088
Plus: non-operating revenue	IV (58)	160,509	796,721	16,249	25,955
Minus: Non-operating expenses	IV (59)	(83,991)	(129,510)	(5,851)	(9,713)
III. Total Profit		(538,179)	2,035,159	(481,696)	94,330
Minus: Income tax expenses	IV (60)	(3,928)	47,737	225,223	(36,632)
IV. Net Profit		(542,107)	2,082,896	(256,473)	57,698
		(0+2,107)	2,002,090	(200,473)	080,10
Classified as per business continuity					
Net (loss) / profit for going concern		(542,107)	2,082,896	(256,473)	57,698

Suning.Com Co., Ltd. Consolidated and Company Income Statement for the Six Months Ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Net profits/(losses) for discontinuing operation		-	-	-	-
Classified as per attribution of ownership					
Net profit (loss) attributable to shareholders of Suning	IV (44)	(166,597)	2,139,465	(256,473)	57,698
Minority interest	VI (1)(b)	(375,510)	(56,569)	-	-
V. Other Comprehensive Income After Tax	IV (42)	142,482	(60,641)	(383,780)	450,468
Net after-tax amount of other comprehensive income attributable to shareholders of Suning		142,482	(111,837)	(383,780)	450,468
Other comprehensive income which will be reclassified into the profit and loss		492,114	(359,990)	(21,937)	5,057
Other comprehensive income that can be reclassified into the profit and loss under the Equity Method		5,022	(10,814)	(21,937)	5,057
Credit impairment reserves for other creditors' investment		(831)	-	-	-
Fair value change in other debt investment		-	-	-	-
Conversion differences in the foreign currency statements		487,923	(349,176)	-	-
Other comprehensive income which cannot be reclassified into the profit and loss in future		(349,632)	248,153	(361,843)	445,411
Other comprehensive incomes that cannot be reclassified into the profit and loss under the Equity Method			(6,144)	-	16,014
Fair value change in other equity instruments investment		(349,632)	254,297	(361,843)	429,397
Net of tax of other comprehensive income attributable to minority shareholders		-	51,196	-	-
VI. Total Comprehensive Income		(399,625)	2,022,255	(640,253)	508,166
Total comprehensive income attributable to shareholders of Suning		(24,115)	2,027,628	(640,253)	508,166
Attributable to minority shareholders		(375,510)	(5,373)	-	-
VII. Earnings per Share					

Basic earnings per share (RMB)	IV (61)	(0.0182)	0.2328	Not applicable	Not applicable
Diluted earnings per share (RMB)	IV (61)	(0.0182)	0.2316	Not applicable	Not applicable

Notes to financial statements are components of the financial statement.

Principal of enterprise: Zhang Jindong Principal of accounting organization: Hua Zhisong

Principal of accounting work: Huang Wei

Suning.Com Co., Ltd. Consolidated and Company Cash Flow Statement for the Six Months Ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

		From January to	From January to	From January to	From January to June 2019
Items	Note	June 2020 Consolidated	June 2019 Consolidated	June 2020 Company	Company
I. Cash flows from operating activities					
Cash received from sales and services		148,407,128	150,887,594	58,808,185	109,694,411
Other cash receipts relating to operating activities	IV (62)(a)	1,669,563	1,743,313	10,403,198	14,901,373
Sub-total cash inflows from operating activities		150,076,691	152,630,907	69,211,383	124,595,784
Cash paid for goods and services		(131,139,019)	(137,059,837)	(47,913,245)	(102,479,418)
Cash paid to and on behalf of employees		(6,815,094)	(8,963,280)	(574,405)	(774,172)
Payment of taxes and surcharges		(2,674,072)	(4,287,600)	(211,930)	(462,212)
Other cash payments relating to business activities	IV (62)(b)	(9,243,959)	(12,588,147)	(16,014,688)	(28,840,331)
Sub-total cash outflows from operating activities		(149,872,144)	(162,898,864)	(64,714,268)	(132,556,133)
Net cash flows (used for) / generated from business activities	IV (63)(a)	204,547	(10,267,957)	4,497,115	(7,960,349)
II. Cash Flow from Investing Activities					
Cash receipts from withdraw of investments		16,576,682	62,020,717	13,199,062	48,494,413
Cash received from investment income		1,023,686	501,811	159,065	133,415
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		85,624	3,008	4,947	146
Net cash (paid) / received from disposal of subsidiaries	IV (63)(b)	(156,050)	4,325,154	-	4,262,409
Sub-total cash inflows from investing activities		17,529,942	66,850,690	13,363,074	52,890,383
Cash paid for fixed assets, intangible assets and other long-term assets		(2,596,131)	(5,853,578)	(96,011)	(493,165)
Cash payments for investments		(16,920,272)	(68,026,583)	(14,520,239)	(50,161,243)
Net cash paid by subsidiaries	IV (63)(b)	-	(1,163,783)	-	-
Other cash paid relating to investment activities		-	(9,893)	-	-
Sub-total of cash outflows		(19,516,403)	(75,053,837)	(14,616,250)	(50,654,408)

Suning.Com Co., Ltd. Consolidated and Company Cash Flow Statement for the Six Months Ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Net cash flows from investing activities (use)/generated		(1,986,461)	(8,203,147)	(1,253,176)	2,235,975
III. Cash Flow from Financing Activities					
Cash received from capital contributions		-	146,000	-	-
Including: Cash received from minority shareholders' investment in subsidiaries		-	146,000	-	-
Cash received from borrowings		33,410,647	39,776,373	15,709,371	18,281,287
Cash received from issuing bonds		499,700	3,954,850	499,700	-
Other cash receipts relating to financing activities	IV (62)(c)	7,511,349	3,833,333	-	-
Subtotal of cash inflows of financing activities		41,421,696	47,710,556	16,209,071	18,281,287
Cash repayments for debts		(26,320,912)	(22,613,722)	(18,501,410)	(6,894,794)
Cash paid for the distribution of dividends, profits or interest payment		(973,604)	(2,177,369)	(682,171)	(1,938,360)
Including: Share dividends and profits paid to minority shareholders by subsidiaries		-	-	-	-
Cash paid for repurchasing corporate stocks		-	(716,738)	-	(716,738)
Other cash payments relating to financing activities	IV (62)(d)	(11,078,259)	(8,253,077)	(1,741,143)	-
Sub-total cash outflows from financing activities		(38,372,775)	(33,760,906)	(20,924,724)	(9,549,892)
Net cash flow from financing activities		3,048,921	13,949,650	(4,715,653)	8,731,395
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		256,283	(72,532)	35,710	-
V. Net (decrease)/increase of cash and cash equivalent	IV (63)(a)	1,523,290	(4,593,986)	(1,436,004)	3,007,021
Plus: balance of cash and cash equivalents at the beginning of the year	IV (63)(a)	17,919,907	30,220,850	10,999,335	13,309,922
VI. Balance of cash and cash equivalents at end of year	IV (63)(a)	19,443,197	25,626,864	9,563,331	16,316,943

Suning.Com Co., Ltd. Consolidated and Company Cash Flow Statement for the Six Months Ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Notes to financial statements are components of the financial statement.

Principal of enterprise: Zhang Jindong Principal of accounting organization: Hua Zhisong

Principal of accounting work: Huang Wei

#### Suning.Com Co., Ltd.

Consolidated Statement of Changes in Shareholder's Equity for the Six Months Ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

				Shar	eholders' equity	attributable to S	uning			Total
Items	Note	lssued capital	Capital reserve	Less: treasury stock	Other comprehensi ve income	Surplus reserve	General risk reserve	Undistribute d profit	Minority equity	shareholders ' equities
Beginning balance on January 1, 2019		9,310,040	38,288,361	(1,000,000)	(6,137)	1,507,827	341,018	32,445,964	7,265,765	88,152,838
Increased/decreased amount from January to June in 2019		-	-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	-	-
Net profit		-	-	-	-	-	-	2,139,465	(56,569)	2,082,896
Other comprehensive income	IV (42)	_	-	-	(111,837)	-	-	-	51,196	(60,641)
Total comprehensive income		-	-	-	(111,837)	-	-	2,139,465	(5,373)	2,022,255
Capital invested and decreased by the shareholder		-	-	-	-	-	-	-	-	-
Capitals invested by the owner		-	214,244	(716,738)	-	-	-	-	-	(502,494)
Increase of capital by minority shareholder		-	49,856	-	-	-	-	-	96,144	146,000
Stock Repurchases	IV (41)	-	-		-	-	-	-	-	

Suning.Com Co., Ltd.

Consolidated Statement of Changes in Shareholder's Equity for the Six Months Ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Share-based payment included in Shareholders' equity	IV (40)	-	117,351	-	-	_	-	-	_	117,351
Others		-	(202,858)		_	-	_	_	_	(202,858)
Profit distribution		-	-	-	-	_	-	-	-	-
Withdrawal of general risk reserves	IV (44)	-	-	-	-	-	161,951	(161,951)	-	-
Distribution to shareholders	IV (44)	-	-	-	-	-	-	(1,110,365)	(14,262)	(1,124,627)
Ending balance on June 30, 2019		9,310,040	38,466,954	(1,716,738)	(117,974)	1,507,827	502,969	33,313,113	7,342,274	88,608,465

Suning.Com Co., Ltd.

Consolidated Statement of Changes in Shareholder's Equity for the Six Months Ended June 30, 2020 (Continued) (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Items	Note			Shar	eholders' equity	attributable to S	Suning		Minority	Total shareholder s' equities
itenis	Note	lssued capital	Capital reserve	Less: treasury stock	Other comprehens ive income	Surplus reserve	General risk reserve	Undistributed profit	equity	
Ending balance on December 31, 2019		9,310,040	37,249,004	(1,899,961)	197,575	1,748,672	38,699	41,277,886	(777,102)	87,144,813
Change of accounting policy	II (32)	-	-	-	-	(23,969)	-	(210,131)	-	(234,100)
Beginning balance on January 1, 2020		9,310,040	37,249,004	(1,899,961)	197,575	1,724,703	38,699	41,067,755	(777,102)	86,910,713
										-
Increased/decreased amount from January to June in 2020		-	-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	-	-
Net profit		-	-	-		-	-	(166,597)	(375,510)	(542,107)
Other comprehensive income	IV (42)	-	-	-	142,482	-	-			142,482
Total comprehensive income		-	-	-	142,482	-	-	(166,597)	(375,510)	(399,625)
Capital invested and decreased by the shareholder		-	-	-		-	-	-	-	-
Stock Repurchases		-	-	(51,086)	-	-	-	-	-	(51,086)

Suning.Com Co., Ltd. Consolidated Statement of Changes in Shareholder's Equity for the Six Months Ended June 30, 2020 (Continued) (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Share-based payment included in Shareholders' equity	IV (40)	-	45,843	-	-	-	-	-	-	45,843
Others	IV (40)	-	(150,055)	_	-	-	-	-	-	(150,055)
Profit distribution		-	-	-	-	-	-	-	-	-
Withdrawal of surplus reserves		-	-	-	-	-	-	-	-	-
Withdrawal of general risk reserves	IV (44)	-	-	-	-	-	(27,767)	27,767	-	-
Distribution to shareholders	IV (44)	-	-	-	-	-		-	(6,370)	(6,370)
Ending balance on June 30, 2020		9,310,040	37,144,792	(1,951,047)	340,057	1,724,703	10,932	40,928,925	(1,158,982)	86,349,420

Notes to financial statements are components of the financial statement.

Principal of enterprise: Zhang Jindong

Principal of accounting work: Huang Wei

Principal of accounting organization: Hua Zhisong

Suning.Com Co., Ltd. Statement of Changes in Company Shareholder's Equity for the Six Months Ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Items	Note	lssued capital	Capital reserve	Less: treasury stock	Other comprehens ive income	Surplus reserve	General risk reserve	Undistribu ted profit	Total shareholde rs' equities
Beginning balance on January 1, 2019		9,310,040	32,415,03 4	(1,000,000	(743,868)	1,507,827	-	7,515,996	49,005,029
Increased/decreased amount from January to June in 2019		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	-
Net profit		-	-	-	-	-	-	57,698	57,698
Other comprehensive income		-	-	-	450,468	-	-	-	450,468
Total comprehensive income		-	-	-	450,468	-	-	57,698	508,166
Capital invested and decreased by the shareholder		-	-	-	-	-	-	-	
Capital invested by the shareholder		-	214,244	(716,738)	-	-	-	-	(502,494)
Share-based payment included in Shareholders' equity	IV (40)	-	117,351	-	-	-	-	-	117,351
Stock Repurchases		-	-	-	-	-	-	-	
Others		-	(202,858)	-	-	-	-	-	(202,858)
Profit distribution		-	-	-	-	-	-	-	
Distribution to shareholders	IV (44)	-	-	-	-	-	-	(1,110,365 )	(1,110,365)
Ending balance on June 30, 2019		9,310,040	32,543,77 1	(1,716,738	(293,400)	1,507,827	-	6,463,329	47,814,829
Ending balance on December 31, 2019		9,310,040	37,150,90 5	(1,899,961 )	(618,037)	1,748,672	38,699	8,257,969	53,988,287
Change of accounting policy	II (32)	-	-	-	-	(23,969)	-	(180,501)	(204,470)
Beginning balance on January 1, 2020		9,310,040	37,150,90 5	(1,899,961 )	(618,037)	1,724,703	38,699	8,077,468	53,783,817
Increased/decreased amount from January to June in 2020		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	-

Suning.Com Co., L	.td.							
Statement of Chan	ges in Co	mpany Share	eholder's Equ	uity for the Si	x Months End	ed June 30	, 2020	
(Unless otherwise	specified,	the currency	amount sha	ll be in RMB,	and the mone	etary unit sł	nall be RMB	1,000)

Net profit		-	-	-		-	-	(256,473)	(256,473)
Other comprehensive income		-	-	-	(383,780)	-	-		(383,780)
Total comprehensive income		-	-	-	(383,780)	-	-	(256,473)	(640,253)
Capital invested and decreased by the shareholder		-	-	-	-	-	-	-	-
Share-based payment included in Shareholders'	IV (40)	-	45,843	-	-	-	-	-	45,843
equity	10 (40)		45,045						45,645
Stock Repurchases	IV (41)	-		(51,086)	-	-	-	-	(51,086)
Others		-	(150,055)	-	-	-	-	-	(150,055)
Profit distribution		-	-	-	-	-	-	-	-
Withdrawal of general risk reserves		-	-	-	-	-	(27,767)	27,767	-
Distribution to shareholders		-	-	-	-	-	-	-	-
Ending balance on June 30, 2020		9,310,040	37,046,69 3	(1,951,047 )	(1,001,817)	1,724,703	10,932	7,848,762	52,988,266

Notes to financial statements are components of the financial statement.

Principal of enterprise: Zhang Jindong Principal of accounting organization: Hua Zhisong Principal of accounting work: Huang Wei

#### I Basic information

Suning.Com Co., Ltd. (hereinafter referred to as "Suning") is formerly known as Suning Domestic Appliance Co., Ltd. registered in Nanjing, Jiangsu Province, the People's Republic of China on May 15, 1996, with a registered capital of RMB 1.2 million at the time of establishment. On July 28, 2000, it was renamed Suning Domestic Appliance (Group) Co., Ltd. with the approval of Jiangsu Administration for Industry and Commerce. On August 30, 2000, it was renamed Suningjiao Household Appliances Group Co., Ltd. with the approval of State Administration of Industry and Commerce. On June 28, 2001, with the approval of Jiangsu Provincial People's Government (SZF [2001] No. 109), Suning Domestic Appliance (Group) Co., Ltd. was renamed Suning Appliance Chain Store (Group) Co., Ltd. on December 31, 2000 with total net assets, with a total issued capital of RMB 68,160,000, and the business license was obtained on June 29, 2001. Since then, according to the resolution of the second Extraordinary Shareholders Meeting in 2005, the company was renamed Suning Appliance Co., Ltd. According to the resolution of the first Extraordinary Shareholders Meeting in 2013, the company was renamed Suning Commerce Group Co., Ltd. According to the resolution of the second Extraordinary Shareholders Meeting in 2018 held in February 2018, the company was renamed Suning.Com Co., Ltd. and obtained the changed business license in February 2018. The Headquarter of Suning is located in Nanjing, Jiangsu Province, People's Republic of China.

On July 7, 2004, Suning issued RMB 25 million of common shares (hereinafter referred to as "A-share") to domestic investors, with a par value of RMB 1 per share and an issue price of RMB 16.33 per share upon approval of "Notice on Approval of Public Offering of Shares of Suning Appliance Chain Store (Group) Co., Ltd. (ZJFXZ [2004] No. 97)" by China Securities Regulatory Commission (CSRC). After the issuance, the total issued capital increased to RMB 93,160,000, and the A-share issued by Suning were listed and traded on the Small and Medium Enterprise Board of Shenzhen Stock Exchange on July 21, 2004.

Upon the approval of the 2004 annual Shareholders' Meeting held on May 22, 2005, Suning increased its issued capital by RMB 93,160,000 from capital reserve. After this increase, the total issued capital was changed to RMB 186,320,000.

Upon the approval of the second extraordinary shareholders' meeting in 2005 held on September 29, 2005, Suning increased its issued capital by

RMB 149,056,000 from capital reserve. After this increase, the total issued capital was changed to RMB 335,376,000.

On June 20, 2006, Suning issued RMB 25 million of A-shares to specific investors, with a par value of RMB 1 per share and an issue price of RMB 48 per share (Total issued capital changed to RMB 360,376,000) upon approval of "Notice on Approval of Private Offering of Shares of Suning Appliance Co., Ltd. (ZJFXZ [2006] No. 21)" by China Securities Regulatory Commission (CSRC).

Upon the approval of the second extraordinary shareholders' meeting in 2006 held on September 13, 2006, Suning increased its issued capital by RMB 360,376,000 from capital reserve. After this increase, the total issued capital was changed to RMB 720,752,000.

I Basic information (continued)

Upon the approval of the resolution of 2006 annual Shareholders' Meeting held on March 30, 2007, Suning increased its issued capital by RMB 720,752,000 from capital reserve. After this increase, the total issued capital was changed to RMB 1,441,504,000.

On May 16, 2008, Suning issued RMB 54 million of A-shares to specific investors, with a par value of RMB 1 per share and an issue price of RMB 45 per share (Total issued capital changed to RMB 1,495,504,000) upon approval of "Reply on Approval of Private Offering of Shares of Suning Appliance Co., Ltd. (ZJXK [2008] No. 647)" by China Securities Regulatory Commission (CSRC).

Upon the approval of the first extraordinary shareholders' meeting in 2008 held on September 16, 2008, Suning increased its issued capital by RMB 1,495,504,000 from capital reserve. After this increase, the total issued capital was changed to RMB 2,991,008,000.

According to the resolution adopted at the 2008 annual Shareholders' Meeting held on March 31, 2009, Suning sent 2 bonus shares and distribute cash dividends of RMB 0.3 to all shareholders for every 10 shares based on

the existing total issued capital of 2,991,008,000 shares; at the same time, Suning transferred 3 additional shares to all shareholders for every 10 shares with capital reserve. After the dividend distribution and increase of issued capital from capital reserve, the total issued capital was changed to RMB 4,486,512,000.

On December 23, 2009, Suning issued RMB 177,629,244 of common shares (A-share) to specific investors of securities investment funds in the form of private issuing, with a par value of RMB 1 per share and an issue price of RMB 17.20 per share (Total issued capital changed to RMB 4,664,141,244) upon approval of "Reply on Approval of Private Offering of Shares of Suning Appliance Co., Ltd. (ZJXKZ [2009] No. 1351)" by China Securities Regulatory Commission (CSRC).

Upon the approval of the resolution of 2009 annual Shareholders' Meeting held on April 6, 2010, Suning increased its issued capital by RMB 2,332,070,622 from capital reserve. After this increase, the total issued capital was changed to RMB 6,996,211,866.

On July 02, 2012, Suning issued RMB 386,831,284 of common shares (A-share) to specific investors in the form of private issuing, with a par value of RMB 1 per share and an issue price of RMB 12.15 per share (Total issued capital changed to RMB 7,383,043,150) upon approval of "Reply on Approval of Private Offering of Shares of Suning Appliance Co., Ltd. (ZJXK [2012] No. 477)" by China Securities Regulatory Commission (CSRC).

On May 20, 2016, Suning issued RMB 1,926,996,505 of common shares (A-share) to specific investors in the form of private issuing, with a par value of RMB 1 per share and an issue price of RMB 15.17 per share (Total issued capital changed to RMB 9,310,039,655) (Note IV (39)) upon approval of "Reply on Approval of Private Offering of Shares of Suning Commerce Group Co., Ltd. (ZJXK [2016] No. 418)" by China Securities Regulatory Commission (CSRC).

I Basic information (continued)

On December 28, 2018, the 35th meeting of the 6th Board of Directors of Suning approved the *Plan on Repurchasing Part of Public Shares*. The plan regulated that public shares can be repurchased by funds at the disposal of the localities, self-raised funds and other financing methods, with the total amount of repurchasing not less than RMB 500 million (including) and not more than RMB 1 billion (including). The use of repurchased shares

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

includes but are not limited to the following situations permitted by laws and regulations, such as employee stock ownership plan or stock-based compensation, conversion of corporate bonds convertible into shares issued by listed companies, or other situations necessary for maintaining the company's value and shareholders' rights and interests. On August 12, 2019, Suning's share repurchase plan has been fully implemented, and the newly added repurchased treasury stock was about RMB 998 million.

On August 15, 2019, the 46th meeting of the 6th Board of Directors of Suning approved the Proposal on the Plan on Repurchasing Part of Public Shares. The Company can repurchase its shares by equity capital in the form of collective trading through bidding, with the total amount of repurchasing not less than RMB 1 billion (including) and not more than RMB 2 billion (including). The shares repurchased are used for the employee stock ownership plan or stock-based compensation. The amount of newly added treasury stock repurchased was about RMB 0.338 billion in the reporting period.

## I Basic information (continued)

The Company and its subsidiaries (hereinafter referred to as "the Group" jointly) are mainly engaged in chain selling and service of household appliances, electronics, office equipment, communication products and fittings; sales of air-conditioner accessories; development, sales and system integration (excluding that for classified information) of computer software; sales of microcomputer accessories and software, sales of intelligent household appliances and intelligent electronic equipment; sales of general merchandise, musical instrument, handicrafts, souvenirs, cosmetics, mother and baby products, textile and contraceptives; R&D and sales of children's supplies, sales of gift cards (for single-purpose prepaid card only); chain selling of bicycles, electro-hybrid bicycles, motorcycles and automobiles, sales of automobile supplies, sales of parts and accessories of on-board equipment, automobiles and motorcycles and sales of general-purpose aeroplane; provincial chain selling of publications (for retail & wholesale only) and retail of audio-video products, and retail & wholesale of books and newspapers (holding related business license); retail & wholesale of prepackaged food (including delicatessen and braised food, frozen food, alcohol, milk powder and dairy products) and bulk food, retail of health-care food, retail & wholesale of alcohol; catering service (for branches only) (be subject to the line of business shown on Licensing of Catering Services), retail of primary agricultural products (excluding the acquisition and wholesale of rice, wheat and corn), retail of agricultural and sideline products and sales of cereals and oilseeds products, beverage and other subsidiary food; recycling and sales of waste and used materials, sales of building materials, decoration materials, home furnishing materials and photographic equipment as well as Class I and II medical apparatus and instruments; online sales and open shelf sales of commodities; self-running for import and export of various commodities and technologies; installation and maintenance of refrigeration air-conditioners and household appliances; after-sales service for household appliances, electronics and communication products, installation and maintenance of microcomputers, auto decoration, maintenance and repair; design, fabrication, agent and publication of various domestic advertisement, hotel reservation, children's indoor games entertainment service, lease of entertainment equipment, venue leasing, counter rental, exhibition of domestic commodities, design of enterprise image, economic information consultation services, talent training, commercial agency, parenting knowledge training service, household service, photography services, printing service; freight transport agency, warehousing, handling and ordinary freight; online data processing and trade processing service (for business e-commerce only), information service, domestic calling center service, domestic multi party communication service, Internet data center service, Internet access service; Cellular mobile communication service offered by resale, medical

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service; sales and construction of flowers, rockery, bonsai and nursery tree; sales of fire equipment, sales of gold, silver & jewelry, elevator and staircase as well as ticket agent. (Business activities can only be carried out after approval by relevant departments for projects subject to approval according to laws) general items: sales of petroleum products (excluding dangerous chemical); sales of lubricating oil (carrying out business activities independently according to law excluding items that should be approved according to laws)

See Note VI (1) (a) for details of the main subsidiaries included in the consolidation scope in this year. Main subsidiaries included in the consolidation scope in this year include Taiyuan Suning.Com Internet E-commerce Co., Ltd. and Qingdao Suning.Com E-commerce Co., Ltd. See Note V (2) for details of subsidiaries no longer included in the consolidation scope in this year.

The financial statement was approved and reported by board of directors of Suning on August 28, 2020.

#### II Main accounting policies and accounting estimates

Suning determined specific accounting policies and accounting estimates according to the characteristics of production and operation, which are mainly reflected in enterprise merger (Note II (5)), determination of fair value of financial instruments (Note II (9)), valuation method of inventory (Note II (10)), measurement mode of investment property (Note II (12)), depreciation of fixed assets and amortization of intangible assets (Note II (13), (16)), judgment criterion of capitalization of development expenditure (Note II (16)), impairment of long-term assets (Note II (18)), recognition of reward point plan (Note II (22)), recognition time of income (Note II (23)), deferred income tax assets and deferred income tax liabilities (Note II (25)), etc.

See Note II (31) for the key judgments used by Suning in determining important accounting policies.

(1) The basis for the formulation of financial statements

The financial statement was prepared with reference to Accounting Standards for Business Enterprises - Basic Standards issued by the Ministry of Finance on February 15, 2006 and later, specific accounting standards and relevant provisions (hereinafter referred to as "Accounting Standards for Business Enterprises"), and Information Disclosure Preparation Rules of Companies Publicly Issuing Securities, No.15 - General Provisions of the Financial Report of CSRC.

The financial statement is prepared based on continuous operation.

(2) Declaration on compliance with the Accounting Standards for Business Enterprises

The Company's financial statements for the six months ended June 30, 2020 conform to the requirements of Accounting Standards for Business Enterprises, which truly and completely shows the Company's consolidated and company financial conditions on June 30, 2020, as well as consolidated and company operating results, cash flow and other related information for the six months ended June 30, 2020.

(3) Accounting year

The accounting year is from January 1 to December 31.

(4) Recording currency

Suning adopts RMB as the recording currency. The recording currency of Suning's subsidiaries was determined according to the main economic

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environment in which they operate. The recording currency of Suning's subsidiaries operating in Hong Kong is Hong Kong dollar (HKD). The financial statements are presented in Renminbi (RMB).

- (5) Enterprise consolidation:
- (a) Business Combinations under the Same Control

The merger consideration paid and net assets acquired by the combining party are measured by book value. If the combined party is acquired by the final controlling party from a third party in the previous year, it will be based on the book value of the assets and liabilities of the combined party (including goodwill formed by the final controlling party's acquisition) in the consolidated financial statements of the final controlling party. For the difference between the book value of the net assets acquired and the merger consideration paid by the combining party, the additional paid-in capital (issued capital premium) shall be adjusted; the retained earnings shall be adjusted in case that the additional paid-in capital (issued capital premium) are insufficient to write down. The direct related expenses incurred for the business combination shall be included into the current gain or loss at the time of occurrence. The transaction cost of issuing equity securities or debt securities for business combination shall be included in the initial recognition amount of equity securities or debt securities.

- (5) Enterprise merger (continued)
- (b) Business Combinations under the Different Control

The combined cost incurred by the purchaser and the identifiable net assets obtained in the combination shall be measured at the fair value on the acquisition date. The difference between the consolidation cost and the acquiree's fair value share in the identifiable net assets obtained on the acquisition date is recognized in the consolidation as goodwill; the difference between the consolidation cost and the identifiable net assets fair value of the acquiree is accounted into current gain or loss. The direct related expenses incurred for the business combination shall be included into the current gain or loss at the time of occurrence. The transaction cost of issuing equity securities or debt securities for business combination shall be included in the initial recognition amount of equity securities or debt securities.

For business combination not under common control that has been realized by steps through several transactions, in the consolidated financial statements, the acquiree's equity held prior to the acquisition date is remeasured according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value is included into the current income from investment; where acquiree equity held before the acquisition date involves other comprehensive profits calculated with the equity method, and other owner's equity change except net profits and losses, other comprehensive income and allocation profits, other related comprehensive income and profits from equity change shall be transferred to the current profits at the acquisition date, except for other comprehensive profits generated from re-measurement of net liabilities or net assets of defined benefit plans by investee. The goodwill refers to the difference between the sum of the fair value of the acquiree's equity held previously and the fair value of valuable consideration on acquisition date, and the fair value share in the subsidiary's identifiable net assets obtained on the acquisition date.

(c) Purchasing minority equity of subsidiary

In the consolidated financial statements, the assets and liabilities of the subsidiary are reflected in the amounts continuously calculated on the acquisition date or on the combining date, after obtaining control right over the subsidiary and obtaining all or part of the minority equities owned by the minority shareholders of the subsidiary from the minority shareholders of the subsidiary. Adjust the additional paid-in capital according to the difference between the long-term equity investment newly added by purchasing minor equity, and the net assets shares enjoyed the net assets shares in the subsidiary continuously calculated by new shareholding ratio from acquisition date or combining date. If the amount of additional paid-in capital (issued capital premium) is insufficient to write down, adjust the retained earnings.

(d) Dilute the proportion of equity owned by parent company due to increasing the capital of minority shareholders of the subsidiary company

Other shareholders of the subsidiaries increased the capital for the subsidiaries, thus diluting the proportion of equity owned by parent company to the subsidiaries. Under the circumstances, the share of parent company in the subsidiary's book net assets before capital increase is calculated on the basis of the proportion of equity owned by parent company; The difference between this share and the share of the subsidiary's book net assets after capital increase calculated according to the shareholding ratio of the parent company is included into additional paid-in capital; if the additional paid-in capital is insufficient to offset, the retained earning shall be adjusted.

(6) Preparation methods of consolidated financial statements

When preparing the consolidated financial statements, the consolidation scope includes Suning and all subsidiaries.

From the date of obtaining the actual control right for the subsidiaries, Suning begins to incorporate them into the consolidation scope; the incorporation into the consolidation scope shall cease from the date of losing actual control right. For subsidiaries acquired by business combination under the same control, they shall be included in the consolidation scope of Suning from the day when they are under the control of the final controlling party along with the Company, and the net profit realized before the combining date shall be reflected in the consolidated income statement.

When preparing the consolidated financial statement, in case of any inconsistency between the accounting policy or accounting period adopted by the subsidiaries and Suning, necessary adjustments shall be made on the financial statements of subsidiaries according to the accounting policy or accounting period adopted by the Company. As to the subsidiaries acquired through merger under different controls, their financial statements are adjusted based on the fair value of the net identifiable assets on the date of acquisition.

All material intercompany balances, transactions and unrealized gains within Suning are offset while preparing consolidated financial statement. The shareholders' equity, the current net gain or loss and the part not owned by Suning of the subsidiary are separately listed under the shareholders' equity, the net profit and the total comprehensive income in the consolidated financial statements, which serve as the minority equity, gain or loss for minority shareholders and total comprehensive income of minority shareholders. The unrealized internal transaction profits or losses incurred by Suning's selling assets to the subsidiary shall fully offset the net profit attributable to shareholders of the parent company; the unrealized internal transaction profits or losses incurred by the subsidiary's selling assets to the subsidiary shall fully offset the net profit attributable to shareholders of the parent company; the unrealized internal transaction profits or losses incurred by the subsidiary's selling assets to the company shall be distributed and offset between the net profit attributable to shareholders of the parent company and the gain or loss for

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minority shareholders according to the distribution ratio of the Company to the subsidiary. The unrealized internal transaction profits or losses incurred by the assets selling between the subsidiaries shall be distributed and offset between the net profit attributable to shareholders of the parent company and the profits or losses of minority shareholders according to the distribution ratio of the parent company to the subsidiary of the seller.

If the identification on the same transaction comes to be different between regarding Suning as the accounting entity and regarding Suning or subsidiary as the accounting entity, adjust the transaction from the perspective of Suning.

(7) Cash and cash equivalents

The cash and cash equivalent refer to the deposit cash, the cash deposited which is ready to pay and cash and investment held with short-term, strong liquidity and low risk of changes in value that is readily convertible to cash of known amount.

- (8) Foreign currency translation
- (a) Foreign currency transaction

The foreign currency amount in the foreign currency transactions is converted into recording currency for accounting based on spot exchange rate applicable on the transaction date.

On the balance sheet date, foreign currency monetary items are converted into recording currency with the spot exchange rate on the balance sheet date. In order to purchase and construct assets that meet the capitalization conditions of the borrowing costs, the exchange difference of specific foreign currency borrowed shall be capitalized within the capitalization period; other exchange differences are directly included in the current gain or loss. The foreign currency non-monetary items measured at the historical cost at the balance sheet date are converted at the spot exchange rate on the transaction date. The effect of exchange rate on cash is presented separately in the cash flow statement.

(b) Conversion of foreign currency financial statement

The assets and liabilities in the balance sheets of overseas businesses are converted at a spot exchange rate on the balance sheet date. In the shareholders' equity, except the ones as "undistributed profits", others are converted at the spot exchange rate at the date of incurring. The income and expenses as stated in the income statement of overseas businesses are converted at the spot exchange rate ruling at the time of coming into being. The conversion differences in the foreign currency statements arising therefrom are included in other comprehensive income. The items in the cash flow statement of overseas businesses are converted at the spot exchange rate on the date of the cash flow. The effect of exchange rate fluctuation on cash will be shown as individual item in the Cash Flow Statement.

(9) Financial instruments

The term "financial instruments" refers to the contract whereby the financial assets of one party are formed and whereby the financial liabilities or right instruments of any other party are formed. When Suning becomes one party of the financial instrument contract, it shall recognize relevant financial asset or financial liability.

- (a) Financial assets
- (i) Classification and measurement

According to the business mode adopted for financial assets management by Suning and the contract cash flow characteristics of financial assets, the financial assets are classified as follows: (1) financial assets measured at amortization, (2) financial asset measured at fair value with their changes included in other comprehensive income, and (3) financial asset measured at fair value with their changes included in the current profit and loss.

Financial assets are measured at fair value during initial price calculation. For financial assets measured by fair value with their changes accounted to current profits and losses, relevant transaction expenses shall be credited to current profits and losses directly; for those of other financial assets, relevant costs shall be accounted into initial recognition amount. For receivables or notes receivable arising from the sale of products or the provision of services, which do not include or take into account significant financing component, Suning shall take the expected consideration that it is entitled to receive as the initial recognition amount.

Debt instrument

Debt instruments held by Suning refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer and are measured in the following three ways:

Measured at amortization:

Suning's business mode of managing the financial assets aims to collect the contract cash flow which characteristics are consistent with basic lending facility, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. Suning recognized the interest income of such financial assets according to the effective interest method. The financial assets mainly include monetary fund, notes receivable, account receivable, other account receivable, Debt investment, long-term account receivable, etc. Suning listed the Debt investment and long-term receivables due within 1 year (including one year) from the balance sheet date as non-current assets due within 1 year; the Debt investment obtained within 1 year (including one year) is listed as other current assets.

- (9) Financial instruments (continued)
- (a) Financial assets (continued)
- (i) Classification and measurement (continued)

Measured at fair value with the changes included in other comprehensive income:

Suning's business mode of managing the financial assets aims to collect the contract cash flow and sell, and the characteristics of the contract cash flow are consistent with basic lending facility. Such financial assets are measured at fair value and their changes are included in other comprehensive income, but impairment losses or gains, exchange gains and losses and interest income calculated according to the effective interest method are included in the current gain or loss. Such financial assets mainly include accounts receivable financing, other Debt investment, etc. Suning listed the other Debt investment due within one year (including one year) from the balance sheet date as non-current assets due within 1 year; the other Debt investment obtained within 1 year (including one year) is listed as other current assets.

Measured at fair value with the changes included in the current gain or loss:

The held debt instruments that are not measured at amortization and fair value and its changes included in other comprehensive income were measured at fair value and its changes were included in current gain or loss and are listed as trading financial assets. During initial recognition, in order to eliminate or remarkably reduce the accounting mismatching, the part of financial assets can be designated as financial asset measured at fair value with their changes included in the current gain or loss. If financial assets mature more than one year from the balance sheet date and is expected to be held for more than one year, it shall be listed as other non-current

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financial assets.

Equity instruments

Suning measured the equity instrument investment which has no control, joint control and significant influence according to the fair value and its change was included in the current gain or loss and listed as trading financial assets; if it is expected to hold more than one year from the balance sheet date, it will be listed as other non-current financial assets.

In addition, Suning designated some non-transaction equity instrument investments as financial assets measured at fair value and their changes are included in other comprehensive income, listed as other equity instrument investments. The relevant dividend of such financial assets was included in the current gain or loss.

- (9) Financial instruments (continued)
- (a) Financial assets (continued)
- (ii) Impairment

For financial assets measured at amortization and debt instrument investments measured at fair value and whose changes are included in other comprehensive income, Suning recognizes loss reserves on the basis of expected credit losses.

Considering the reasonable and basis information about past events, current situation and forecast of future economic situation, Suning calculated the probability weighted amount of the present value of the difference between the receivable contract cash flow and the expected cash flow and confirmed the expected credit loss, weighted by the risk of default.

On each balance sheet date, Suning shall separately measure the expected credit losses of financial instruments at different stages. If the credit risk of financial instruments has not increased significantly since the initial confirmation, it is in the first stage, and Suning will measure the provision for losses according to the expected credit loss in the next 12 months. If the credit risk of financial instruments has increased significantly since the initial confirmation but no credit impairment has occurred, it is in the second stage, and Suning will measure the provision for losses according to the expected credit loss of this instrument in the whole duration. If the credit impairment of financial instruments has occurred since the initial confirmation, it is in the third stage, and Suning will measure the provision for losses according to the expected credit loss of the expected credit loss of this instrument in the whole duration. If the provision for losses according to the expected credit loss of this instrument in the whole since the initial confirmation, it is in the third stage, and Suning will measure the provision for losses according to the expected credit loss of the expected credit loss of this instrument in the whole since the initial confirmation, it is in the third stage, and Suning will measure the provision for losses according to the expected credit loss of the expected credit loss of this instruments has occurred since the initial confirmation, it is in the third stage, and Suning will measure the provision for losses according to the expected credit loss of the expected credit loss of this instruments has occurred since the provision for losses according to the expected credit loss of this instrument in the whole duration.

For financial instruments with low credit risk on the balance sheet date,

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Suning assumes that the credit risk has not increased significantly since the initial confirmation, and measures the provision for losses according to the expected credit loss in the next 12 months.

For financial instruments in the first and second stages and with low credit risk, Suning calculates the interest income according to the book balance before deducting impairment provision and the actual interest rate. For financial instruments in the third stage, the interest income shall be calculated according to their book balance minus the amortization after the withdrawal of impairment provision and the actual interest rate.

For notes receivable, accounts receivable and accounts receivable financing from daily operating activities such as selling goods and providing services, regardless of whether there is any significant financing component, Suning measured the provision for losses according to the expected credit loss in the whole duration.
- II Significant Accounting Policies and Accounting Estimate (continued)
- (9) Financial instruments (continued)
- (a) Financial assets (continued)
- (ii) Impairment (continued)

When single financial asset is unable to assess the expected credit loss information at reasonable cost, Suning divides the receivables into several combinations according to the characteristics of credit risk, and calculates the expected credit loss on the basis of the combination. The basis and method for determining the combination are as follows:

Combination I	Bank acceptance bill	
Combination II	Commercial acceptance bill	
Combination III	Accounts receivable from Suning within the consolidation scope	
Combination IV	Clients based on aging classification	
Combination V	Other accounts receivable	

For receivables divided into combination and notes receivable and receivables financing formed by daily operating activities such as sales of goods and provision of services, Suning, referring to the experience of historical credit loss, combined with the current situation and forecast of future economic situation, prepared a comparison table of overdue days of receivables and expected credit loss rate of the whole duration to calculate the expected credit loss. As to other notes receivable, accounts receivable financing and other accounts receivable divided into combinations, based on the experience of historical credit loss, combined with the current situation and the forecast of future economic situation, Suning calculates the expected credit loss through the default risk exposure and the expected credit loss rate within the next 12 months or the whole duration.

Suning made the provision for loss withdrawn or transferred back into the current gain or loss. For debt instruments measured at fair value and the changes of which are included in other comprehensive income, Suning adjusted other comprehensive income while recording the impairment loss or profits into the current gain or loss.

- (9) Financial instruments (continued)
- (a) Financial assets (continued)
- (iii) Terminated recognition

The financial assets satisfying any of the following requirements will be de-recognized: (1) the contractual rights for collecting the cash flow of the said financial assets are terminated; (2) the said financial assets have been transferred and nearly all risks and rewards relating to the ownership of the financial assets have been transferred to the transferee by Suning; (3) the said financial assets have been transferred, but Suning does not transfer or retain nearly all risks and rewards relating the ownership of the financial assets, and has given up the control over the financial assets.

When other equity instrument investment is derecognized, the difference between its book value and the sum of the received consideration and the accumulative amount of the changes in the fair value originally included in other comprehensive income was included in the retained earnings; when other financial assets are derecognized, the difference between its book value and the sum of the received consideration and the accumulative amount of the changes in the fair value originally included in other comprehensive income was included in the current gain or loss.

# (b) Financial liabilities

During initial recognition, financial liabilities are classified as: "financial liabilities measured at amortization" and "financial liabilities measured at fair value with their changes included in the current profit and loss".

Suning's financial liabilities are mainly financial liabilities measured at amortization, including notes payable, accounts payable, other payables, loan, long-term payables and bonds payable, etc. The financial liabilities shall be initially measured according to the amount of its fair value with transaction cost deducted, and subsequently measured in the actual interest rate method. If the term is less than one year (including one year), they are listed as current liabilities; if the term is more than one year but

expires within 1 year (including one year) from the balance sheet date, they are listed as the non-current liabilities due within 1 year; the remaining liabilities are listed as non-current liabilities.

When the current obligations of financial liabilities have been discharged in whole or in part, recognition of financial liabilities or obligations discharged shall be terminated by Suning. The difference between the book value which is distributed to the part whose recognition is terminated and the considerations paid is accounted into current profit and loss.

(c) Fair value recognition of financial instruments

The fair value of financial instruments having active market is determined by its quoted price. Valuation techniques are adopted to determine the fair values of financial instruments having no active market. During valuation, Suning uses valuation technique with enough available data and other information support, which is applicable to the current situation, selects the input values with consistent characteristics of assets and liabilities concerned by the participants in the asset or liabilities transaction, and uses observable input values preferably as far as possible. The unobservable input values can be used when the observable input values are unavailable or impractical.

- (9) Financial instruments (continued)
- (d) Derivative financial instruments and hedge accounting

Derivative financial instruments are weighted at fair value at initial recognition, and their fair value is reassessed at each balance sheet date. Gains and losses arising from the revaluation of the fair value of derivative financial instruments were included in the current gain or loss, in addition to meeting the requirements of hedge accounting.

Hedge accounting method refers to the method by which Suning records the profits or losses arising from the hedging instruments and the hedged items into the current gain or loss (or other comprehensive income) in the same accounting period to reflect the risk management activities.

Hedged items are items that expose Suning to risks of changes in cash flow and are designated as hedged objects and can be reliably measured. Hedged items designated by Suning have the expectation that Suning will face the risk of cash flow change, such as purchase or sale at the undetermined future market price.

Hedging instruments refer to the financial instruments designated by Suning for hedging and whose changes in cash flow are expected to offset changes in cash flow of hedged items.

If the hedging meets the following conditions at the same time, Suning determines that the hedging relationship meets the requirements of hedging effectiveness:

(i) There is an economic relationship between the hedged items and the hedging instrument. The economic relationship makes the value of the

hedging instruments and the hedged items change in the opposite direction due to the same hedged risk.

- (ii) The impact of credit risk is not dominant in the value changes caused by the economic relationship between hedged items and hedging instruments.
- (iii) The hedging ratio of the hedging relationship is equal to the ratio between the number of hedged items actually and the actual number of hedging instruments to be hedged, but the ratio does not reflect the imbalance of the relative weight of the hedged items and hedging instruments.

Cash flow hedging

Cash flow hedging refers to hedging for the risk of cash flow changes. The change in cash flow originates from certain risks related to recognized assets or liabilities (such as payment of all or part of future interest on floating rate debt), expected transactions that are likely to occur, or components of the above items, and will affect the gain or loss of Suning. Where a cash flow hedging meets the conditions for adopting the hedging accounting method, it shall be dealt with in accordance with the following provisions:

- (9) Financial instruments (continued)
- (d) Derivative financial instruments and hedge accounting (continued)
  - •The accumulative profit or loss of the hedging instrument as of the commencement of hedging;
  - •Cumulative changes in the present value of the estimated future cash flows of the hedged item since the beginning of hedging.

The amount of cash flow hedging reserve included in other comprehensive income in each period is the change amount of current cash flow hedging reserve.

The portion of profits or losses generated by hedging instruments that are invalid for hedging is included in current gain or loss.

If the hedged item is an expected transaction, and the expected transaction causes Suning to subsequently recognize a non-financial asset or non-financial liability, or if the expected transaction of a non-financial asset or a non-financial liability forms a firm commitment applicable to fair value hedging accounting, the cash flow hedging reserve amount originally recognized in other comprehensive income will be transferred out and included in the initial recognition amount of such asset or liability. This is not a reclassification adjustment and does not affect other comprehensive income.

For the cash flow hedging beyond the above situations, in the same period when the gain or loss are affected by the hedged expected cash flow, the cash flow hedging reserve recognized in other comprehensive income is transferred out and included in the current gain or loss.

If the amount of cash flow hedging reserve recognized in other comprehensive income is a loss, and all or part of the loss is expected to be

irreparable in the future accounting period, Suning will transfer the part that is expected to be irreparable out of other comprehensive income and record it into the current gain or loss when it is expected to be irreparable.

When the hedging relationship no longer meets the risk management objectives due to the change of risk management objectives (i.e. the entity no longer seeks to achieve the risk management objectives), when the hedging instrument has expired, been sold, the contract has been terminated or exercised, when there is no economic relationship between the hedged items and the hedging instruments, or when the impact of credit risk begins to dominate in the value changes caused by the economic relationship between the hedged item and the hedging instrument, or when the hedging no longer meets the conditions of hedge accounting method, Suning will stop using hedge accounting. If the future cash flow to be hedged is expected to still occur, the accumulated cash flow hedge reserve recognized in other comprehensive income shall be retained and disposed in accordance with the above cash flow hedge accounting policies. If the hedged future cash flow is no longer expected to occur, the amount of the accumulated cash flow hedging reserve shall be transferred out of other comprehensive income and included in the current gain or loss. If the expected future cash flow hedged is no longer likely to occur but may still occur according to the prediction, the accumulated amount of cash flow hedging reserve shall be retained and shall be treated in accordance with the accounting policies of the above cash flow hedging.

- (10) Inventory
- (a) Category

Inventory includes inventory goods, spare parts for installation and maintenance and real estate development products, which are measured at the cost and net realizable value. The cost of real estate development refers to the property that has not been built and is for sale; the product of real estate development refers to the property that has been built and is to be sold.

(b) Valuation method on delivery of inventories

The cost of sales of inventory goods shall be accounted according to the first-in first-out method. The cost of inventory goods includes the purchase cost and the discount and allowance given by the supplier shall be deducted. The cost of real estate development and the cost of real estate development products include land cost, construction cost, loan cost in line with capitalization conditions and other direct and indirect development costs related to real estate development. The real estate development cost shall be carried forward to the development product according to the actual cost after completion; the cost of the real estate development product shall be accounted according to the special identification method in case of cost carry-over.

(c) Determination basis for net realizable value of the inventories and calculation and withdrawal methods for provision for inventory

Provision for inventory are withdrawn according to the difference between inventory cost and its net realizable value. Net realizable value is recognized by the value that the estimated selling price of inventory deducting the costs to occur at estimated time of completion, estimated cost of sales, as well as the amount after relevant tax.

(d) Amortization method of spare parts for installation and maintenance

Spare parts for installation and maintenance shall be amortized by lump-sum charge-off method.

(e) Perpetual inventory system is adopted as the inventory accounting system by Suning.

(11) Long-term equity investment

Long-term equity investment includes: long-term equity investment of Suning in subsidiaries; long-term equity investments of Suning in joint ventures and affiliated enterprises.

The subsidiary refers to the investee under the control of Suning. A joint venture is a joint arrangement achieved by Suning through a separate entity, capable of implementing joint control with other parties, and enjoying rights only to its net assets on the basis of legal forms, contract terms and other facts and circumstances. An affiliated enterprise refers to the investee in Suning that has significant influence on its finance and business decision-making.

When Suning initially recognizes the long-term equity investment of the associated enterprise, it shall choose whether to designate the associated enterprise as a financial asset measured at fair value with its changes included in the current gain or loss according to the holding intention and the evaluation standard of the investment results.

The investment in subsidiaries shall be presented in the amount recognized by cost method in financial statements of the Company, and shall be consolidated after adjusted according to the equity method while preparing the consolidated financial statements; the investment in joint ventures and associated enterprises shall be accounted by equity method.

(a) Determination of investment cost

As to the long-term equity investment obtained through combination of enterprises: such investment under the same control is used as the investment cost on the combing date according to amount of obtained book value of owner equity of the combined parties in the consolidated financial statements of the final controlling party; for such investment under different control, the merger cost is regarded as the investment cost of the long-term equity investment.

For the long-term equity investment acquired in other methods in addition to the business combination: the initial investment cost for the long-term equity investment acquired by cash payment will be the actually paid purchase price; the initial investment cost for the long-term equity investment acquired by issuance of equity securities will be the fair value for issuance of equity securities.

- (11) Long-term equity investment (continued)
- (b) Subsequent measurement and profit and loss recognition method

The long-term equity investment calculated by the cost method shall be measured according to the initial investment cost, and the cash dividend or profit declared and allocated by the investee shall be recognized as the investment income, and included into the current gain or loss.

For the long-term equity investment calculated by equity method, when the initial investment cost is greater than the fair value shares in the investee's identifiable net assets to be enjoyed during investment, the initial investment cost shall serve as the long-term equity investment cost; when the initial investment cost is less than the fair value shares in the investee's identifiable net assets to be enjoyed during investment, the difference shall be included into the current gain or loss, and the long-term equity investment cost will be increased accordingly.

For the long-term equity investment calculated by equity method, Suning shall recognize the current investment gain or loss according to the investee's net gain or loss shares to be enjoyed. If a net loss of the investment unit is confirmed, the book value of the long-term equity investment, as well as other long-term equity investment which form the net investment of the investment units should be reduced until zero limits, but Suning has the obligation to bear extra losses, and complies with the estimated liability recognition conditions, it will continue to recognize the estimated loss amount to be borne. For any changes in the owner's equity other than the net gain or loss, other comprehensive income and profit distribution of the investee, the book value of the long-term equity investment is adjusted and declared into the additional paid-in capital. The book value of long-term equity investment should be correspondingly reduced according to the share to be distributed to Suning while declaring and allocating the profits or cash dividends allocated by the investee. For unfulfilled profits or losses in the internal transaction between Suning and the investee, calculate and offset the part attributable to Suning based on shareholding ratio, and recognize the investment income on this basis. As for the asset impairment losses in the internal transaction losses between Suning and the investee, the corresponding unfulfilled losses shall not be offset.

(c) Basis for determination of control, common control over and significant impact on the invested company

Control means having the right to the investee, enjoying the variable returns by participating in related activities of the investee, and having the ability to affect the investee's amount of returns by virtue of the right to the investee.

Joint control refers to the joint control over certain arrangement based on relevant agreement. Decisions on the activities of the arrangement can be made only upon consent from Suning and other parties sharing the control right.

Significant impacts refer to the right to make decision about the finance and business policies of the investee. However, the formulation of these policies cannot be controlled separately or jointly with other parties.

(d) Long-term equity investment impairment

When the recoverable amount of long-term equity investment in the subsidiaries, joint ventures and associated enterprises is less than the book value, the book value is written down to the recoverable amount (Note II (18)).

#### (12) Investment property

The investment real estate includes the leased land use right and the building for rental purpose, as well as the buildings that are under construction or development for rental purpose, and is initially measured at the cost. Subsequent expenditures related to investment real estate are included in the cost of investment real estate when relevant economic benefits are likely to flow into Suning and its costs can be measured reliably; otherwise, it shall be included into the current gain or loss.

Suning adopts the cost mode to carry out subsequent measurement on all investment property and adopts straight-line depreciation method for accrual of depreciation of investment property according to its expected service life and net residuals rate. The expected service life, net residuals rate and annual depreciation rate of investment real estate are as follows:

	Expected service life	Estimated net residuals rate	Yearly depreciation (amortization) rate
Houses and buildings	20-40 years	3%	2.43%~4.85%

The estimated service life, estimated net residuals rate and depreciation method of investment real estate shall be reviewed and appropriately adjusted at the end of each year.

When the use of investment real estate is changed into self-use, from the day of change, the investment real estate shall be converted to fixed asset or intangible asset. When the use of self-use real estate is changed into earning rent or gaining capital, from the day of change, the fixed asset or intangible asset shall be converted to investment real estate. When there is conversion, the book value before the conversion will be regarded as the entry value after the conversion.

When the investment real estate is disposed or is required to drop out of use permanently, and no economic interest is expected to get from the disposal, stop affirming the investment real estate. The disposal consideration of the investment real estate of sell, transfer, scrap or damage is included in the current profit and loss after deduction of its book value and relevant taxes and dues.

When the recoverable amount of investment real estate is less than its book value, the book value is reduced to the recoverable amount (Note II (18)).

- (13) Fixed assets
- (a) Recognition and initial measurement of fixed assets

Fixed assets include houses & building, machinery equipment, transportation means, electronic equipment, and other apparatus.

Fixed assets are recognized only when it is probable that Suning can obtain the economic benefit thereof and when the costs thereof can be reliably measured. The purchased or newly built fix assets shall be initially measured at the cost upon acquisition.

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when relevant economic benefits are likely to flow into Suning and its costs can be measured reliably; the book value of the substituted part will be derecognized; all other subsequent expenditures incurred will be included into current gain or loss.

(b) Depreciation method for fixed assets

Depreciation of fixed assets is conducted according to straight-line depreciation method and accrued within expected service life after deducting expected net residuals rate from its account value. For fixed assets with withdrawn impairment preparation, its depreciation amount can be calculated according to book value after impairment reserves and useful service life in future.

The estimated service life, net residuals rate and annual depreciation rate of fixed assets are as follows:

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

	Expected service life	Estimated net residuals rate	Annual depreciation rate
Houses and buildings	10-40 years	3%	2.43%~9.70%
Machinery equipment	10 years	3%	9.70%
Transportation means	5 years	3%	19.40%
Electronic equipment	3-5 years	3%	19.40%~32.33%
Other equipment	5 years	3%	19.40%

The estimated service life, estimated net residuals rate and depreciation method of fixed assets shall be reviewed and appropriately adjusted at the end of each year.

(c) When the recoverable amount of fixed assets is less than its book value, the book value is reduced to the recoverable amount (Note II (18)).

- (13) Fixed assets (continued)
- (d) Fixed assets disposal

When fixed assets are disposed or economic benefits cannot be produced due to projected use or disposal, confirmation of fixed assets is terminated. The disposal income obtained from selling, transferring, scrapping or damaging the fixed assets shall be included in the current profit and loss after deducting the amount of its book value and relevant taxes and dues.

(14) Construction in progress

The construction in progress shall be accounted as per the actual cost. The actual cost includes the construction cost, installation cost, borrowing costs that meet the capitalization conditions and other necessary expenditures incurred to bring the construction in progress to estimated serviceable conditions. When the construction in progress has achieved the estimated serviceable conditions, it is transferred to the fixed assets, and will begin to withdraw depreciation from the next month. When the recoverable amount of construction in progress is less than its book value, the book value is reduced to the recoverable amount (Note II (18)).

(15) Borrowing costs

For the borrowing cost incurred by Suning that is directly attributable to the acquisition and construction of assets that can realize the estimated service condition only after considerable long period of acquisition and construction activities, it will begin to be capitalized and included into the cost of such assets when the capital expenditure and borrowing cost has occurred, and the acquisition and construction activities necessary for realizing the estimated service condition have been started. The capitalization is stopped when acquired and constructed assets have achieved estimated serviceable condition, and any borrowing cost incurred therefrom will be included into current profits or losses. If the acquisition and construction activities of asset are interrupted abnormally, and have been ceased for more than 3 months continuously, the capitalization of such borrowing cost shall be suspended until the acquisition and construction activities of the assets are restarted.

As for special borrowing for the acquisition and construction of assets eligible for capitalization, the capitalization amount of special borrowing expenses shall be recognized in light of the actual interest incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

For the general borrowing occupied for acquisition and construction of assets complying with the capitalization conditions, the capitalization amount of general borrowing expenses shall be calculated by multiplying weighted average of capital expenditure over the portion of the special borrowing by the weighted average actual interest rate of the general borrowing occupied. The actual interest rate refers to the interest rate used to discount the future cash flow of the borrowing in the estimated effective duration or appropriate shorter duration to the initial recognized amount of the borrowing.

(16) Intangible assets

Intangible assets include land use right, software, preferential lease right, trademark and domain name, client relationship intangible assets, etc.

(a) Land use right

The land use right shall be amortized evenly by 40-70 years of service life. The purchased land and buildings that have difficulty in properly distributing prices the land use right and buildings shall be regarded as fixed assets entirely.

(b) Software

The software is measured at actual cost and amortized averagely according to the expected service life of 5 years.

(c) Preferential lease right

Preferential lease right is an intangible asset recognized in the process of business merger. Preferential lease right is recorded at fair value and amortized averagely according to its expected benefit period.

(d) Trademark, domain name and client relationship intangible assets

Trademark, domain name and client relationship intangible assets are intangible assets recognized in the process of business merger. Trademarks and domain names, client relationships, client lists, sales networks, and supplier channels are recorded at fair value and amortized evenly over the expected benefit period.

(e) Periodic review of service life and amortization method

The estimated service life and amortization method of intangible assets with limited lifetime shall be reviewed and properly adjusted at the end of each year.

- (16) Intangible assets (continued)
- (f) Research and development

Suning conducts research and development of system software. Expenditures for research and development projects are classified into expenditures in research stage and expenditures in development stage according to their natures and whether the intangible assets ultimately formed by research and development activities have great uncertainty.

The planned research, evaluation and selection expenditures for software research are regarded as expenditures in research stage and are included in current gain or loss when incurred; the relevant design and test expenditures for final software application before final use are regarded as expenditures in development stage and shall be capitalized when the following conditions are met simultaneously:

- The technical team has fully demonstrated software development;
- Management approved the software development budget;
- The research and analysis of the previous market research shows how the use of software will generate economic benefits;
- There are adequate technical and financial support for the development and subsequent use of relevant software; and
- Expenditures on software development can be reliably collected.

The development expenditure which cannot satisfy the above conditions should be accounted into the current profit and loss from the starting; The development expenditures that have been included into profits or losses in the previous periods will not be recognized as assets in the subsequent periods. The expenditures in development stage that have been capitalized are listed as development expenditures in balance sheet and are converted to intangible assets from the date when the project reaches its intended use. (g) Intangible assets impairment

When the recoverable amount of intangible assets is less than its book value, the book value is reduced to the recoverable amount (Note II (18)).

(17) Long-term unamortized expenses

The long-term unamortized expense includes improvements of leased fixed assets operation and other expenses that have occurred but are to be borne in the current year and subsequent periods with the amortization period more than one year. Above expenses are averagely amortized by stage during estimated benefit period, and are listed in the way that actual expenditures reduce the net amount after accumulated amortization.

#### (18) Long-term asset impairment

Fixed assets, construction in progress, intangible assets with limited useful life, investment real estate measured by cost model, long-term equity investment for subsidiaries, joint ventures and associated enterprises and others are tested for impairment if there are signs of impairment on the balance sheet date; intangible assets that have not yet been ready for use are tested for impairment regardless of whether there is any indication of impairment. If impairment test result shows that recoverable amount of assets is lower than their book value, calculate and withdraw asset impairment reserves according to the difference between the recoverable amount and book value and include it in impairment loss. The recoverable amount is the higher one between the fair value of assets deducting the net value of asset disposal and present value of expected future cash flow. The impairment reserves of assets are calculated and recognized based on single asset, if it is difficult to estimate the recoverable amount of single asset, determine recoverable amount of asset group to which the single asset belongs. Asset group is the minimum asset portfolio that can independently produces cash inflow.

For goodwill separately presented in the financial statements, whether the impairment evidence exists, impairment test is required at least one year. The book value of goodwill is allocated to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when carrying out an impairment test. The test results show that if the recoverable amount of assets group or portfolio of asset groups of the goodwill including amortization is less than its book value, confirm corresponding impairment loss. The amount of the impairment loss shall first charge against the carrying value of the headquarter assets and business reputation which are apportioned to the asset group or combination of asset groups, then charge it against the carrying value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the business reputation excluded.

Once above assets impairment loss is determined, don't reverse the portion whose value recovers during subsequent period.

(19) Employee compensation

Employee compensation refers to the salary or compensation in various forms which Suning pays to its employees for their services or relieving of labor relations, including short-term compensation, post-employment welfare, dismiss welfare, other long-term employee welfare, etc.

(a) Short-term compensation

Short-term compensation includes wages, bonuses, allowances and subsidies, staff welfare expenses, medical insurance premiums, industrial injury insurance premium, birth insurance premium, housing fund, labor union and education funds, short-term compensated absences, etc. During the accounting period when employees provide service for Suning, the actual short-term compensation is recognized as liabilities and included in the current gain or loss or the relevant assets cost. The non-monetary welfare shall be measured based on fair value.

(b) Post-dimission welfare

Suning classifies the post-employment welfare plan into defined contribution plan and defined benefit plan. The defined contribution plan is a post-employment welfare plan in which Suning no longer assumes further payment obligations after depositing a fixed fee to independent fund; the defined benefit plan is a post-employment welfare plan other than the defined contribution plan. During the reporting period, Suning's resignation welfare is mainly basic endowment insurance and unemployment insurance paid for employees.

Basic endowment insurance

Suning's employees participate in the basic social endowment insurance organized and implemented by the local labor and social security department. Suning pays the endowment insurance premiums to the local basic endowment insurance agency monthly based on the local basic endowment insurance contribution base and ratio. After employee retirement, the local labor and social security department has the responsibility to pay the basic social pension to the retired employees. In the accounting period when the Group's employees provide services, the deposit amount which is calculated according to the social security provisions will be recognized as liabilities, and included in current profits and losses or relevant asset cost.

In addition, some overseas subsidiaries of Suning also provide their employees with supplementary retirement benefits beyond the national insurance system, which belong to the defined benefit plan. The defined benefit liability recognized on the balance sheet is the present value of the defined benefit obligation minus the fair value of the plan asset. The set benefit obligation is counted by an independent actuary each year using the interest rate of treasury bonds similar to the term and currency of the obligation and using the expected cumulative benefit unit method. Service costs (including current service cost, past service cost and settled gain or loss) and net interest related to complementary retiring welfare are recorded into current gain or loss or related costs of assets, while changes incurred in net balance and net assets of recounting the defined profits plan are recorded into other comprehensive income.

- (19) Employee compensation (continued)
- (c) Dismission welfare

Dismissal welfare refers to the compensation given by Suning before the expiration of employee's labor contract to relieve the labor relation with employees or encourage them to voluntarily accept reduction. When Suning cannot unilaterally withdraw the termination of labor relationship plan or the reduction proposal or confirms the cost related to the recombination of dismiss welfare payment, whichever is earlier, the liabilities of compensation for the termination of labor relation shall be recognized and included in current gain or loss.

The dismiss welfare expected to be paid within 1 year from the balance sheet date are presented as current liabilities.

(20) Dividend distribution

Cash dividends are recognized as liabilities in the current period approved by the Shareholders' Meeting.

(21) Estimated liabilities

When the performance of current obligations formed by product quality assurance, onerous contracts and other reasons is likely to lead to the outflow of economic benefits, and its amount can be reliably measured, estimated liabilities are determined.

Estimated liabilities are initially measured in accordance with the best estimate of expenditure required to perform the relevant current

obligations in full consideration with the factors such as risks, uncertainties and the time value of money related to contingent events. If the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflow; the increased amount in the book value of estimated liabilities due to the discounting reduction over time is recognized as interest.

The book value of estimated liabilities is reviewed and adjusted on the balance sheet date to reflect the current best estimate.

The estimated liabilities expected to be paid within 1 year from the balance sheet date are presented as current liabilities.

(22) Reward point program

Suning implements the reward point plan. The points generated by customers' previous consumption can be offset at the next consumption. Points awarded to customers are as the part of sales transaction. The payment for goods or receivables obtained from sales are distributed into the revenue and bonus credits generated from the sale of goods or the provision of labor services based on the relative proportion of respective selling price. The part related to the bonus credits is firstly confirmed as the contract liabilities, and then carried forward and included in the revenue when the customer exchanges the bonus credits or the credits are invalid.

(23) Income

Suning recognizes the revenue according to the amount of consideration to which it is expected to be charged when clients have gained the control of relevant commodities or services.

(a) Sale of commodities

Suning is engaged in commodity retail, and recognizes the revenue according to the amount of consideration to which it is expected to be charged when clients have gained the control of relevant commodities or services. Suning estimates the amount for sales return and deducts the revenue with it based on its sales experience and data. Suning recognizes the amount that is expected to be returned due to sales return as refund payable and lists it as other current liabilities, and also, recognizes it as the return cost receivable based on the book value of the products expected to be returned at the time of sale after deducting the estimated cost of recovering the products and lists as other current assets.

(b) Sales of real estate

The control rights of real estate development products are transferred to buyers after the products are completed and accepted and sold with a legally binding sales contract. Suning does not retain the continuous management right usually associated with the ownership, nor effectively control the sold development products. When the relevant cost that has occurred or will be issued can be measured reliably, the realization of revenue of real estate development products is recognized.

(c) Sales material

Material sales mainly refer to the sales of other express envelope items except for express label. When Suning transfers materials to express franchisees, the control right for materials will be transferred, and the costs related to the sale of the materials can be reliably measured. At this time, Suning recognizes the revenue of the materials.

(d) Providing labor service

Suning provides transportation, delivery and value-added service, warehousing service, express service and insurance express service, installation and maintenance service, chain store service, platform service, leasing service, agency service, etc. The labor revenue is recognized within certain period in consideration of the progress of the service completed.

- II Significant Accounting Policies and Accounting Estimate (continued)
- (23) Income (continued)

Specific principles:

Goods transportation and delivery and value-added services, insurance express services: revenue is recognized during the service based on the progress.

Warehousing revenue: Based on the warehousing business contract, revenue is recognized according to the actual storage and loading quantity of goods.

Express service: the express business model is divided into four links: collection, sorting, transport and delivery. In the light of self-operated business, the revenue is recognized by Suning during collection, sorting, transport and delivery according to the progress of the express services completed. For the business that franchisees are responsible for collection and delivery, and Suning is only responsible for sorting and transport, Suning recognizes the revenue during the service based on the service progress.

Revenues from other services: revenue is recognized during the service based on the service progress.

(24) Government subsidies

Government subsidies are monetary assets or non-monetary assets obtained for free by Suning from government, including tax refund, fiscal subsidies, etc.

The government subsidies are recognized when Suning can satisfy the conditions attached and can receive such subsidies. The government subsidies that are monetary assets shall be measured according to received or receivable amount. If the government subsidies are non-monetary assets, they shall be calculated at fair value; if the fair value cannot be reliably obtained, they shall be calculated on the basis of nominal amount.

Government subsidy related to assets refers to that obtained by Suning and used for purchase and construction of long-term assets or formation by other ways. The government subsidies pertinent to income refer to all the government subsides except those pertinent to assets.

Suning recognizes the government subsidies related to assets as deferred income and incorporates it into the gain or loss within the service life of relevant assets with reasonable and systematic method.

For government subsidies related to tax return, incentive payments and guiding of subsidy funds, those used for compensating the related cost or loss in later periods will be recognized as deferred income and counted into current gain or loss in the period of recognizing relevant costs; while subsidies used for compensating incurred cost or loss will be directly counted into current gain or loss. Other government subsidies related to income used for compensating the related cost, expenses or losses incurred during the period shall be recognized as the deferred income and used for offsetting related costs in the period of recognizing relevant costs, expenses or losses; subsidies used for compensating the incurred costs, expenses or losses shall be directly used for offsetting related costs.

Suning adopts the same presentation method for similar government subsidies.

Government subsidy related to daily activity of the enterprise is included into the operating income, while government subsidy irrelevant to daily activity of the enterprise is accounted into non-operating revenue.

#### (25) Deferred income tax assets and liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and recognized according to the difference (temporary difference) between the tax basis of assets and liabilities and its book value. For the deductible loss that can be offset against taxable income in subsequent years according to the provisions of tax law, the corresponding deferred income tax assets shall be recognized. For the temporary difference caused by the initial recognition of goodwill, the corresponding deferred income tax liabilities are not recognized. The temporary differences between assets and liabilities without impacts both on accounting profit and taxable income (or deductible loss) made by initial recognition in the non-consolidated transactions, relevant deferred income tax assets and liabilities are calculated on the basis of the applicable tax rate in the expected assets recovery or liabilities liquidation period.

The recognition of deferred income tax assets is limited to the taxable income possibly for deducting the deductible temporary difference, loss and tax.

For the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, the deferred income tax liabilities are recognized unless Suning can control the reversal time of temporary difference and the temporary difference is probably to be reversed in the foreseeable future. For the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, the deferred income tax assets are recognized when the temporary difference is probably to be reversed in the foreseeable future and probably to be obtained to deduct the taxable income that has deductible temporary difference in the future.

The deferred income tax assets and deferred income tax liabilities that meet the following conditions simultaneously are listed as net amount after offset:
•Deferred income tax assets and deferred income tax liabilities are related to income tax levied by same tax management authorities from same taxpayer in the Group;

•Within Suning, the tax payer has the legal right to settle the current income tax assets and current income tax liabilities at net amount.

### II Significant Accounting Policies and Accounting Estimate (continued)

#### (26) Leased

Finance lease refers to the lease that has actually transfers all risks and rewards related to the assets ownership. It is regarded as financial lease when one or more of following conditions are satisfied:

•The ownership of assets is transferred to the lessee at the expiration of lease term.

•The lessee enjoys the right of choice to purchase the leased asset at a price which is expected to be much lower than the fair value at the date when the option is exercised. Therefore, it is available to reasonably confirm at the starting date of lease that the lessee will exercise the right.

•The lease term occupies most service life of assets even if the ownership is not transferred.

•The minimum lease payment present value of the lessee applicable on the lease commencement date is nearly equal to the fair value of the hired assets on the lease commencement date.

•With special natures, the leased assets can only be used by the lessee if there is no great change.

Operating lease refers to the leases except for financial lease.

The rental payment of operating lease shall be included in relevant assets cost or current gain or loss with straight line method in the lease term.

The rental payment of operating lease shall be recognized with straight line method in the lease term.

If sale and leaseback transactions are recognized as operating leases and any evidence shows that such transaction is based on the fair value, the balance between the sales price and the book value of the asset shall be

recorded in the gain or loss of the current period. If the sale and leaseback transaction is not concluded according to the fair value, the relevant profit and loss shall be recognized in the current period; however, if the loss will be compensated by the future lease payment lower than the market price, it shall be deferred and apportioned within the expected service life of the asset according to the method consistent with the recognized rental expense; if the sales price is higher than the fair value, the higher part shall be deferred and apportioned within the expected service life of the asset.

(27) Discontinuing operation

Operation termination refers to the constituent part that satisfies one of the following conditions, can be distinguished separately and has been disposed or divided into held-for-sale: (I) the constituent part represents an independent principal business or a separate principal business area; (II) the constituent part is a part of a relevant plan to dispose an independent principal business or a separate principal business area; (III) the constituent part is a subsidiary acquired specifically for resale.

The net profit of operation termination as shown in the income statement includes operating income and loss as well as disposal profit and loss.

### II Significant Accounting Policies and Accounting Estimate (continued)

(28) Share-based payment

Share-based payment refers to the transaction of granting the equity instrument or undertaking the liabilities determined based on the equity instruments in order to obtain the service provided by the employees. Equity instruments include equity instruments of Suning itself, its parent company or other accounting entities of Suning. The share-based payment is divided into equity settlement and cash settlement. The share-based payments in Suning were equity-settled share-based payments.

Equity-settled share-based payment

Suning adopted equity-settled share-based payment as its employee stock ownership plan. Such plans shall be measured at the fair value of the equity instrument granted to employees on the granting date, and can only be exercised or implemented after the services within the waiting period are completed or the specified performance conditions are met. During the waiting period, based on the best estimation of the number of exercisable / implemented equity instrument, the services acquired during the current period shall be included in the related costs or expenses at the fair value on the granting date of equity instrument, and the additional paid-in capital shall be increased correspondingly. If the subsequent information indicates that the number of vested / unlockable equity instruments is different from the previous estimate, an adjustment shall be made and on the vesting / unlocking date, the estimate shall be adjusted to equal the number of the actually vested / unlockable equity instruments.

(29) Share repurchase

The treasury stocks in Suning were mainly generated by repurchasing its own equity instrument.

The consideration and transaction costs paid for the repurchase of its own equity instrument reduced the owner's equity and did not recognize financial assets. The price paid by Suning for repurchasing its own equity instrument and related transaction costs were listed as treasury stocks.

On the date of share cancellation, Suning carried forward relevant issued shares and treasury stocks according to the specific cancellation, and the difference was included in the capital reserve (issued share premium).

On the granting date of the restricted stocks, Suning recognized the bank deposits according to the stock subscription paid by the employees, and recognized the liabilities for the repurchase obligations. On the implemented date of the restricted stocks, Suning carried forward relevant treasury stocks, liabilities and additional paid-in capital recognized in the waiting period according to the specific implementation.

# II Significant Accounting Policies and Accounting Estimate (continued)

### (30) Segment information

Suning determines the operating segment based on the internal organizational structure, management requirements and internal reporting system, and then determines the reportable segment based on the operating segment to disclose the segment information.

Operating segment is a constituent part of Suning that satisfies the following conditions simultaneously: (1) The part can generate income and expense in routine activities; (2) The management of Suning can regularly evaluate the operating results of the part to decide to allocate resources to it and evaluate its performance; (3) Suning can obtain relevant accounting information of the part, such as financial condition, operating results and cash flow. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they may be merged into one operating segment.

(31) Significant Accounting Estimates and Judgments

Suning continuously evaluates the important accounting estimates and key judgments adopted according to the historical experience and other factors including reasonable expectation of future events.

(a) Critical judgments in adopting accounting policies

The following significant accounting estimate and critical assumption may cause the major risks of significant adjustments of next year's accounting assets and liabilities book value.

(i) Provision for inventory

Suning invested a large amount of working capital into the inventory. For the risk of provision for inventory, Suning has implemented strict measures for monitoring. For the unsalable inventory on the inventory aging list, Suning will understand the reasons for unsalable inventory and actively communicate with suppliers to return the unsalable inventory as much as possible; for the inventory that cannot be returned to the supplier, or the supplier who no longer has transactions with Suning, Suning withdrew the provision for inventory based on the difference between the book value of the unsalable inventory and their respective net realizable value.

## II Significant Accounting Policies and Accounting Estimate (continued)

- (31) Significant accounting estimate and judgment (continued)
- (a) Critical judgments in adopting accounting policies (continued)
- (ii) Reward point program

Suning implements the reward point plan. The points generated by customers' previous consumption can be offset at the next consumption. Points awarded to customers are as the part of sales transaction. The payment for goods or receivables obtained from sales shall be distributed between the income generated from the sale of goods or the provision of services, and the relative proportion of reward points to the respective selling prices. The part related to the bonus credits shall be firstly regarded as the deferred income, and then shall be carried forward and included in the current gain or loss when the customer exchanges the bonus credits or the points granted to customers, and shall be recognized according to the use method of points published by Suning and the expected payment rate, as well as the relevant principles of transaction price allocation. On each balance sheet date, Suning will carry out re-estimation according to the actual situation of points, and adjust the deferred income balance.

(iii) Depreciation method for fixed assets

The estimated service life, estimated net residuals rate and depreciation method of fixed assets of Suning shall be reviewed and appropriately adjusted at the end of each year.

(iv) Equity transfer transaction and leaseback business constituting the business

Suning comprehensively evaluated that it still enjoys control right after the completion of the equity transfer transaction by combining such relevant contractual arrangements as equity transfer transaction, relevant activities conducted under specific circumstances, voting rights of all participants and other factors. Besides, Suning judged that it constitutes a business based on whether the related assets of the transferred equity were provided with input, processing flow and output capacity, and judged that the leaseback arrangement belongs to the operating lease or the financial lease based on whether all the risks and remunerations related to the ownership of the relevant assets have been substantially transferred.

- (b) Important accounting estimates and critical assumptions
- (i) Measurement of expected credit loss

Suning calculated expected credit loss through default risk exposure and expected credit loss rate, and determined expected credit loss rate based on default probability and default loss rate. In determining the expected credit loss rate, Suning used internal and historical credit loss data and other data, and adjusted the historical data in combination with the current situation forward-looking and information. When considering forward-looking information, Suning selected appropriate economic indicators and analyzed them according to different economic scenarios and weights. Suning regularly monitored and checked the assumptions related to the calculation of expected credit loss. The above estimation techniques and critical assumptions have not changed significantly from January to June, 2020.

## II Significant Accounting Policies and Accounting Estimate (continued)

- (31) Significant accounting estimate and judgment (continued)
- (b) Important accounting estimates and critical assumptions (continued)
- (ii) Enterprise merger and goodwill

Identifiable assets and liabilities and contingent liabilities for the acquiree acquired in the merger of enterprises under the consistent control shall be valued by fair value, at the acquisition date. In this process, it involved the judgment of the key parameters used in the intangible assets evaluation (including the remaining economic life involved in the preferential lease right, market rent and discount rate, supplier channel, contributed assets involved in client relationship and its return rate and discount rate, as well as the remaining economic life involved in the supplier channels and client relationship, the contributed assets and their return rate, discount rate and other parameters), as well as key assumptions for business and financial situation of Carrefour China and Wanda Dept. Store in the future, including estimates of sales growth rate and gross profit rate in the coming years.

(iii) Accounting estimate for goodwill impairment reserves

Suning will test the impairment of the goodwill every year. The recoverable amount of the asset group and the asset combination containing goodwill is the present value of the estimated future cash flow, and the calculation thereof is subject to accounting estimate (Note IV (18)).

If the management revises the income growth rate adopted in the calculation of future cash flows of asset groups and combination of asset groups, and the revised income growth rate is lower than current income growth rate, Suning shall accrue the impairment provision for increase in goodwill.

If the management revises the gross profit rate in forecast period and stable period adopted in the calculation of future cash flows of asset groups and combination of asset groups, and the revised gross profit rate is lower than current gross profit rate, Suning shall accrue the impairment provision for increase in goodwill.

If the management revised the sustainable growth rate adopted in the calculation of future cash flows of assets group and combination of assets group, and the revised net operating capital investment was higher than that currently adopted, Suning shall withdraw the impairment provision for the increase in the goodwill.

If the management revises the pre-tax discount rate applicable to the discount of the cash flow, and the revised pre-tax discount rate is higher than the currently adopted discount rate, Suning shall accrue the impairment provision for increase in goodwill.

If the actual gross profit rate, revenue growth rate, sustainable growth rate or pre-tax discount rate was higher or lower than the estimates of the management, Suning cannot transfer back the originally withdrawn goodwill impairment loss.

# II Significant Accounting Policies and Accounting Estimate (continued)

- (31) Significant accounting estimate and judgment (continued)
- (b) Important accounting estimates and critical assumptions (continued)
- (iv) Current and deferred income tax

Suning pays enterprise income tax in many areas. In normal operating activities, there is uncertainty about the final tax treatment of some transactions and events. Suning needs to make a major judgment when the income tax in each area is calculated. If the finally recognized result of such taxation is different from the amount entered initially, the difference will affect the income tax and deferred income tax in above final recognition period.

The recognition of deferred income tax assets of Suning is limited to the taxable income possibly for deducting the deductible temporary difference, loss and tax. There was uncertainty in the taxable income amount obtained by each company within Suning for the deduction of deductible temporary differences, deductible losses and tax reductions, and Suning needed to make a significant judgment. If the finally recognized result of deductible temporary differences and deductible losses of the deferred income tax asset that have been withdrawn were different from the amount entered initially, the difference will affect the deferred income tax in final recognition period.

(v) Fair value of financial instruments.

Suning adopted valuation techniques to determine the fair values of financial instruments without active market. Valuation techniques include referring to the transaction price determined when conducting fair transactions between economic entities with complete information and the intention to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or using discounted cash flow analysis and option pricing models for estimation. Valuation techniques make maximum use of market information. However, when market information was not available, Suning used calibrated assumptions as close as possible to market observable data. The management will estimate the credit risk, the market fluctuations and the correlation of Suning and the counterparty. Changes to these relevant assumptions will affect the fair value of the financial instruments.

# <sup>(32)</sup> Change of significant accounting policies

The Ministry of Finance issued the revised *Accounting Standards for Business Enterprises No. 14 - Income* in 2017; Suning has prepared the 2020 financial statement in accordance with the new standard. Influences on statements of the Group and the Company from the revised standard are as follows:

#### II Significant Accounting Policies and Accounting Estimate (continued)

- <sup>(32)</sup> Changes of significant accounting policy (continued)
- (a) Income

According to the relevant provisions of the new revenue standards, the cumulative influencing amount of the Group and the Company on the standards was adjusted to the amount of retained earnings and other related items in the financial statements at the beginning of 2020, and the 2019 comparative financial statements were not restated.

		Amount	affected	
The content and reason for change of accounting policy	Report items affected	January 1, 2020		
5 51 5		Consolidate d	Company	
After implementation of the new standard, revenues from goods sales were recognized after clients	Inventory Contract liabilities Accounts payable	2,314,213 2,621,683 (5,586)	2,040,764 2,311,904	
have gained the control over related commodities, revenues from goods	Taxes payable	(76,867)	(67,785)	
transport, delivery as well as express services were recognized not at a time point, but based on the progress of the service completed; the retained earnings at the beginning of the period were adjusted accordingly, and the contract liabilities and inventory were recognized.	Surplus reserve Undistributed profit	(23,061) (201,956)	(23,061) (180,294)	
After implementation of the new standard, the Group and the Company	Contract liabilities Other current	259,925 (259,925)	-	
distributed the payment for			266	

goods from sales based on the relative proportion of respective selling prices of products sold and reward credits, and re-classified the balance of the reward credits unused by customers into contract liabilities.liabilitiesAfter implementation of the new standard, the Group and the Company re-classified the unearned revenue related to contract liabilities.Taxes payable283,62336,406After implementation of the commodities sold into contract liabilities.Taxes payable283,62336,406After implementation of the new standard, the Group and the Company included the amount that is expected to be returned due to sales return into other current liabilities, and also included the balance of the book value of the products expected to be returned at the time of sale after deducting related costs into other current assets.Other current into (8,175)(207)Undistributed profit costs into other current assets.(8,175)(207)	,000)			
new standard, the Group and the Company re-classified the unearned revenue related to commodities sold into contract liabilities.Contract liabilities6,869,28551,743,972Other payables4,669261Accounts received in advance(7,157,577)(51,780,639)After implementation of the new standard, the Group and the Company included the amount that is expected to be returned due to sales return into other current liabilities, and also included the balance of the book value of the products expected to be returned at the time of sale after deducting related costs into other currentOther current also included the balance of the book value of the products expected to be returned at the time of sale after deducting related costs into other currentUndistributed profit (8,175)(207)	the relative proportion of respective selling prices of products sold and reward credits, and re-classified the balance of the reward credits unused by customers into contract	liabilities		-
andtheCompany re-classified the unearned revenueContract liabilities6,869,28551,743,972revenuerelatedto commoditiesother payables4,669261Accountsreceived in advance(7,157,577)(51,780,639)After implementation of the new standard, the Group and the Company included the amountOther current assets52,53450,825Other current liabilities64,64552,313Taxes payable(3,028)(373)Gue to sales return other current liabilities, and also included the balance of the book value of the products expected to be returned at the time of sale afterUndistributed profit(8,175)(207)	•	Taxes payable	283,623	36,406
revenuerelatedtoOther payables4,669261commoditiessoldintocontract liabilities.Accountsreceived(7,157,577)(51,780,639)After implementation of the new standard, the Group and the Company included the amountOther current assets52,53450,825Other current liabilities64,64552,313Taxes payable(3,028)(373)Surplus reserve(908)(908)also included the balance of the book value of the products expected to be returned at the time of sale afterUndistributed profit(8,175)(207)	and the Company	Contract liabilities	6,869,285	51,743,972
contract liabilities.Accounts received in advance(7,157,577)(51,780,639)After implementation of the new standard, the Group and the Company included the amount that is expected to be returned due to sales return into other current liabilities, and also included the balance of the book value of the products expected to be returned at the time of sale after deducting related costs into other currentOther current assets tabilities52,534 to,825 to,825 Other current liabilities tabilities50,825 to,825 to,825 Other current liabilities taxes payableUndistributed profit after deducting related costs into other currentOther current filabilities to be the profit to the current tiabilities, and also included the balance of the book value of the products expected to be returned at the time of sale after deducting related costs into other currentUndistributed profit (8,175)(207)	revenue related to	Other payables	4,669	261
new standard, the Group and the Company included the amount that is expected to be returned due to sales return into other current liabilities, and also included the balance of the book value of the products expected to be returned at the time of sale after deducting related costs into other current			(7,157,577)	(51,780,639)
and the Company included the amount that is expected to be returned due to sales return into other current liabilities, and also included the balance of the book value of the products expected to be returned at the time of sale after deducting related costs into other currentOther current liabilities taxes payable64,64552,313Undistributed profit (8,175)(3028)(373)Undistributed profit (8,175)(207)	•	Other current assets	52,534	50,825
expected to be returned due to sales return into other current liabilities, and also included the balance of the book value of the products expected to be returned at the time of sale after deducting related costs into other current Taxes payable (3,028) (373) Surplus reserve (908) (908) (908) Undistributed profit (8,175) (207)	and the Company included	Other current liabilities	64,645	52,313
other current liabilities, and also included the balance of the book value of the products expected to be returned at the time of sale after deducting related costs into other currentSurplus reserve(908)(908)Undistributed profit (8,175)Undistributed profit (8,175)(207)	expected to be returned	Taxes payable	(3,028)	(373)
after deducting related costs into other current	other current liabilities, and also included the balance of the book value of the	Surplus reserve	(908)	(908)
	after deducting related costs into other current	Undistributed profit	(8,175)	(207)

- II Significant Accounting Policies and Accounting Estimate (continued)
- (32) Changes of significant accounting policy (continued)

(a) Income (continued)

In comparison with the original standard, influences on relevant items of 2020 financial statement are as follows after implementing the new standard:

	Amount aff	ected	
Affected balance sheet items	June 30, 2020		
	Consolidated	Suning	
Inventory	1,092,339	941,432	
Other current assets	47,418	45,700	
Accounts payable	55,519	30,480	
Other payables	3,189	272	
Contract liabilities	12,924,195	63,718,557	
Unearned revenue			
Other current liabilities	60,050 46,676		
Taxes payable	237,421	(15,778)	
	Amount aff	ected	
Affected income statement items	From January to June 2020		
	Consolidated	Suning	
Operating revenue	1,388,810	1,251,028	
Cost of revenues	1,226,990	1,104,459	
Income tax expenses	40,455	36,642	

### III Tax item

(1) Main tax categories and tax rate applied by Suning are as follows:

Tax type

Tax basis

Tax rate

Suning and its domestic subsidiaries

1,000)			
	Enterprise income tax (a)	Taxable income	The enterprise income tax rate was generally 25%. Some subsidiaries can enjoy the preferential enterprise income tax rate:
			Impose enterprise income tax at a reduced rate of 15% for encouraged enterprises in the western area;
			From January 1, 2019 to December 31, 2021, (1) VAT small-scale taxpayers with monthly sales of less than RMB 100,000 (including RMB 100,000) are exempted from VAT; (2) for a small low-profit enterprise whose annual taxable income is not more than RMB 1 million, calculate the taxable income at a reduced rate of 25% and pay the enterprise income tax at the rate of 20%; for those annual taxable income is more than RMB 1 million but not more than RMB 3 million, calculate the taxable income at a reduced rate of 50% and pay the enterprise income tax at the rate of 20%.
			As regards important high-tech enterprises necessary to be supported by the state, the enterprise income tax shall be levied at the reduced tax rate of 15%.

# III Taxes (Continued)

(1) The main tax types applicable to Suning and their tax rates are shown as below (continued):

Tax type Tax basis Tax rate

Suning and its domestic subsidiaries (continued):

VAT (b)	Taxable turnover (calculate the tax	Household appliances sales: VAT rate for small-scale taxpayers is 3%, and VAT rate for general taxpayers is 13% (from April 1, 2019 (inclusive);
	amount payable as per taxable	Transportation services: VAT rate for general taxpayers is 9% (from April 1, 2019 (inclusive));
	sales amount or taxable service amount multiplied	Real estate sales: VAT rate for general taxpayers is 9% (from April 1, 2019 (inclusive)); VAT rate for real estate old projects self-developed by real estate development enterprises is 5%.
	by the applicabl e tax rate,	Financial services: VAT rate for general taxpayers is 6%;
	then deduct the deductibl e input tax)	Mobile communication resale business includes: basic telecommunication services, the VAT rate for general taxpayers is 9% (from April 1, 2019 (inclusive)); value-added telecommunication services, the VAT rate for general taxpayers is simple 6%;
		Tangible movable property leasing services: VAT rate for general taxpayers is 13% (from April 1, 2019 (inclusive));
		Real estate leasing services: VAT rate for the lease revenue of the general taxpayer from the rental of the real estate obtained after April 30, 2016 is 10% (before March 31, 2019 (inclusive)) or 9% (from April 1, 2019

(inclusive)); VAT rate for the lease revenue of the general

taxpayer from the rental of the real estate obtained before April 30, 2016 is simple 5%.

Other modern service industries (R&D and technical services, information technology services, advertising services, logistics auxiliary services, cultural and creative services, business auxiliary services, consulting services and leasing services (excluding tangible movable property leasing) and cultural and sports services): VAT rate for general taxpayers is 6%;

The VAT rate for small-scale taxpayers of the above taxable services is 3%.

- III Taxes (Continued)
- (1) The main tax types applicable to Suning and their tax rates are shown as below (continued):

Tax type

Tax basis

Tax rate

Suning and its domestic subsidiaries (continued):

Land value-added tax	Value-addec part of estate	l real	Levy four-level extra progressive tax rate (30% - 60%) according to the VAT rate of real estate.
Urban maintenance and construction tax	VAT consumptior paid	and tax	Tax rate of 7% in urban area; Tax rate of 5% in county or town; Tax rate of 1% for those not in the above three areas;

Educational surtax	VAT consumptio paid	and n tax	3%
Local educational surtax	VAT consumptio paid	and n tax	2%

(a) According to the Announcement of Relevant Policies for Deepening VAT Reform (Ministry of Finance, the State Administration of Taxation and the General Administration of Customs [2019] No. 39) and relevant regulations, since April 1, 2019, the VAT rate applicable to the general merchandise retail business revenue of Suning's subsidiary Beijing Suning Commerce Sales Co., Ltd. is 13%. and the VAT rate applicable to the business before April 1, 2019 is 16%; since April 1, 2019, the VAT rate applicable to the transportation service revenue of Suning's subsidiary Jiangsu Suning Logistics Co., Ltd. is 9%, and the VAT rate applicable to the business before April 1, 2019 is 10%; since April 1, 2019, the VAT rate applicable to the basic telecommunication service revenue of Suning's subsidiary Suning Commerce Group Co., Ltd., Nanjing Suning Mobile Branch and other Internet subsidiaries is 9%, and the VAT rate applicable to the business before April 1, 2019 is 10%; since April 1, 2019, the VAT rate applicable to the tangible movable property leasing revenue of Suning's subsidiary Jiangsu Suning Logistics Co., Ltd. is 13%, and the VAT rate applicable to the business before April 1, 2019 is 16%; since April 1, 2019, the VAT rate applicable to the tangible movable property leasing revenue obtained by Suning's subsidiary Guangdong Suning Commerce Sales Co., Ltd. after April 30, 2016 is 9%, and the VAT rate applicable to the business before April 1, 2019 is 10%.

# III Taxes (Continued)

(1) The main tax types applicable to Suning and their tax rates are shown as below (continued):

Tax type	Tax basis	Tax rate
Overseas subsidiaries:		
Hong Kong profits tax	Profits in Hong Kong	In 2018 / 2019 and after, the tax rate of the assessable profits not exceeding HKD 2,000,000 is 8.25%; the tax rate of the part of the assessable profits exceeding HKD 2,000,000 is 16.5%
Cayman Islands		At present, there is no tax on enterprise profits, capital profits and salaries of the company established in Cayman.
Japanese enterprise income tax	Profits in Japan	30.62%
US enterprise income tax	Profits in US	Federal tax: paid according to the tax rate corresponding to the calculated taxable income.
		California tax: 8.84%

III Taxes (Continued)

- (2) Tax preference and approvals
- (a) Preferential tax policies for China Western Development

According to the Announcement on Tax Policy related to Deep Implementing China Western Development Strategy (CS [2011] No.58) ("Doc. No. 58") of the Ministry of Finance, General Administration of Customs and State Administration of Taxation, it shall impose the enterprise income tax at a reduced rate of 15% for encouraged corporate in the western area from January 1, 2011 to December 31, 2020. The above-mentioned encouraged corporate refer to those taking the items in the Directory of Encouraged Industries in Western Area as main business and whose main business revenue accounts for more than 70% of the total revenue of the enterprise. The Directory of Encouraged Industries in Western Area (Decree Order [2014] No.15 of National Development and Reform Commission of the People's Republic of China) has been officially implemented since October 1, 2014: the Directory of Encouraged Industries in Western Area includes the encouraged industries in the existing national directory and the newly-added encouraged industries in the western area. After the implementation of the Directory of Encouraged Industries in Western Area, the original preferential enterprises can continue to enjoy the preferential policies for China Western Development.

In addition, according to Article 4 of the announcement of the *Measures for Handling Preferential Policies of Enterprise Income Tax* (SAT Announcement [2018] No. 23): the preferential items enjoyed by the enterprise shall be handled in the way of "self-judgment, declaration and enjoyment, and retention of relevant materials for future reference". The enterprise shall, on the basis of its business operation and relevant tax regulations, determine that it meets the conditions specified in the preferential items. If so, it may calculate the tax deduction or exemption on its own according to the time listed in the *Directory of Preferential Items of Enterprise Income Tax* (2017) (hereinafter referred to as the *Directory*), and enjoy the tax preference by filling in and submitting the return of enterprise income tax. Meanwhile, relevant data shall be collected and retained for future reference in accordance with the provisions of the *Measures*.

The approvals previously obtained by the subsidiaries of Suning are still valid, and the tax policy confirmed by the competent tax authority is as follows:

On January 15, 2013, Suning.Com Sales Co., Ltd. of Xiangxi Autonomous Prefecture was approved by Jishou City State Administration of Taxation (JGSJMZ [2013] No. 43). From 2011 to 2020, it enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

III Taxes (Continued)

- (2) Tax preference and approvals (continued)
- (a) Preferential tax policies for China Western Development (continued)

On June 05, 2012, Chongqing Suning.Com Sales Co., Ltd. was approved by Yuzhong District (Chongqing) State Administration of Taxation (YZGSJ [2012] No. 147). From 2011 to 2020, it enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

According to the Notice of the People's Government of Tibet Autonomous Region on Issues Concerning the Enterprise Income Tax Rate in the Region (ZZF [2011] No. 14), for all kinds of enterprises located in Tibet Autonomous Region (including enterprises outside Tibet), the enterprise income tax will continue to be levied at the rate of 15% from 2011 to 2020, so Tibet Suning.Com Sales Co., Ltd. can enjoy the preferential tax rate policy of 15% in the China Western Development.

On July 11, 2012, Sichuan Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYH [2012] No. 881).

On April 22, 2013, Sichuan Suning Logistics Co., Ltd. was confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYH [2013] No. 409).

On July 05, 2012, Mianyang Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYH [2012] No. 843).

On August 16, 2012, Guangan Suning.Com Sales Co., Ltd. and Guangyuan Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYH [2012] No. 1026).

On March 24, 2016, Guangyuan Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Guangyuan Development and Reform

Commission (GFGH [2016] No. 40).

On August 16, 2012, Nanchong Suning.Com Sales Co., Ltd. and Suining Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYH [2012] No. 1027).

On January 16, 2013, Beihai Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Department of Commence of Guangxi Zhuang Autonomous Region (GSSMH [2013] No. 6).

III Taxes (Continued)

- (2) Tax preference and approvals (continued)
- (a) Preferential tax policies for China Western Development (continued)

On August 08, 2012, the management function of Qinzhou Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Department of Commence of Guangxi Zhuang Autonomous Region (GSSMH [2012] No. 126).

On May 13, 2014, Shaanxi Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Xi'an Municipal Development and Reform Commission (SFGCF [2014] No. 248).

On August 16, 2012, Deyang Suning.Com Sales Co., Ltd., Zigong Suning.Com Sales Co., Ltd. and Dazhou Suning.Com Sales Co., Ltd. were confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYH [2012] No. 1027).

On March 26, 2015, Chongqing Suning Logistics Co., Ltd. was confirmed to be a national encouraged industrial project by Chongqing Yubei Development and Reform Commission.

On November 20, 2017, Chongqing Yuning Suning Commercial and Trading Co., Ltd. was confirmed to be a national encouraged industrial project by Chongqing Liangjian New Area Industry Promotion Bureau (YLJCS [2017] No. 59).

On November 20, 2017, Chongqing Suning Petty Loan Co., Ltd. was confirmed to be a national encouraged industrial project by Chongqing Liangjian New Area Industry Promotion Bureau (YLJCS [2017] No. 61).

On November 20, 2017, Chongqing Maoning Electronic Commerce Co., Ltd. was confirmed to be a national encouraged industrial project by Chongqing Liangjian New Area Industry Promotion Bureau (YLJCS [2017] No. 60).

On October 27, 2017, Chongqing Suning RedBaby Commercial and Trading Co., Ltd. was confirmed to be a national encouraged industrial project by Chongqing

Liangjian New Area Industry Promotion Bureau (YLJCS [2017] No. 57).

On May 19, 2014, Yulin Suning.Com Sales Co., Ltd. was approved by Yulin Yuzhou District State Administration of Taxation (YQGSQZ [2014] No. 21), and it has implemented the preferential income tax policies since January 2013.

On April 21, 2014, Weinan Suning.Com Sales Co., Ltd. was confirmed by Weinan Linwei State Administration of Taxation (WLGSYBTZ [2014] No. 3), and has enjoyed preferential income tax policies since 2013.

On December 30, 2015, Guigang Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Guigang Development and Reform Commission (GFGJMH [2015] No. 61).

- III Taxes (Continued)
- (2) Tax preference and approvals (continued)
- (a) Preferential tax policies for China Western Development (continued)

On June 23, 2015, Yunnan Suning.Com Sales Co., Ltd. was confirmed as a national encouraged industrial project by the Kunming Municipal Commission of Development and Reform (KFGGH [2015] No. 393).

On November 8, 2015, Dehong Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Development and Reform Commission of Dehong Dai Jingpo Autonomous Prefecture (DFGXB [2015] No. 665).

On January 18, 2018, Qujing Suning.Com Sales Co., Ltd. was confirmed as a national encouraged industrial project by the Qujing Municipal Commission of Development and Reform (QFGXK [2018] No. 4).

On December 9, 2015, Honghe Suning.com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Development and Reform Commission of Honghe Hani and Yi Autonomous Prefecture (HFGXK [2015] No. 789).

On April 25, 2016, Yuxi Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Yuxi Development and Reform Commission

(YFGNJ [2016] No. 226).

On October 27, 2017, Yunnan Diannan Suning Logistics Co., Ltd. was confirmed as a national encouraged industrial project by the Kunming Municipal Commission of Development and Reform (KFGGH [2017] No. 618).

On April 23, 2013, Neijiang Suning Commerce Sales Co., Ltd., approved by Neijiang Shizhong State Administration of Taxation ([2012] No. 12), from 2012 to 2020, enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

On March 11, 2011, Yibin Suning Commerce Sales Co., Ltd., approved by Cuiping District (Yibin City) State Administration of Taxation CS [2011] No. 58), from 2011 to 2020, enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

On August 14, 2013, Ziyang Suning Commerce Sales Co., Ltd., approved by Yanjiang District (Ziyang City) State Administration of Taxation ([2012] No. 12), from 2012 to 2020, enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

On March 01, 2011, Zigong Suning Commerce Sales Co., Ltd., approved by New District Huidong (Zigong City) State Administration of Taxation ([2012] No. 12), from 2011 to 2020, enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

III Taxes (Continued)

- (2) Tax preference and approvals (continued)
- (b) According to the Announcement of Relevant Policies for Deepening VAT Reform (Ministry of Finance, the State Administration of Taxation and the General Administration of Customs [2019] No. 39) and relevant regulations, as a productive service enterprises, Jiangsu Suning.Com E-commerce Co., Ltd., a subsidiary of Suning, and other companies will deduct the VAT payable with 10% income taxes deductible in current period from April 1, 2019 to December 31, 2021.

## IV Notes to Items of Consolidated Financial Statement

#### (1) Monetary fund

	June 30, 2020	December 31, 2019
Cash on hand	72,470	55,725
Bank deposits	19,074,193	17,384,372
Other monetary capital	17,378,251	16,462,118
	36,524,914	33,902,215
Including: amount of the deposit	0.260.255	0 745 405
abroad	9,360,355	9,745,495

On June 30, 2020, Suning pledged about RMB 6.014 billion (December 31, 2019: about RMB 7.591 billion) of other monetary funds to banks for issuing banker's acceptance bill (Note IV (24)), and pledged about RMB 4.606 billion of deposits (Note IV (23)) (December 31, 2019: about RMB 313 million), and about RMB 6.301 billion of bank time deposits to banks as collateral for short-term loans (Note IV (23)) (December 31, 2019: about RMB 7.898 billion).

On June 30, 2020, about RMB 141 million (December 31, 2019: about RMB 145 million) of Suning's other monetary funds was used as performance security, about RMB 10 million as lock-in deposit of exchange rate (December 31, 2019: none), about RMB 9.58 million as special repayment account funds of long-term mortgage loans (Note IV (33)) (December 31, 2019: about RMB 16.66 million), no forward foreign exchange deposits (December 31, 2019: about RMB 17.5 million).

On June 30, 2020, the in-transit payment for other monetary funds (including inter-bank transaction of bank cards) was about RMB 66.53 million (December 31, 2019: about 130 million), and the time deposit of Suning Consumer Finance Co., Ltd. ("Suning Consumer Finance Co., Ltd."), an associated company of Suning, was RMB 230 million (December 31, 2019: RMB 350 million) (note VIII (8)).

- IV Notes to Items of Consolidated Financial Statement (continued)
- (2) Trading financial assets

	June 30, 2020	December 31, 2019
Financial products	6,959,179	6,075,901
Trading equity instrument investment (i)	2,662,371	3,045,436
Designation of financial assets measured at their fair values and with the variation included in the current gain or loss	2,310,448	2,848,671
- -	11,931,998	11,970,008

On June 30, 2020, Suning pledged 122,860,000 non-tradable shares (December 31, 2019: 122,860,000 shares) of Huatai Securities Company Limited ("Huatai Securities") to the bank as collateral of long-term loans due within 1 year of about RMB 1 billion (Note IV (33)). Suning pledged its wealth management products of about RMB 100 million (December 31, 2019: none) to banks as collateral for short-term loans (Note IV (23)).

## IV Notes to Items of Consolidated Financial Statement (continued)

#### (3) Notes receivable

	June 30, 2020	December 31, 2019
Commercial acceptance bill	2,642,727	4,701,390
Bank's acceptance bill	70	-
Minus: bad debt reserves	(26,345)	(41,024)
	2,616,452	4,660,366

(a) On June 30, 2020, Suning has no pledged notes receivable listed in notes receivable (December 31, 2019: none).

# (b) Bad debt reserves

Notes receivable of Suning were generated from daily business activities such as selling goods and providing services, regardless of whether there was any significant financing component, the provision for losses was measured according to the expected credit loss in the whole duration.

(i) The analysis of notes receivable with comprehensively provision for bad debts was as follows:

On June 30, 2020, Suning measured the allowance for bad debt according to the expected credit loss in the whole duration, with the relevant amount of RMB 26.35 million. (On June 30, 2019: about RMB 36.63 million.) Suning believed that there was no significant credit risk in the commercial acceptance bills receivable held by itself and there would be no significant loss due to the default of the counterparty.

(ii) The amount of allowance for bad debt withdrawn in the period was about RMB 11.47 million, of which the amount of allowance for bad debt transferred back or recovered was about RMB 26.15 million, and the corresponding book balance was about RMB 2.996 billion. (The amount of allowance for bad debt withdrawn from January to June, 2019 was about RMB 36.63 million, and no amount of allowance for bad debt was transferred back or recovered.) There was no significant transferred back or recovered bad debt.

# IV Notes to Items of Consolidated Financial Statement (continued)

#### (4) Accounts receivable

	June 30, 2020	December 31, 2019
Accounts receivable	7,225,686	7,576,813
Minus: bad debt reserves	(407,093)	(382,349)
	6,818,593	7,194,464

(a) Analysis on accounts receivable age is as follows:

	June 30, 2020	December 31, 2019
Within 1 year	6,715,180	7,139,205
1-2 year (s)	253,981	243,429
2 to 3 years	171,713	139,231
3 to 4 years	61,164	39,327
4 to 5 years	14,489	8,834
More than 5 years	9,159	6,787
	7,225,686	7,576,813

(b) On June 30, 2020, the gathered accounts receivable based on debt party with top five balances were summarized and analyzed as follows:

	Withdrawn bad debt reserves	Proportion in total
Balance		balance of
		accounts

receivable

Total	aco	counts	rece	eivable
with	the to	op five	e bala	nces

2,049,492

(16,461)

28.4%
- IV Notes to Items of Consolidated Financial Statement (continued)
- (4) Accounts receivable (continued)
- (c) No accounts receivable derecognized due to the transfer of financial assets from January to June, 2020
- (d) Bad debt reserves

For accounts receivable, regardless of whether there is any significant financing component, Suning shall measure the provision for losses according to the expected credit loss in the whole duration.

(i) Accounts receivable whose allowance for bad debt are withdrawn individually are analyzed as follows:

On June 30, 2020, the franchise fees of TTK Express franchisee was about RMB 155 million. Due to the long-term operation difficulties of the franchisee, such receivables have been overdue and cannot be recovered after multiple recoveries. Suning believed that such accounts receivable were difficult to recover, so the provision for bad debts was fully withdrawn.

(ii) Accounts receivable whose allowance for bad debt are withdrawn comprehensively are analyzed as follows:

Portfolio - Clients based on aging classification

	June 30, 2020	
Book balance	Bad deb	t reserves
Amount	Expected credit loss	Amount

		rate in the whole duration	
Within 1 year	6,688,006	0.81%	(54,159)
1-2 year (s)	228,359	19.10%	(43,614)
Above 2 years	153,894	100%	(153,894)
	7,070,259		(251,667)

- (iii) The amount of allowance for bad debt withdrawn from January to June, 2020 was about RMB 37.95 million (from January to June, 2019: about RMB 69.44 million), and there was no significant transferred back or recovered amount.
- (e) The book balance of accounts receivable actually write-off from January to June, 2020 was about RMB 13.21 million (from January to June, 2019: about RMB 25.16 million), and there was no significant write-off of accounts receivable.
- (f) On June 30, 2020, Suning pledged no accounts receivable (December 31, 2019: none) to the bank as collateral for short-term loans.

IV Notes to Items of Consolidated Financial Statement (continued)

(5) Accounts receivable financing

June 30, 2020	December 31, 2019
•••••••••••••••••••••••••••••••••••••••	

Accounts receivable financing	621,586	497,858

Shanghai Suning Trade Co., Ltd., a subsidiary of Suning, took all the accounts receivable on its book as non-recourse factoring according to the needs of its daily capital management and met the conditions of terminated recognition. Therefore, the accounts receivable in Shanghai Suning Trading Co., Ltd. were classified as financial assets measured at fair value with changes included in other comprehensive income.

Suning has no accounts receivable financing with single impairment provision. On June 30, 2020, Suning measured the allowance for bad debt according to the expected credit loss in the whole duration, with the relevant amount of RMB 7.25 million. Suning believed that there was no significant credit risk in the accounts receivable held by itself and there would be no significant loss due to the default of the clients.

On June 30, 2020, Suning has no pledged notes receivable listed in accounts receivable financing.

- (6) Advance payment
- (a) Analysis on prepayment by age is as follows:

June 30, 2020

December 31, 2019

		Amount	Ratio (%)	Amount	Ratio (%)
Within year	1	27,193,014	100%	26,988,913	100%

(b) On June 30, 2020, the gathered advance payment based on debt party with top five balances were summarized and analyzed as follows:

	Amount	Proportion in total prepayment
Total amount of prepayments in the top five balances	8,233,695	30.28%

- IV Notes to Items of Consolidated Financial Statement (continued)
- (7) Other receivables, non-current assets due within 1 year and long-term receivables

	June 30, 2020	December 31, 2019
Bond and deposit	1,175,340	1,158,059
Dividends receivable	254,912	103,172
Logistics franchisee loans	227,764	170,168
Return of information service expenses receivable	210,236	417,912
Equity transfer fund receivable	116,824	251,685
Prepaid utilities receivable	66,804	61,590
Bank deposit interest	56,029	220,111
Finance lease receivable	52,124	57,634
Staff loans	32,877	23,973
Financial receivables	12,672	12,750
Third-party funds with repayment guarantee	7,575	7,575
Others	354,371	280,490
	2,567,528	2,765,119
Minus: bad debt reserves	(219,614)	(204,519)
Total	2,347,914	2,560,600
Minus: long-term receivables and		
those due within 1 year	(987,367)	(958,752)
		293

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Non-current assets

(i)

1,360,547

1,601,848

- IV Notes to Items of Consolidated Financial Statement (continued)
- (7) Other receivables, non-current assets due within 1 year and long-term receivables (continued)
- (i) Long-term accounts receivable

	June 30, 2020	December 31, 2019
Lease deposit over one year	864,489	830,836
Purchase deposit over one year	10,005	10,162
Finance lease outlay	52,124	57,634
Others	61,721	61,006
	988,339	959,638
Minus: bad debt reserves	(973)	(886)
Total	987,366	958,752
Including: Non-current assets due	(12,417)	(11, 100)
within 1 year		(11,488)
	974,949	947,264

(a) Analysis on other accounts receivable age is as follows:

June 30, 2020

Within 1 year	1,144,051	1,471,436
1-2 year (s)	266,067	192,040
2 to 3 years	75,654	51,545
Above 3 years	93,417	90,460
	1,579,189	1,805,481

(b) The aging analysis of long-term accounts receivable is as follows:

	June 30, 2020	December 31, 2019
Within 1 year	182,609	555,595
1-2 year (s)	463,774	73,250
2 to 3 years	73,112	76,621
Above 3 years	256,427	242,684
	975,922	948,150

- IV Notes to Items of Consolidated Financial Statement (continued)
- (7) Other receivables, non-current assets due within 1 year and long-term receivables (continued)
- (c) Statement of other receivables and long-term receivables loss reserves and changes in book balance:

	Phase I				Phas	e III		
		credit loss ne next 12 (portfolio)	Expecte loss in the months		Subtota I		redit loss in ble duration (with credit mpairment)	Total
	Book balance	Bad debt reserves	Book balance	Bad debt reserv es	Bad debt reserve s	Book balance	Bad debt reserves	Bad debt reserve s
December 31, 2019	1,695,026	(88,569)	943,948	(1,293)	(89,862)	114,657	(114,657)	(204,519)
New payment of this year	298,514	(50,633)	-	-	(50,633)	-	-	(50,633)
Decreased payment of this year	(51,618)	9,893	(420,201)	429	10,322	(25,216)	25,216	35,538
Including: write-off of this year	(9,783)	9,783	-	-	9,783	-	-	9,783
Disposal of subsidiary	(41,835)	110	-	-	110	-	-	110
June 30, 2020	1,941,922	(129,309)	523,747	(864)	(130,173)	89,441	(89,441)	(219,614)

- IV Notes to Items of Consolidated Financial Statement (continued)
- (7) Other receivables, non-current assets due within 1 year and long-term receivables (continued)
- (c) Statement of other receivables and long-term receivables loss reserves and changes in book balance (continued):
- (i) Other accounts receivable with individually withdrawn bad debt reserves on June 30 of 2020 are analyzed as follows:

	Book balance	Expected credit loss rate in the next 12 months	Bad debt reserves	Reason
Phase I				
Interests receivable	56,029	0.00%	-	Low credit risk
Dividends receivable	254,912	0.32%	(812)	Low credit risk
Receivables for disposal of equity and financial products				
-	11,575	0.03%	(3)	Low credit risk
Return of information service expenses receivable	201,231	0.02%	(49)	Low credit risk
	523,747		(864)	
	Book balance	Expected credit loss rate in the whole duration	Bad debt reserves	Reason
Phase III				
Receivables of asset disposal	5,245	100%	(5,245)	Expected not to be recovered
Deposit for receivables	10,448	100%	(10,448)	Expected not to be recovered

Return of investment receivables	17,044	100%	(17,044)	Expected not to be recovered
Transaction payment receivables of franchisees	56,704	100%	(56,704)	Expected not to be recovered
_	89,441		(89,441)	

(ii) On June 30, 2020, other receivables with comprehensively provision for bad debts were in the first stage, as follows:

	June 30, 2020			
	Book balance	Lo	oss reserve	
	Amount	Amount	Withdrawal Proportion %	
Within 1 year	678,773	(18,008)	3%	
1-2 year(s)	147,092	(25,987)	18%	
2-3 years	73,044	(28,096)	38%	
3-4 years	27,475	(16,629)	61%	
4-5 years	16,797	(16,797)	100%	
More than 5 years	22,819 (22,819)		100%	
	966,000	(128,336)		

- IV Notes to Items of Consolidated Financial Statement (continued)
- (7) Other receivables, non-current assets due within 1 year and long-term receivables (continued)
- (c) Statement of other receivables and long-term receivables loss reserves and changes in book balance (continued):
- (iii) On June 30, 2020, long-term receivables with comprehensively provision for bad debts were in the first stage, as follows (continued):

June 30,	2020
----------	------

	Book balance	Loss reserve	
	Amount	Amount	Withdrawal Proportion %
Combination of deposits and security funds	975,922	(973)	0.10%

- (d) The amount of allowance for bad debt accrued from January to June, 2020 was about RMB 24.88 million (January-June, 2019: about RMB 72.80 million), and there was no significant transferred back or recovered amount.
- (e) Other receivables actually written off from January to June, 2020 were about RMB 9.76 million (from January to June, 2019: about RMB 42.79 million), and there was no significant write-off of other receivables.
- (f) On June 30, 2020, the other gathered receivables based on debt party with top five balances were analyzed as follows:

	Balance	Proportion in total balance of other receivables and long-term receivables	Bad debt reserves
Total amount of other receivables with the top five balances	483,411	19%	(1,824)

### IV Notes to Items of Consolidated Financial Statement (continued)

(8) Inventory

### (a) Inventory is categorized as below:

	June 30, 2020		December 31, 2019		9	
-	Book balance	Provision for inventory	Book value	Book balance	Provision for inventory	Book value
Inventory commodity	23,231,101	(337,228)	22,893,873	26,921,35 6	(358,213)	26,563,143
Real estate development products	559,713	-	559,713	130,146	-	130,146
Spare parts for installation and maintenance	71,034	-	71,034	86,815	-	86,815
-	23,861,848	(337,228)	23,524,620	27,138,31 7	(358,213)	26,780,104

On June 30, 2020, Suning pledged no inventory goods to the bank as collateral for short-term loans (on December 31, 2019, pledged about RMB 68 million of inventory goods to the bank as collateral for short-term loans) (Note IV (23)).

#### (b) The provision for inventory are analyzed as below:

	December 31, 2019	Withdrawal in current year	Amount charge-off	June 30, 2020
Inventory commodity	(358,213)	(106,798)	127,783	(337,228)

# (c) The provision for inventory are analyzed as below:

	Specific basis of determining net realizable value	Reasons for charge-off inventory
		price reduction reserve in this year
Inventory goods, spare parts for installation and maintenance	Determined based on the estimated selling price of inventory goods in daily activities	Inventory goods with Provision for inventory in the previous year were sold in this year
	minus the estimated sales expenses	
	and related taxes	
Real estate development products	Determined based on the estimated selling price of inventory goods in daily activities	Not applicable
	Based on the estimated selling price of inventory goods in daily activities minus the estimated cost	
	to be incurred and the estimated sales expenses at the time of completion	
	and related taxes	

and related taxes

IV Notes to Items of Consolidated Financial Statement (continued)

## (8) Inventories (continued)

(d) According to the real estate development project, the capitalization interest is listed as follows:

	Accumulated capitalization	Including: capitalization amount of	Capitalization rate of
Shanghai Fengxian Suning Real Estate Project	20,106	-	-
Chuzhou Suning Real Estate Project	9,709	-	-
Jining Suning Real Estate Project	8,789	-	-
Anqing Yuecheng Suning Real Estate Project	946	946	4.92%
	39,550	946	

(e) The analysis of real estate development products is as follows:

#### Suning.Com Co., Ltd. Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

June 30, 2020	Adjustment of final accounts in this year	Sales in this year	Amount of increase in current year	December 31, 2019	Completion date	Project name
102,752	-	(2,341)	-	105,093	December 04, 2015	Jining Suning Real Estate Project
17,982	1,113	(675)	-	17,544	December 04, 2015	Shanghai Fengxian Suning Real Estate Project
7,630	121	-	-	7,509	April 30, 2014	Chuzhou Suning Real Estate Project
431,349	-	-	431,349	-	May 29, 2020	Anqing Yuecheng Suning Real Estate Project
559,713	1,234	(3,016)	431,349	130,146	-	

# IV Notes to Items of Consolidated Financial Statement (continued)

(9) Other current assets

	June 30, 2020	December 31, 2019
···-·		
VAT input tax to be offset	3,017,335	3,052,915
Equity of listed company (a)	1,811,772	2,021,538
Prepaid rental expenses	1,389,881	1,703,053
Prepayment of enterprise	164 170	142.009
income tax	164,172	142,008
Return cost receivable (b)	47,418	-
Prepaid land value-added tax	35,201	75,410
Others	238,957	159,286
Total	6,704,736	7,154,210

(a) Equity of listed company

	June 30, 2020	December 31, 2019
Equity of listed company		
- Cost	2,703,297	2,703,297
- Changes in accumulated fair	(891,525)	(681,759)
	1,811,772	2,021,538

On June 30, 2020, Suning pledged 292,825,769 non-tradable shares of China Unicom to the bank as a pledge of RMB 1.398 billion of long-term loans due within 1 year (December 31, 2019: pledged 292,825,769 non-tradable shares of China Unicom to the bank as a pledge of RMB 1.398 billion of long-term loans due within 1 year) (Note IV (33)).

(b) According to the new income standards, Suning recognizes the book value of the products expected to be returned at the time of sale after deducting the estimated cost of recovering the products as return cost receivable and lists it as other current assets.

### IV Notes to Items of Consolidated Financial Statement (continued)

(10) Debt investment

	June 30, 2020	December 31, 2019
Phase III financial bonds of China Development Bank in 2018 (a)	10,183	10,442

(a) On June 30, 2020, the important Debt investment in Suning was listed as follows:

	Face value	Coupon rate	Actual interest rate	Date of maturity
Phase III financial bonds of China Development Bank in 2018	10,000	4.62%	4.19%	March 09, 2021

## (11) Other equity instruments investment

	June 30, 2020	December 31, 2019
Equity of unlisted company	3,008,336	3,008,341

Equity and preferred stock of listed company (a)	1,338,335	1,590,030
	4,346,671	4,598,371
	June 30, 2020	December 31, 2019
Equity and preferred stock of listed		
company		
- Cost	2,042,098	2,042,098
- Changes in accumulated fair value	(703,763)	(452,068)
	1,338,335	1,590,030
Equity of unlisted company		
	3,009,000	
	3,009,000	3,009,000
- Cost	-	3,009,000
- Changes in accumulated fair	(664)	
value		(659)
	3,008,336	
		3,008,341

(a) On June 30, 2020, Suning pledged 292,825,768 non-tradable shares of China Unicom to the bank as a pledge of RMB 1.398 billion of long-term loans (December 31, 2019: pledged 292,825,768 non-tradable shares to the bank as a pledge of RMB 1.398 billion of long-term loans) (Note IV (33)).

# IV Notes to Items of Consolidated Financial Statement (continued)

### (12) Other non-current financial assets

	June 30, 2020	December 31, 2019
Equity investment	11,770,724	12,091,088
Preferred stock	87,308	106,501
Derivative financial instruments	66,845	61,884
Convertible bond	50,885	50,885
	11,975,762	12,310,358

## (13) Long-term equity investment

	June 30, 2020	December 31, 2019
Joint ventures (a)	2,373,212	2,983,095
Associated enterprises (b)	37,074,001	37,279,924
	39,447,213	40,263,019
Minus: impairment provision of long-term equity investment	(4,602)	(4,602)
_	39,442,611	40,258,417

IV Notes to Items of Consolidated Financial Statement (continued)

# (13) Long-term equity investment (continued)

### (a) Joint ventures (continued)

	December 31, 2019	Additional investment	Negative investment	Net profit or loss adjusted by equity method	Other comprehensive income adjustment	Cash dividends or benefit to be issued	Withdrawal of impairment reserves	Others	June 30, 2020	Balance of impairment reserves at end of year
Suning SCGC - Yunxiang Warehouse Logistics Facility Phase I Fund ("Yunxiang Warehouse Logistics Phase I Fund") (i)	1,561,565	127,838	-	10,270	-	(290,199)	-	14	1,409,488	-
Suning SCGC - Yunxiang Warehouse Logistics Facility Phase II Fund ("Yunxiang Warehouse Logistics Phase II Fund") (ii)	1,060,601		-	3,224	-	(456,017)	-	-	607,808	_

Suning.Com Co., Ltd. Notes to Financial Staten For the six months ender (Unless otherwise specifi	d June 30, 202		be in RMB, and	d the monetar	y unit shall be R	MB 1,000)				
Nanjing Heyin Real Estate Development Co., Ltd. ("Nanjing Heyin")	331,536	-	-	(300)	-	-	-	_	331,236	-
Suning Goldstone (Tianjin) Fund Management Co., Ltd. ("Suning Goldstone")	24,791	-	-	668	-	(5,381)	-	_	20,078	-
Beijing Juhe Tourism Consulting Co., Ltd. ("Juhe Tourism")	4,602	-	-	-	-	-	-	-	4,602	(4,602)
-	2,983,095	127,838	-	13,862	-	(751,597)	-	14	2,373,212	(4,602)

- IV Notes to Items of Consolidated Financial Statement (continued)
- (13) Long-term equity investment (continued)
- (a) Joint ventures (continued)
- (i) In September 2018, Suning, together with SCGC Real Estate Fund Management (Shenzhen) Co., Ltd. ("SCGC Real Estate") and part of the management team, established a subsidiary Suning SCGC Fund Management (Nanjing) Co., Ltd. ("Suning SCGC"). Suning SCGC, as the fund manager, initiated Yunxiang Warehouse Logistics Phase I Fund and held the equity on its behalf. Suning subscribed 51% of Yunxiang Warehouse Logistics Phase I Fund in cash. According to the provisions of the fund contract, both Suning and SCGC Real Estate enjoyed the same one-vote veto power for major relevant activities of the Yunxiang Warehouse Logistics Phase I Fund, such as over-budget solutions, related transactions as well as financiers and investors' exit plans. In the reporting period, an additional investment of RMB 128 million was made. As of June 30, 2020, Suning has paid about RMB 2.331 billion of subscription capital in total.
- (ii) In July 2019, Suning SCGC, as the fund manager, initiated Yunxiang Warehouse Logistics Phase II Fund and held the equity on its behalf. Suning subscribed 51% of Yunxiang Warehouse Logistics Phase II Fund in cash. According to the provisions of the fund contract, both Suning and SCGC Real Estate enjoyed the same one-vote veto power for major relevant activities of the Yunxiang Warehouse Logistics Phase II Fund, such as over-budget solutions, related transactions as well as financiers and investors' exit plans. As of June 30, 2020, Suning has paid about RMB 1.067 billion of subscription capital in total.

For information on equity in joint ventures, please refer to Note VI (2).

IV Notes to Items of Consolidated Financial Statement (continued)

(13) Long-term equity investment (continued)

#### (b) Associated enterprises

	December 31, 2019	Increase in current period	Negati ve invest ment	Net profit or loss adjusted by equity method	Other compreh ensive income adjustme nt	Other equity variation	Cash dividends or benefit to be issued	Withdraw al of impairme nt reserves	Others	June 30, 2020	Balance of impairment reserves at end of year
Shanghai Suning Financial Service Group Co., Ltd.		-	-	274,879	-		(139,548)	-	1,905	23,756,550	-
Shenzhen Hengning Business Developmen Co., Ltd.		-	-	274,609	-	-	-	-	-	10,648,039	-
Jiangsu Suning Banl Co., Ltd.	< 1,247,205	-	-	26,633	(21,937)	-	-	-	-	1,251,901	-

#### Increase/decrease changes in this year

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Suning Smart Life Holding Limited	1,129,642	-	- (424,022)	27,767	-	-	-	186	733,573	-
Suning Consumer Finance Co., Ltd.	304,369	-	- 4,971	-	-	-	-	-	309,340	-
Japan Laox	480,202	-	- (274,804)	(808)	-	-	-	-	204,590	-
Nanjing Hongxi (i)	-	50,000	- (1,452)	-	-	-	-	-	48,548	-
Shenzhen Lamabang Technology Co., Ltd.	48,903	-	- (1,272)	-	-	-	-	-	47,631	-

IV Notes to Items of Consolidated Financial Statement (continued)

(13) Long-term equity investment (continued)

(b) Associated enterprises (continued)

Increase/decrease changes in this year

		December 31, 2019	Increase in current period	Negative investment	Net profit or loss adjusted by equity method	Other comprehensive income adjustment	Other equity variation	Cash dividends or benefit to be issued	Withdrawal of impairment reserves	Others	June 30, 2020	Balance of impairment reserves at end of year
Beijing Software	Qili											
Technology C Ltd.	Со.,	46,207	-	-	(913)	-	-	-	-	-	45,294	-
Maruetsu Ho Kong Limited	ong	24,587	-	-	2,741	-	-	-	-	-	27,328	-
MHI Residen Air-Conditioner (Shanghai) C Ltd.		6,065	-	-	(4,858)	-		-	-	-	1,207	-

Suning.Com Co., Ltd.										
Notes to Financial Statements										
For the six months ended June 30	), 2020									
(Unless otherwise specified, the c	urrency amount	shall be in RM	IB, and the monet	tary unit shall be	RMB 1,00	00)				
37,279	,924 50,000	-	(123,488)	5,022	-	(139,548)	-	2,091	37,074,001	-

(i) By June 2020, Suning had paid an investment of RMB 50 million in Nanjing Hongxi Commercial Management Co., Ltd., accounting for 40% of the total registered capital. At the same time, Suning held one seat in the Board of Directors (composed of three directors) of Nanjing Hongxi.

Notes to Items of Consolidated Financial Statement (continued)

## (14) Investment property

	December 31, 2019	Transfer of fixed assets this year (Note IV (15))	Withdrawal in current year	Transferred to fixed assets for the year (Note IV (15))	June 30, 2020
Total original value	6,799,872	531,350	-	(392,984)	6,938,238
Houses and buildings	6,799,872	531,350	-	(392,984)	6,938,238
Total accumulated depreciation	(649,438)	(65,203)	(194,180)	67,257	(841,564)
Houses and buildings	(649,438)	(65,203)	(194,180)	67,257	(841,564)
Total net book value	6,150,434	466,147	(194,180)	(325,727)	6,096,674
Houses and buildings	6,150,434	466,147	(194,180)	(325,727)	6,096,674

IV Notes to Items of Consolidated Financial Statement (continued)

(14) Investment property (continued)

From January to June of 2020, Suning changed the use of houses and buildings with book value of about RMB 326 million (the original value was about RMB 393 million) to self-use, and converted corresponding investment property into fixed assets accounting as of the date of change of use.

From January to June of 2020, Suning changed the use of houses and buildings with book value of about RMB 466 million and original price of about RMB 531 million to lease, and converted the corresponding fixed assets into investment real estate accounting as of the date of change of use.

As of June 30, 2020, the property ownership certificates for Suning's investment property with book value of about RMB 204 million has not been completed (on December 31, 2019, the book value was about RMB 161 million).

#### IV Notes to Items of Consolidated Financial Statement (continued)

## (15) Fixed assets

	Houses and buildings	Machinery equipment	Transportation means	Electronic equipment	Other equipment	Total
Original price						
December 31, 2019	15,989,978	2,212,303	307,005	3,485,856	1,435,786	23,430,928
Amount of increase in current year						
Purchase	-	43,947	5,990	18,768	46,703	115,408
Transferred from investment property (Note IV (14))	392,984	-	-	-	-	392,984
Transferred from construction in progress (Note IV (16))	1,966,678	8,876	-	1,985	-	1,977,539
Amount of decrease in current year						
Disposal and scrapping	(450)	(102,589)	(14,875)	(89,255)	(31,660)	(238,829)
Disposal of subsidiary	(1,802,989)	(4,347)	-	(4,842)	(983)	(1,813,161)

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Transferred to investment property (Note IV (14))	(531,350)	-	-	-	-	(531,350)
Conversion difference from foreign currency statements in current year	-	-	15	110	151	276
June 30, 2020	16,014,851	2,158,190	298,135	3,412,622	1,449,997	23,333,795

IV Notes to Items of Consolidated Financial Statement (continued)

# (15) Fixed assets (continued)

	Houses and buildings	Machinery equipment	Transportation means	Electronic equipment	Other equipment	Total
Accumulated depreciation						
December 31, 2019	(2,073,577)	(574,192)	(154,352)	(1,964,666)	(856,321)	(5,623,108)
Amount of increase in current year						
Withdrawal	(180,223)	(272,040)	(20,243)	(238,220)	(68,323)	(779,049)
Transferred from investment property (Note IV (14))	(67,257)	-	-	-	-	(67,257)
Amount of decrease in current year						
Disposal and scrapping	40	45,796	6,153	77,746	24,189	153,924
Disposal of subsidiary	158,311	874	-	4,311	954	164,450
Transferred to investment property (Note IV (14))	65,203	-	-	-	-	65,203
Conversion difference from foreign currency statements in current year		-	(9)	(94)	(138)	(241)
June 30, 2020	(2,097,503)	(799,562)	(168,451)	(2,120,923)	(899,639)	(6,086,078)

#### Book value

June 30, 2020	13,917,348	1,358,628	129,684	1,291,699	550,358	17,247,717
December 31, 2019	13,916,401	1,638,111	152,653	1,521,190	579,465	17,807,820
- IV Notes to Items of Consolidated Financial Statement (continued)
- (15) Fixed assets (continued)
- (a) On June 30, 2020, houses and buildings with book value of about RMB 613 million (on December 31, 2019, with book value of about RMB 621 million) were pledged as collateral for long-term loans (Note IV (33)).

From January to June, 2020, the withdraw depreciation amount of the fixed assets was about RMB 779 million (from January to June, 2019: about RMB 694 million). Therein, the depreciation expenses included in cost of revenues, sales cost, management cost and R&D cost were about RMB 14 million, RMB 471 million, RMB 140 million and RMB 154 million (from January to June, 2019: about RMB 28 million, RMB 447 million, RMB 114 million and RMB 105 million) respectively.

The original value of the fixed assets transferred from the construction in progress was about RMB 1.978 billion (from January to June, 2019: about RMB 1.034 billion).

(b) Temporarily idle fixed assets

On June 30, 2020 and December 31, 2019, Suning has no significant idle fixed assets.

(c) Fixed assets with uncompleted certificate of property title on June 30, 2020:

	Reasons	for	the
Book	property	certif	icate
value	failure		

Houses and buildings

482,918 The procedure is in

# IV Notes to Items of Consolidated Financial Statement (continued)

# (16) Construction in progress

	June 30, 2020	December 31, 2019
Construction in progress		
(a)	3,522,412	4,332,066
Project materials	16,623	11,268
	3,539,035	4,343,334

# (a) Construction in progress

		June 30, 2020		Dec	cember 31	er 31, 2019		
	Book balance	Impair ment reserve s	Book value	Book balance	mpai ment reser ves	Book value		
Hefei Chanafena Loaistics	590.977	-	590.977	505.159	-	505.159		
Chenadu Xindu Bell Tower	487.910	-	487.910	386.147	-	386.147		
TTK Express Loaistics	305.626	-	305.626	294 692	-	294,692		
Huai'an Jinhu	259.496	-	259.496	184.401	-	184.401		
Shenvana Suiiatun	258.686	-	258.686	240.687	-	240.687		
Zhenazhou Airport	207.789	-	207.789	184.237	-	184.237		
Shaoxina Phase III	199.147	-	199.147	118.563	-	118.563		
Naniing Airport Phase II	178.410	-	178.410	145.050	-	145.050		
Meishan Phase II	145.803	-	145.803	79,116	-	79.116		
Hainan Chengmai	135.815	-	135.815	70.432	-	70.432		
Dalian Phase II Logistics	127.708	-	127.708	108-812	-	108.812		
Jinina Yanzhou Phase I	122,916	-	122.916	57.480	-	57,480		
Yuhua Cloud Data Center	116.771	-	116.771	116.771	-	116.771		
Zhenazhou Bonded	80.979	-	80.979	72.329	-	72.329		
Suning Chongging Smart	77.041	-	77.041	3.134	-	3.134		
Zhenazhou Phase II	58.493	-	58.493	45.294	-	45.294		

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000) Jinan High-tech Logistics 43.701 - 43.701 2.036 - 2

Jinan Hiah-	tech Loaistics	43.701	-	43.701	2.036	-	2.036
Jidona	Sunina	22.951	-	22.951	-	-	-
Guibei Sunii	na.Com Smart	14.539	-	14,539	-	-	-
Zhuzhou	Sunina.Com	13.757	-	13.757	-	-	-
Shenvana	Yuhona	4.953	-	4.953	3.066	-	3.066
Guivana	Hiah-tech	4.581	-	4.581	2.156	-	2.156

# IV Notes to Items of Consolidated Financial Statement (continued)

(16) Construction in progress (continued)

# Construction in progress

(a) (continued)

	,	June 30, 2020	0	Dece	mber 31, 2	2019
	Book balance	Impair ment reserv es	Book value	Book balance	Imp airm ent rese rves	Book value
		-			-	
Guangxi Smart E-commerce Industrial Park Project	2,959	-	2,959	2,632	-	2,632
Qinabaiiiana Sunina Smart	3.155	-	3,155	-	-	-
Qinadao Jiaozhou Loaistics	2.280	-	2.280	2.083	-	2.083
Xi'an International Port District	2.280	-	2.280	1.867	-	1.867
Xiamen Smart Logistics	2.188	-	2.188	2.132	-	2.132
Chanachun Phase III Loaistics	-	-	-	108.688	-	108.688
Chenadu Qinabaiiiana Loaistics	-	-	-	365.924	-	365.924
Tianiin Beichen Logistics Base	-	-	-	480.833	-	480.833
Wuhu Loaistics Base	-	-	-	238,199	-	238,199
Xuzhou Hiah-tech Loaistics Base	-	-	-	260.269	-	260.269
Xianavana Smart Retail	-	-	-	179.469	-	179,469
Other items	51.501		51.501	70.408		70.408
	3.522.412		3.522.412	4.332.066		4.332.066

- IV Notes to Items of Consolidated Financial Statement (continued)
- (16) Construction in progress (continued)
- (a) Construction in progress (continued)
- (i) Changes in significant projects in-process

Project name	Budget amount	December 31, 2019	Amount of increase in current year		Other decreases or the year	lune 30, 2020	Proportion of budget	Project schedule	Accumulat ed capitalizati on amount of borrowing costs	Including: capitalization amount of borrowing costs in this year	rate of borrowing	Sources of funds
Hefei Changfeng Logistics Base	769,195	505,159	85,818	-	-	590,977	77%	Under construction	547	-	4.92%	Loans and raised funds
Chengdu Xindu Bell Tower Suning.Com Plaza	582,416	386,147	101,763	-	-	487,910	84%	Under construction	10,428	4,446	4.92%	Loan
TTK Express Logistics Base	463,704	294,692	10,934	-	-	305,626	66%	Under construction	5,468	1,537	4.92%	Loan

#### Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

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Huai'an Jinhu Suning.Com Plaza	581,520	184,401	75,095	-	-	259,496	45%	Under construction	4,125	2,088	4.92%	Loan
Shenyang Sujiatun Suning.Com Plaza	313,680	240,686	18,000	-	-	258,686	82%	Under construction	6,876	2,389	4.92%	Loan
Zhengzhou Airport Logistics Base	240,926	184,237	23,552	-	-	207,789	86%	Under construction	3,843	1,366	4.92%	Loans and raised funds
Shaoxing Phase III Logistics Base	832,610	118,563	80,584	-	-	199,147	24%	Under construction	54	-	4.92%	Loans and raised funds
Nanjing Airport Phase II Logistics Base	717,256	145,050	33,360	-	-	178,410	25%	Under construction	4,836	4,836	4.92%	Loans and raised funds
Meishan Phase II Logistics Base	453,750	79,116	66,687	-	-	145,803	32%	Under construction	651	651	4.92%	Loan
Hainan Chengmai Logistics Base	248,586	70,432	65,383	-	-	135,815	55%	Under construction	78	-	4.92%	Loans and raised funds
Dalian Phase II Logistics Base	300,232	108,812	18,896	-	-	127,708	43%	Under construction	-	-		Raised funds
Jining Yanzhou Phase I Logistics Base	234,821	57,480	65,436	-	-	122,916	52%	Under construction	617	441	4.92%	Loan
Yuhua Cloud Data Center Project	294,947	116,771	-	-	-	116,771	40%	Suspended project	3,758	-	4.92%	Loan
Zhengzhou Bonded Logistics Base	150,652	72,329	8,650	-	-	80,979	54%	Under construction	1,430	509	4.92%	Loans and raised funds
Suning Chongqing Smart Industrial Park Project	555,192	3,134	73,907	-	-	77,041	14%	Under construction	398	389	4.92%	Loan

Notes to Items of Consolidated Financial Statement (continued)

### (16) Construction in progress (continued)

(a) Construction in progress (continued)

### (i) Changes in significant projects in-process

Project name	Budget amount	December 31, 2019	Amount of increase in current year	Transferred to fixed assets for the year (Note IV (15))	Other decrease s for the year	June 30, 2020	Proportio n of budget	Project schedule	Accumul ated capitaliz ation amount of borrowin g costs	Including: capitalizati on amount of borrowing costs in this year	Capitalizati on rate of borrowing costs in this year	Sources of funds
Zhengzhou Phase II Logistics Base	97,703	45,294	13,199	-	-	58,493	60%	Under construction	746	316	4.92%	Loans and raised funds
Jinan High-tech Logistics Base	527,393	2,036	41,665	-	-	43,701	8%	Under construction	294	241	4.92%	Loan
Jidong Suning E-commerce Industrial Park	196,654	503	22,448	-	-	22,951	12%	Under construction	137	136	4.92%	Loan
Guibei Suning.Com Smart E-commerce Industrial Park Project	131,149	-	14,539	-	-	14,539	11%	Under construction	67	67	4.92%	Loan
Zhuzhou Suning.Com Plaza Project	72,519	-	13,757	-	-	13,757	19%	Under construction	66	66	4.92%	Loan

#### Suning.Com Co., Ltd.

#### Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

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Shenyang Yuhong Logistics Base	26,228	3,066	1,887	-	-	4,953	19%	Under construction	62	26	4.92%	Loan
Guiyang High-tech Logistics Base	549,734	2,156	2,425	-	-	4,581	1%	Under construction	52	-	4.92%	Loans and raised funds
Guangxi Smart E-commerce Industrial Park Project	53,737	2,632	327	-	-	2,959	6%	Under construction	15	9	4.92%	Loan
Qingbaijiang Suning Smart Industrial Park Project	406,633	-	3,155	-	-	3,155	1%	Under construction	130	130	4.92%	Loan
Qingdao Jiaozhou Logistics Base	70,672	2,083	197	-	-	2,280	3%	Under construction	7	3	4.92%	Loan
Xi'an International Port District Logistics Base	71,530	2,018	262	-	-	2,280	3%	Under construction	104	39	4.92%	Loan
Xiamen Smart Logistics E-commerce Industrial Park	39,402	2,132	56	-	-	2,188	6%	Under construction	74	27	4.92%	Loan
Changchun Phase III Logistics Base	120,232	108,688	3,128	(111,816)	-	-	93%	In operation already	3,071	1,112	4.92%	Loans and raised funds
Chengdu Qingbaijiang Logistics Base	445,319	365,924	71,791	(436,180)	(1,535)	-	98%	In operation already	10,250	3,456	4.92%	Loans and raised funds
Tianjin Beichen Logistics Base	639,834	480,833	144,516	(625,349)	-	-	98%	In operation already	6,857	2,463	4.92%	Loans and raised funds
Wuhu Logistics Base	289,090	238,198	32,471	(270,669)	-	-	94%	In operation already	4,983	1,789	4.92%	Loans and raised funds
Xuzhou High-tech Logistics Base Project	324,770	260,269	63,263	(323,532)	-	-	100%	In operation already	3,395	1,232	4.92%	Loans and raised funds

Notes to Items of Consolidated Financial Statement (continued)

(16) Construction in progress (continued)

### (a) Construction in progress (continued)

# (i) Major changes of construction in progress (continued)

Project name	Budget amount	December 31, 2019	Amount of increase in current year	Transferred fixed assets of this year (Note (15))	decreas this une	e 30, 2020	Proportion of budget	Project schedule	borrowing		on rate of	Sources of funds
Xiangyang Smart Retail E-commerce Industrial Park	220,532	179,469	30,524	(209,993)	-	-	95%	In operation already	510	176	4.92%	Loans and raised funds
Other items		69,756	2,926	-	(21,181)	51,501			2,265	1,150		

4.332.066	1.190.601	(1,977,539)	(22.716)	3.522.412	76.194	31.090
	, ,	()= )===)	( ) - )	- 1 - 1	- , -	- ,

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# IV Notes to Items of Consolidated Financial Statement (continued)

# (17) Intangible assets

	Land use right	Software	Trademarks and domain names	Client relationship intangible assets	Supplier channel	Preferential lease right (a)	Total
Original price							
December 31, 2019	10,080,925	1,780,058	1,953,702	2,196,636	1,198,760	1,354,378	18,564,459
Amount of increase in current year							
Purchase	492,700	8,457	-	-	-	-	501,157
Transferred from development expenditure	-	42,348 266,792	-	-	-	-	42,348
Amount of decrease in current year							
Disposal	(52,953) (47,177)	(1,700)	- -	-	-	-	(54,653)
Disposal of subsidiary	(526,381)	(18)	-	-	-	-	(526,399)
Conversion difference from foreign currency statements in current year	-	-	271	62	-	-	333
June 30, 2020	9,994,291	1,829,145	1,953,973	2,196,698	1,198,760	1,354,378	18,527,245

Accumulated amortization							
December 31, 2019	(926,928)	(1,205,502)	(454,173)	(421,430)	(28,486)	(284,108)	(3,320,627)
Amount of increase in current year							
Withdrawal	(183,650)	(57,859)	(43,830)	(80,679)	(56,971)	(37,599)	(460,588)
Amount of decrease in current year							
Disposal	7,149	149	-	-	-	-	7,298
Disposal of subsidiary	48,499	14	-	-	-	-	48,513
Conversion difference from foreign currency statements in current year	-	-	(271)	(62)	-	-	(333)
June 30, 2020	(1,054,930)	(1,263,198)	(498,274)	(502,171)	(85,457)	(321,707)	(3,725,737)

IV Notes to Items of Consolidated Financial Statement (continued)

### (17) Intangible assets (continued)

	Land use right	Software	Trademarks and domain names	Client relationship intangible assets	Supplier channel	Preferential lease right (a)	Total
Impairment reserves							
December 31, 2019	-	(219)	(6,534)	(542,757)	-	-	(549,510)
Amount of increase in current year							
Withdrawal	-	-	-	-	-	-	-
Amount of decrease in current year							
Disposal of subsidiary	-	-	-	-	-	-	-
Conversion difference from foreign currency statements in current year	-	-	-	-	-	-	-
June 30, 2020	-	(219)	(6,534)	(542,757)	-	-	(549,510)

Book value

Suning.Com Co., Ltd.							
Notes to Financial Statements							
For the six months ended June 30, 2020							
(Unless otherwise specified, the currency amount s	hall be in RMB, and	the monetary ur	nit shall be RMB 1,0	000)			
June 30, 2020	8,939,361	565,728	1,449,165	1,151,770	1,113,303	1,032,671	14,251,998
December 31, 2019	9,153,997	574,337	1,492,995	1,232,449	1,170,274	1,070,270	14,694,322

IV Notes to Items of Consolidated Financial Statement (continued)

(17) Intangible assets (continued)

From January to June, 2020, the amortized amount of intangible assets was about RMB 461 million (from January to June, 2019: about RMB 423 million).

On June 30, 2020, the book value of about RMB 229 million land use right without a property ownership certificate (on December 31, 2019, there was no land use right without a property ownership certificate).

(a) Preferential lease right

Preferential lease right was an intangible asset recognized by Suning during business merger of Wanda Dept. Store and Carrefour China in 2019. Suning undertakes rental agreements signed by the acquired company prior to the acquisition date. As the rent in some rental agreements is more favorable than that in the market, Suning recognizes the preferential lease right as the intangible asset of Suning based on the assessed value and amortizes it in method of lines based on the expected benefit period.

(b) The development expenditure for Suning is shown as follows:

	December 31, 2019	Amount of	Amount of	June 30, 2020		
	51, 2019	increase in current year	Included in gain or loss	Confirme d as intangibl e assets	Disposal of subsidia ry	2020
Software developm ent	42,927	45,757	(1,581)	(42,348)	-	44,755

From January to June, 2020, the newly increased software development expenditure for Suning was about RMB 45.76 million (from January to June, 2019: about RMB 158 million). Therein, about RMB 42.35 million (from January to June, 2019: about RMB 173 million) has been recognized as intangible assets in the current period, and about RMB 44.76 million is included in the balance of development expenditure at end of the year (from January to June, 2019: about RMB 8.04 million).

# IV Notes to Items of Consolidated Financial Statement (continued)

Goodwill

(18)

	December 31, 2019	Amount of increase in current year	Disposal of subsidiaries in this year	June 30, 2020
Goodwill -				
Business of Carrefour China	3,872,201			3,872,201
Logistics business of TTK Express	2,191,953			2,191,953
Business of Wanda Dept. Store	1,381,015			1,381,015
RedBaby and Cosmetic business	270,670			270,670
Business of Manzuo.com	33,372			33,372
Technology sector business of Allyes	25,109			25,109
Business of property company	59,458			59,458
Business of Suning Intelligent Terminal Co., Ltd. ("Suning Intelligent Terminal")	1,264			1,264
Citicall Retain Retail & wholesale of Management				
Limited	616			616
Wuxi Shenglimen Suning Commerce Sales Co., Ltd.	569			569
	7,836,227			7,836,227

Minus: Impairment provision -

Logistics Express	business	of	TTK	(357,815)		(357,815)
Citicall Re	etain					
Retail & whol	esale of					
Management	Limited			(616)		(616)
				(358,431)		(358,431)
				7,477,796		7,477,796

### IV Notes to Items of Consolidated Financial Statement (continued)

#### (18) Goodwill

All goodwill of Suning has been allocated to relevant assets groups or combinations of assets groups on the acquisition date. The allocation is summarized as follows:

Assets groups or combinations of assets groups	Business division	June 30, 2020		
	_	Cost	Impairment	Net value
Business assets group of Carrefour China	Carrefour in mainland China	3,872,201	-	3,872,201
Suning Logistics transport & distribution business assets group combination	Logistics in mainland China	2,191,953	(357,815)	1,834,138
Business assets group of Wanda Dept. Store	Retail in mainland China	1,381,015	-	1,381,015
Combinations of assets groups for on-line and off-line retail businesses in mainland China	Retail in mainland China	270,670	-	270,670

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

P	Retail in mainland China	33,372	-	33,372
Third-party platform business assets group	Retail in mainland China	25,109	-	25,109
Suning Logistics warehousing business assets group	Logistics in mainland China	59,458	-	59,458
Others	Others	2,449	(616)	1,833
		7,836,227	(358,431)	7,477,796

In goodwill impairment tests, Suning compared the book value of the relevant assets or combinations of assets groups (including goodwill) with the recoverable amount. And if the recoverable amount was lower than the book value, the difference among them was included in the current gain or loss.

The goodwill allocation of Suning has not been changed since 2019.

IV Notes to Items of Consolidated Financial Statement (continued)

(18) Goodwill (continued)

The recoverable amount of assets groups and combinations of assets groups was based on the five-year budget approved by the management, and then was estimated on the basis of a fixed growth rate (as described in the following table) and calculated by the cash flow forecasting method.

Main assumptions for adopting future cash flow discount method are:

	Business of Carrefour China
Revenue growth rate	3%-18.4%
Gross margin in forecast period	24%-25.1%
Gross margin in the stable stage	25.1%
Sustainable growth rate	2.8%
Pre-tax discount rate	14.86%
	Business of Wanda Dept. Store
Revenue growth rate	•
Revenue growth rate Gross margin in forecast period	Store
Gross margin in forecast	Store 2%-3.5%
Gross margin in forecast period Gross margin in the stable	Store 2%-3.5% 18.9%

	Logistics business of TTK Express
Revenue growth rate	4%-14%
Gross margin in forecast period	13%-22%
Gross margin in the stable stage	22%
Sustainable growth rate	2.8%
Pre-tax discount rate	15.3%
	RedBaby and Cosmetic business
Revenue growth rate	6.5%-7%
Gross margin in forecast period	13.9%-14.9%
Grass margin in the stable	
Gross margin in the stable stage	14%

Pre-tax discount rate

IV Notes to Items of Consolidated Financial Statement (continued)

15.3%

### (18) Goodwill (continued)

Main assumptions for adopting future cash flow discount method are (continued):

	Business of Manzuo.com
Revenue growth rate	10%-10.5%
Gross margin in forecast period	15.6%-16.1%
Gross margin in the stable stage	16%
Sustainable growth rate	2.8%
Pre-tax discount rate	23.2%
	Technology sector business of Allyes
Revenue growth rate	
Revenue growth rate Gross margin in forecast period	Allyes
Gross margin in forecast	Allyes 10%-20%

Pre-tax discount rate

19.5%

Suning determined the growth rate and gross margin based on historical experience and market development forecasts. The growth rate in the stable stage, not exceeding the long-term average growth rate for each product, was the weighted average growth rate adopted by Suning to forecast cash flows after the five-year budget, and was consistent with the forecast data contained in the industry report. Suning adopts the pre-tax rate that can reflect the specific risks of relevant assets groups and combinations of assets groups as the discount rate, which is consistent with the previous year.

- IV Notes to Items of Consolidated Financial Statement (continued)
- (19) Long-term unamortized expenses

December 31, 2019	Amou nt of increa se in curren t year	Amortiza tion of this year	June 30, 2020
1,607,861	161,230	(438,302)	1,330,789
507,274	121,022	(126,155)	502,141
409,701	7,467	(107,189)	309,979
-	18,868	(2,136)	16,732
2,524,836	308,587	(673,782)	2,159,641
	2019 1,607,861 507,274 409,701 -	nt of   December 31, curren   2019 t year   1,607,861 161,230   507,274 121,022   409,701 7,467   - 18,868	nt of   December 31, curren tion of   2019 t year this year   1,607,861 161,230 (438,302)   507,274 121,022 (126,155)   409,701 7,467 (107,189)   - 18,868 (2,136)

(a) Suning provides extended warranty service for electrical appliances to clients, signs an insurance service agreement with a third party insurance company for the extended warranty service provided, and pays corresponding insurance premiums to ensure that relevant compensation can be collected from the insurance company according to the contract when providing extended warranty service in the future. On June 30, 2020, Suning received revenue for deferred extended warranty service and cumulative unamortized balance payment of deferred extended insurance premiums were about RMB 1.409 billion (on December 31, 2019, it was about RMB 1.41 billion) (Note IV (37)) and RMB 502 million (on December 31, 2019, it was about RMB 507 million) respectively.

### (20) Other non-current assets

	June 30, 2020	December 31, 2019
Prepayment for land and house purchase	274,813	487,729
Prepayment for engineering equipment	226,011	190,888
Prepayment for equity acquisition	90,923	90,923
Guarantee deposit	55,147	27,540
—	646,894	797,080

- IV Notes to Items of Consolidated Financial Statement (continued)
- (21) Deferred income tax assets and liabilities
- (a) Non-set-off deferred income tax assets

	June 3	0, 2020	Decembe	er 31, 2019
_	Deductible temporary difference and deductible loss	Deferred income tax assets	Deductible temporary difference and deductible loss	Deferred income tax assets
Amortization of long-term unamortized expenses	12,590	2,813	21,822	5,021
Unpaid advertising expenses	1,229,410	302,115	1,317,841	323,506
Prepaid rental expenses	1,103,983	261,196	953,307	243,456
Deductible loss	12,051,636	2,828,606	10,284,678	2,376,910
Assets impairment provision	1,377,752	343,314	1,661,765	408,617
Asset-based government subsidies	867,749	187,002	793,344	194,962
Warranty extension income	764,658	191,164	781,249	195,312
Advertising and business promotion expenses exceeding 15% of the current year's operating revenue	3,981,000	995,250	3,105,720	776,430
Expected incomes	212	53	1,533	383 350

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

.,,				
of real estate enterprises				
Financial assets measured at fair value with the changes accounted into other comprehensive income	1,345,571	336,393	855,862	213,966
Financial assets measured at fair value with the changes accounted into the current gain or loss	297,541	74,385	248,666	62,167
Set-off of internal unrealized income	133,785	33,446	111,645	27,911
Write-off of financial assets			-	-
Employee Stock Ownership Plan	247,103	60,664	415,760	102,137
Others	1,076,488	255,103	1,019,962	232,035
	24,489,478	5,871,504	21,573,154	5,162,813
-				

- IV Notes to Items of Consolidated Financial Statement (continued)
- (21) Deferred income tax assets and liabilities (continued)

# (a) Non-set-off deferred income tax assets (continued)

	June 30, 2020	December 31, 2019
Including:		
Amount to be transferred back within 1 year (including 1 year)	1,170,592	1,097,535
Amount to be transferred back in 1 year	4,700,912	4,065,278
	5,871,504	5,162,813

#### (b) Non-set-off deferred tax liabilities

	June 30, 2020		December	31, 2019
-	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Unrealized changes in fair value	23,706,991	5,926,748	24,073,487	6,018,283
Interest capitalization	383,917	95,979	392,466	98,566
Enterprise merger under different common control	9,480,384	2,317,424	9,761,277	2,440,228
Extended warranty expenses	110,587	27,647	115,720	28,759
Others	15,055	3,762	138,208	14,487
-	33,696,934	8,371,560	34,481,158	8,600,323

Including:

Amount to be transferred back within 1 year (including 1 year)	300,230	398,979
Amount to be transferred back in 1 year	8,071,330	8,201,344
	8,371,560	8,600,323

- IV Notes to Items of Consolidated Financial Statement (continued)
- (21) Deferred income tax assets and liabilities (continued)
- (c) The deductible temporary differences and deductible losses of deferred income tax assets not recognized by Suning are analyzed as follows:

	June 30, 2020	December 31, 2019
Deductible temporary difference (i)	359,315	596,768
Deductible loss (ii)	7,260,765	8,411,451
	7,620,080	9,008,219

- (i) The recognition of deferred income tax assets is limited to the taxable income possibly for deducting the deductible temporary difference, loss and tax.
- (ii) On June 30, 2020, Suning has not confirmed the deferred income tax assets of about RMB 359 million (on December 31, 2019, it was about RMB 597 million) for deductible temporary differences of about RMB 90 million (on December 31, 2019, it was about RMB 149 million).
- (iii) On June 30, 2020, Suning has not confirmed the deferred income tax assets of about RMB 7.261 billion (on December 31, 2019, it was about RMB 8.411 billion) for deductible loss of about RMB 1.815 billion (on December 31, 2019, it was about RMB 2.011 billion).

- IV Notes to Items of Consolidated Financial Statement (continued)
- (21) Deferred income tax assets and liabilities (continued)
- (d) Deductible losses of unrecognized deferred income tax assets will expire in the following years:

	June 30, 2020	December 31, 2019
2020	Not applicable	1,488,553
2021	1,339,207	1,394,387
2022	1,678,591	1,722,047
2023	1,303,658	1,492,130
2024	1,405,413	1,419,879
2025	278,113	-
2026	-	-
2027	-	-
2033	276	2,761
2034	34,757	34,757
2035	7,289	7,289
2036	11,364	11,364
2037	10,617	10,617
2038	2,821	3,395
No due date	1,188,659	824,272
	7,260,765	8,411,451

(e) As to the deferred income tax assets and liabilities after set-off, their net amounts are listed as follows:

		June 3	0, 2020	December	r 31, 2019
		Set-off amount	Balance after set-off	Set-off amount	Balance after set-off
Deferred income assets	tax	(1,293,898)	4,577,606	(1,032,643)	4,130,170
Deferred income liabilities	tax	(1,293,898)	7,077,662	(1,032,643)	7,567,680

IV Notes to Items of Consolidated Financial Statement (continued)

# (22) Asset impairment and loss provision

	December 31, 2019	Amount of increase in		Amount of decreas	e in current year		June 30, 2020
		current year	Transferred back	Write-off / charge-off	Disposal	Cancellation of subsidiaries	
Allowance for bad debt of accounts receivable	382,349	37,952	-	(13,208)	-	-	407,093
Including: allowance for bad debt individually withdrawn	172,671	(17,242)	-	-	-	-	155,429
Allowance for bad debt comprehensively withdrawn	209,678	55,194		(13,208)	-		251,664
Allowance for bad debt of other accounts receivable	203,633	24,881	-	(9,763)	(110)	-	218,641
Including: allowance for bad debt individually withdrawn	115,950	(25,644)	-				90,306
Allowance for bad debt comprehensively withdrawn	87,683	50,525	-	(9,763)	(110)		128,335

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#### Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

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Allowance for bad debt of long-term accounts receivable	886	107	-	(20)	-	-	973
Including: allowance for bad debt individually withdrawn	-		-	-	-	-	-
Allowance for bad debt comprehensively withdrawn	886	107	-	(20)	-	-	973
Allowance for bad debt of notes receivable	41,024	11,466	(26,145)	-	-	-	26,345
Allowance for bad debt of accounts receivable financing	6,144	1,107	-	-	-	-	7,251
Subtotal	634,036	75,513	(26,145)	(22,991)	(110)	-	660,303
Provision for inventory	358,213	106,798	-	(127,783)	-	-	337,228
Impairment provision of long-term equity investment	4,602	-	-	-	-	-	4,602
Impairment provision of intangible assets	549,510	-	-	-	-	-	549,510
Impairment provision for goodwill	358,431	-	-	-	-	-	358,431
Subtotal	1,270,756	106,798	-	(127,783)	-	-	1,249,771
	1,904,792	182,311	- (26,145)	(150,774)	(110)	-	1,910,074

- IV Notes to Items of Consolidated Financial Statement (continued)
- (23) Short-term borrowings

	June 30, 2020	December 31, 2019
Credit Ioan	18,482,692	9,731,233
Pledge loan (a)	10,993,781	8,245,753
Guaranteed loan (b)	957,958	940,989
Interest of payable	50 505	00.040
short-term loans	53,565	36,846
	30,487,996	18,954,821

- (a) On June 30, 2020, the amount of RMB bank pledged loans was about RMB 10.994 billion, which was pledged by time deposits in the bank of about RMB 6.301 billion, deposits of RMB 4.606 billion (Note IV (1)) and RMB 100 million of trading financial assets (Note IV (2)) (on December 31, 2019, the amount of RMB bank pledged loans was about RMB 8.246 billion which was pledged by time deposits in the bank of about RMB 7.898 billion, deposit of RMB 313 million (Note IV (1)) and inventories of RMB 68 million (Note IV (8)).
- (b) On June 30, 2020, HKD guaranteed loans and USD guaranteed loans were about RMB 639 million and RMB 319 million respectively, which were guaranteed by Nanjing Branch of China Merchants Bank Co., Ltd. (on December 31, 2019, HKD guaranteed loans of about RMB 627 million and USD guaranteed loans of about RMB 314 million were guaranteed by Nanjing Branch of China Merchants Bank Co., Ltd.).
- (c) On June 30, 2020, the interest rate range for short-term loans was from 2% to 6.6% (on December 31, 2019, it was from 2.22% to 8%).
#### (24) Notes payable

	June 30, 2020	December 31, 2019
Commercial	<b>1 336 336</b>	2 161 644
Rank accentance hill	18 088 127	23 007 205
	23,324,463	26,158,849

On June 30, 2020, the banker's acceptance bills issued by Suning were pledged and guaranteed by the bill deposits deposited in banks of about RMB 6.014 billion (on December 31, 2019, the total was about RMB 7.591 billion) (Note IV (1)).

(25) Accounts payable

June 30, 2020 December 31, 2019

 Trade
 accounts
 29,194,729
 44,380,475

- (i) On June 30, 2020, the accounts payable with an age of more than 1 year was about RMB 665 million (on December 31, 2019, it was about RMB 657 million), mainly including the outstanding payment of suppliers, who failed to settle the payment with Suning in a timely manner, in previous years.
- (26) Unearned revenue

June 30, 2020 December 31, 2019

Store value card

4,565,499

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Advances on sales	-	2,244,680
Prepaid rental expenses	-	343,609
Pre-sale funds of real estate	-	3,789
	-	7,157,577

(a) On June 30, 2020, the accounts received in advance due to the new income standards were adjusted to other items such as contract liabilities.

## (27) Payroll payable

	June 30, 2020	December 31, 2019
Short-term compensation payable (a)	936,465	1,354,375
Defined contribution plan payable (b)	20,986	31,786
	957,451	1,386,161

### (a) Short-term compensation

	December 31, 2019	Amount of increase in current year	Amount of decrease in current year	Disposal of subsidiary	June 30, 2020
Salaries, bonuses, allowances and subsidies	1,271,352	5,771,717	(6,295,088)	(513)	747,468
Employee welfare expense	23,407	126,454	(60,910)	-	88,951
Social insurance premium	11,508	89,976	(93,882)	(4)	7,598
Including: Medical insurance premiums	9,991	78,131	(81,522)	(2)	6,598
Industrial injury insurance premium Birth	611	4,777	(4,985)	(1)	402
insurance premium	906	7,068	(7,375)	(1)	598
Housing fund	10,060	171,126	(126,800)	-	54,386

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)  $\,$ 

Labor union expenditure and employee					
education fund	38,048	25,082	(25,068)	-	38,062
	1,354,375	6,184,355	(6,601,748)	(517)	936,465

### (b) Defined contribution plan

	December 31, 2019	Amount of increase in current year	Amount of decrease in current year	Disposal of subsidiary	June 30, 2020
Basic endowment insurance	29,293	229,049	(238,990)	(12)	19,340
Unemployment insurance premium	2,493	19,485	(20,331)	(1)	1,646
_	31,786	248,534	(259,321)	(13)	20,986

#### (28) Taxes payable

	June 30, 2020	December 31, 2019
Enterprise income tax payable	1,098,382	1,019,333
VAT unpaid	333,954	530,025
Individual income tax payable	15,323	27,400
Education surtax payable	11,725	25,534
Urban maintenance and construction tax payable	8,883	34,214
Land VAT payable	3,026	3,026
Others	73,171	73,755
	1,544,464	1,713,287

### (29) Other payables

	June 30, 2020	December 31, 2019
Project accounts payable	2,541,289	3,433,241
Expenses payable for advertising, marketing and information technology services	2,216,806	2,600,770
Deposit and bond payable	2,072,484	2,013,414
Expenses payable for rent and utilities	1,127,799	728,573

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)  $\,$ 

Investment accounts payable	892,147	923,009
Expenses payable for administrative office	454,174	317,970
Purchase payment payable of information equipment	276,987	403,928
Logistics dispatch fee payable	275,253	299,515
Prepaid rent/utilities for sublease	166,400	242,417
Expenses payable for labor outsourcing	156,693	134,035
Employee stock ownership plan payable	156,079	291,114
Long-term loan interest	-	21,555
Others	764,042	1,202,762
	11,100,153	12,612,303

(a) On June 30, 2020, other accounts payable with an age of more than 1 year were about RMB 2.904 billion (on December 31, 2019, it was about RMB 2.113 billion), mainly including various kinds of security funds and guarantee deposits collected.

#### (30) Contract liabilities

	June 30, 2020	December 31, 2019
Advances on sales	8,281,293	-
Store value card	4,051,090	-
Prepaid rental expenses	221,231	-
Unused bonus points	206,067	-
Pre-sale funds of real estate	164,514	-
	12,924,195	-

# (31) Non-current liabilities due within 1 year

	June 30, 2020	December 31, 2019
Long-term loans expired within 1 year		
(Note IV (33))	3,664,125	5,870,205
Bonds payable to be paid within 1 year		
(Note IV (34))	2,497,608	1,496,770
interest of bond due and payable within 1 year	262,948	245,691
Interest of long-term loans expired within 1 year	39,459	31,558
Revenue of deferred advertising space usage	21,247	18,484

۰,			
		6,485,387	7,662,708
(32)	Other current liabilities		
		June 30, 2020	December 31, 2019
	Prepaid house rent	775,254	713,759
	Reward point plan (a)	_	259,925
	Prepaid utilities	103,840	105,288
	Refund payable (b)	60,050	—
	Others	313	251
		939,457	1,079,223

- (a) According to the new income standards, the parts related to bonus points in the reward point plan is recognized as contract liability, and they are carried forward and recorded as income when the bonus points are redeemed or become invalid.
- (b) According to the new income standards, Suning recognized the expected refund from sales return as the payable refund and listed it as other current liabilities.

#### (33) Long-term borrowings

	June 30, 2020	December 31, 2019
Pledge loan (a)	5,414,850	5,415,900
Credit loan	4,229,750	7,453,100
Mortgage loan (b)	713,400	722,100
Minus: Long-term loans expired within 1 year		
(Note IV (31))	(3,664,125)	(5,870,205)
	6,693,875	7,720,895

(a) On June 30, 2020, the amount of RMB pledged loans was about RMB 5.415 billion (including RMB pledged long-term loans due within 1 year of about RMB 2.6 billion), of which: five-year loans at a fixed rate of RMB 2.795 billion (including loans transferred to non-current liabilities due within 1 year of RMB 1.398 billion) were pledged by 585.651.537 non-tradable shares of China Unicom held by Suning (Note IV (9) & (11)), and the annual interest rate for loans was 5.7% while the interest was paid quarterly and the principal was repaid in installments; long-term loans due within 1 year at floating interest rates of RMB 1 billion were pledged by 122.860.000 non-tradable shares of Huatai Securities held by Suning (Note IV (2)), and the annual interest rate for loans was 3-month SHIBOR plus 125 basis points while the interest was paid guarterly and the principal was repaid in installments; five-year loans at floating interest rates of RMB 1.62 billion (including RMB pledged long-term loans due within 1 year of about RMB 203 million) were pledged by 100% equity of Wanda Dept. Store held by Suning, and the annual interest rate for loans was the 5-year LPR + 1.05% while the interest was paid guarterly and the principal was repaid in installments (on December 31, 2019, the amount of RMB pledged loans was about RMB 5.416 billion (including RMB pledged long-term loans due within 1 year of about RMB 2.398 billion), of which: five-year loans at a fixed rate of RMB 2.796 billion (including loans transferred to non-current liabilities due within 1 year of RMB 1.398 billion) were pledged by Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

585,651,537 non-tradable shares of China Unicom held by Suning (Note IV (9) & (11)), and the annual interest rate for loans was 5.7% while the interest was paid quarterly and the principal was repaid in installments; long-term loans due within 1 year at floating interest rates of about RMB 1 billion were pledged by 122,860,000 non-tradable shares of Huatai Securities held by Suning (Note IV (2)) and the annual interest rate for loans was 3-month SHIBOR plus 125 basis points while the interest was paid quarterly and the principal was repaid in installments; five-year loans at floating interest rates of RMB 1.62 billion were pledged by 100% equity of Wanda Dept. Store held by Suning, and the annual interest rate for loans was the 5-year LPR + 1.05% while the interest was paid quarterly and the principal was repaid in installments).

- Notes to Items of Consolidated Financial Statement (continued)
- (33) Long-term loan (continued)
- (b) On June 30, 2020, the amount of RMB mortgage loans was about RMB 713 million (including RMB long-term mortgage loans due within 1 year of RMB 19.80 million), which was mortgaged by houses and buildings of Suning with book value of about RMB 613 million (Note IV (15)), and repaid by the repayment account of long-term mortgage loans of about RMB 9.58 million (Note IV (1)) (On December 31, 2019, the amount of bank mortgage loans was RMB 722 million (including RMB long-term mortgage loans due within 1 year of RMB 17.90 million), which was mortgaged by houses and buildings of Suning with book value of about RMB 621 million (Note IV (15)), and repaid by the repayment account of long-term mortgage loans due within 1 year of RMB 17.90 million).
- (c) On June 30, 2020, the interest rate range for long-term loans was from 3.32% to 5.9% (on December 31, 2019, it was from 3.32% to 6.1%).

	December 31, 2019	Issuance in current year	Interest withdrawn at face value	Amortizat ion of premium	Repayment of current year	Disposal of subsidiary	June 30, 2020
Corporate Bonds -18 Suning (a) Corporate	9,985,572	-	264,723	5,625	-	-	9,991,197
Bonds -20 Suning (b)	-	499,700	7,534	29	-	-	499,729
-	9,985,572	499,700	272,257	5,654	-	-	10,490,926
Including: bonds							

(34) Bonds payable

Including: bonds due within 1 year	(1,496,770)	(2,497,608
	8,488,802	7,993,318

#### Relevant bound information is as follows:

			Face value	Date of issue	Term of bonds	Issued amount
Corporate Suning 01	Bonds	-18	2,000,000	April 19, 2018	3	2,000,000
Corporate Suning 02	Bonds	-18	1,700,000	May 09, 2018	3	1,700,000
Corporate Suning 03	Bonds	-18	1,000,000	June 15, 2018	5-year (with the option of issuer to raise the coupon rate and the put option of investor to resell at the end of the third year)	1,000,000
Corporate Suning 04	Bonds	-18	1,200,000	July 17, 2018	3	1,200,000
Corporate Suning 05	Bonds	-18	1,600,000	August 13, 2018	3	1,600,000
Corporate Suning 06	Bonds	-18	1,500,000	November 16, 2018	3-year (with the option of issuer to raise the coupon rate and the put option of investor to resell at the end of the second year)	1,500,000
Corporate Suning 07	Bonds	-18	1,000,000	November 16, 2018	5-year (with the option of issuer to raise the coupon rate and the put option of investor to resell at the end of the third year)	1,000,000
Corporate Suning 01	Bonds	-20	500,000	March 13, 2020	3	500,000

- (34) Bonds payable (continued)
- Approved by ZJXK [2017] 2128 issued by the China Securities Regulatory (a) Commission, Suning has been allowed to issue corporate bonds with face value not exceeding RMB 10 billion to the public. The corporate bonds are issued in installments. On April 19, 2018, the corporate bonds for 2018 have been issued (Phase I (18 Suning 01)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 5.2%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On May 9, 2018, the corporate bonds for 2018 have been issued (Phase II (18 Suning 02)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 5.5%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On June 15, 2018, the corporate bonds for 2018 have been issued (Phase III (18 Suning 03)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 5.75%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On July 17, 2018, the corporate bonds for 2018 have been issued (Phase IV (18 Suning 04)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 5.7%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On August 13. 2018, the corporate bonds for 2018 have been issued (Phase V (18 Suning 05)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 5.5%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On November 16, 2018, the corporate bonds for 2018 have been issued (Phase VI (18 Suning 06)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 4.7%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On November 16, 2018, the corporate bonds for 2018 have been issued (Phase VI (18 Suning 07)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 4.9%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest.

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

(b) According to the ZSX [2019] No. MTN 606 Document issued by the National Association of Financial Market Institutional Investors, Suning was allowed to register medium-term notes with the National Association of Financial Market Institutional Investors, with a registered scale of RMB 3 billion. The medium-term notes were issued by centralized bookkeeping and filing. On March 13, 2020, the Phase I MTN in 2020 was issued (20 Suning. Com MTN001) and calculated at simple interest rate on an annual basis. The fixed annual interest rate was 5%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

#### IV Notes to Items of Consolidated Financial Statement (continued)

(35) Long-term payables

	June 30, 2020	December 31, 2019
Performance bond and deposit payable	1,419,757	1,330,171
Carrefour China equity fund payable (i)	1,115,990	1,087,987
Others	34,187	22,602
-	2,569,934	2,440,760

- On June 22, 2019, Suning International Group Co., Ltd. ("Suning International"), a (i) subsidiary of Suning, signed an equity purchase agreement with Carrefour Nederland B.V. ("Carrefour Nederland") for purchasing 80% of Carrefour China's equities held by Carrefour Nederland B.V. for a consideration of RMB 4.8 billion. According to aforementioned agreement, if Carrefour Nederland chose to transfer the remaining 20% of Carrefour's China equities to Suning at the agreed fixed price within 90 days from the end of the two years following the acquisition, Suning should buy them ("put option") unconditionally. Within 90 days of the expiration of the put option for Carrefour Nederland, Carrefour Nederland should sell the remaining 20% of Carrefour China equities ("call option") to Suning at the agreed fixed price unconditionally if Suning chose to purchase them. On September 26, 2019, Suning completed the acquisition of 80% of Carrefour's equities. On the acquisition date, the amount of the put option discounted at the future fixed transfer price agreed in the agreement was included in long-term accounts payable and additional paid-in capital (Note IV (40)) by Suning, and the subsequent measurement was calculated in effective interest rate method using Suning's borrowing rate of the same maturity with the long-term accounts payable treated as the discount rate.
- (36) Estimated liabilities

December	Amount	Increase	Amount of decrease	Disposal	June 30,
31, 2019	of	in		of	2020
31, 2019		in			2020

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

		increase in current year	acquisitio ns	in current year	subsidiar y	
Compensation for closed shop	79,829	50,643	-	(45,260)	-	85,212
Pending suit	71,348	22,687	-	(52,625)	-	41,410
Total	151,177	73,330	-	(97,885)	-	126,622

## (37) Deferred income

	December 31, 2019	Amount of increase in current year	Disposal of subsidiary	Amount of decrease in current year	June 30, 2020	Causes
Revenue for deferred extended warranty service (Note (19)(a))	1,410,192	611,887	-	(613,478)	1,408,601	Revenue for prepaid extended warranty service
Government subsidies (i)	815,095	121,123	(113,499)	(18,970)	803,749	Subsidy for project construction
Revenue for franchise fees	6,669	4,866	-	(3,921)	7,614	Revenue for franchise fees received in advance
Total	2,231,956	737,876	(113,499)	(636,369)	2,219,964	
_						-

			Amount of increase in	ncluded in other income	Disposal		
(i)	Items of government subsidy	December 31, 2019	current year	(Note IV (54))	of subsidiary	June 30, 2020	Related to assets/income
	Wuhu Logistics Base	62,561	-	(653)	-	61,908	Related to assets
	Nanjing Airport Logistics Base	31,148	29,000	(33)	-	60,115	Related to assets
	Huaihai E-commerce Smart Pioneer Park Project	55,146	-	-	-	55,146	Related to assets
	Ezhou Logistics Base	52,112	-	(569)	-	51,543	Related to assets
	Harbin Logistics Base	49,423	1,000	(618)	-	49,805	Related to assets
	Hefei Smart E-commerce Industrial Park Project	49,496	-	(504)	-	48,992	Related to assets
	Suning Xiangyang Smart Retail E-commerce Industrial Park	24,878	14,795	(426)	-	39,247	Related to assets
	Jining Yanzhou Logistics Base	33,270	-	-	-	33,270	Related to assets
	Beijing Logistics Base	32,357	-	(431)	-	31,926	Related to assets
	Changchun Logistics Base	30,183	-	(359)	-	29,824	Related to assets
	Hefei Logistics Base	30,102	-	(408)	-	29,694	Related to assets
	Jiangsu Suning Logistics Base	29,000	-	(2,000)	-	27,000	Related to assets
	Baotou Suning.Com Plaza (formerly known as "Baotou Suning Appliance Plaza")	21,701	-	(275)	-	21,426	Related to assets
	Xiaogan Suning E-commerce Industrial Park	19,000	1,000	-	-	20,000	Related to assets

			Amount of increase in	ncluded in other income	Disposal		
(i)	Items of government subsidy	December 31, 2019	current year	(Note IV (54))		June 30, 2020	Related to assets/income
	Suning Chongqing Smart Industrial Park Project	-	20,000	-	-	20,000	Related to assets
	Shaoxing Logistics Base	18,724	-	(201)	-	18,523	Related to assets
	Hainan Chengmai Logistics Base	18,461	-	(20)	-	18,441	Related to assets
	Linshui Landscape Base	18,462	-	(204)	-	18,258	Related to assets
	Jinhu Suning.Com Plaza Project	7,977	7,809	-	-	15,786	Related to assets
	Shenyang Xiehe Plaza Project	9,900	5,935	(220)	-	15,615	Related to assets
	Lanzhou Logistics Base	14,326	-	(168)	-	14,158	Related to assets
	Yancheng Yanning Logistics Base	14,270	-	(173)	-	14,097	Related to assets
	Dalian Regional Purchase Settlement Center Project	13,904	-	(149)	-	13,755	Related to assets
	Big Data Intelligent Analysis System Project	18,208	-	(5,018)	-	13,190	Related to assets
	Intelligent Robot Project	14,435	-	(2,625)	-	11,810	Related to assets
	Changzhou Suning Yida Logistics Base	9,161	-	(101)	-	9,060	Related to assets
	Guiyang Jinyang New Area Logistics Base	8,615	-	(104)	-	8,511	Related to assets

				Amount of increase in	ncluded in other income	Disposal		
(i)	Items of go	overnment subsidy	December 31, 2019	current	(Note IV (54))	of subsidiary	June 30, 2020	Related to assets/income
	Shenyang Suning.Com Project	Sujiatun Plaza	7,385	-	(98)	-	7,287	Related to assets
	Urumchi Logis	stics Base	6,057	-	(72)	-	5,985	Related to assets
	Shanghai Base	Logistics	5,801	-	(542)	-	5,259	Related to assets
	Zhengzhou Base	Logistics	4,569	-	(63)	-	4,506	Related to assets
	Shijiazhuang Base	Logistics	4,530	-	(60)	-	4,470	Related to assets
	Shanxi Logisti	ics Base	4,316	-	(47)	-	4,269	Related to assets
	Jining Suning	Plaza	3,577	-	(49)	-	3,528	Related to assets
	Industrial Information Transformatio Upgrading Pro		806	1,614	(124)		2,296	Related to assets
	Chengdu Package Base	Small Logistics	2,302	-	(31)	-	2,271	Related to assets
	Wuhan Logist	ics Base	2,691	-	(449)	-	2,242	Related to assets
	Xi'an Sunii Square Projec		1,874	-	(26)	-	1,848	Related to assets
	Automatic W Project	/arehouse	1,306	-	(89)	-	1,217	Related to assets
	Beijing Logistics Base	Suning e	1,273	-	(89)	-	1,184	Related to assets
	Jinan Suppl Project	y Chain	-	1,600	(452)	-	1,148	Related to assets
	Smart Demonstration	Logistics n Project	1,179	-	(80)	-	1,099	Related to assets

			Amount of increase in	ncluded in other income	Disposal		
(i)	Items of government subsidy	December 31, 2019	current	(Note IV (54))	of subsidiary	June 30, 2020	Related to assets/income
	Logistics Equipment & Facilities Standardization Construction Project	1,141	-	(78)	-	1,063	Related to assets
	Guangxi Logistics Base	924	-	(13)	-	911	Related to assets
	Unmanned Warehouse Project	820	-	-	-	820	Related to assets
	Logistics Parallel Warehouse Supply Chain Project	512	-	(81)	-	431	Related to assets
	Chongqing Shared Logistics Standardization Project	349	-	(49)	-	300	Related to assets
	Guangdong Yuening Logistics Base	183	-	(35)	-	148	Related to assets
	Smart Logistics Warehouse Intelligent System Project	177	-	(36)	-	141	Related to assets
	Artificial Intelligence Project	294	-	(186)	-	108	Related to assets
	Suning "Retail Cloud" Construction Project	95	-	(18)	-	77	Related to assets
	Jiangsu Suning Logistics Tianyan Project	128	-	(101)	-	27	Related to assets
	Jiangsu Suning City Joint Delivery Project	194	-	(180)	-	14	Related to assets
	Zhongshan Logistics Base	23,023	-	(23)	(23,000)	-	Related to assets
	Dongxihu Logistics Base	26,316	-	(319)	(25,997)	-	Related to assets

				r	ncluded in				
(i)	Items of go	overnment subsidy	December 31, 2019	Amount of increase in current year	other income (Note IV (54))	Disposal of subsidiary	June 30, 2020	Related to assets/income	
	Boning Logistics Base	Suning e	25,999	-	(315)	(25,684)	-	Related to assets	
	Wenzhou Base	Logistics	454	-	(6)	(448)	-	Related to assets	
	Xi'an High-te Project	ch Zone	-	20,000	-	(20,000)	-	Related to assets	
	Suning Smart Project	Logistics	-	18,370	-	(18,370)	-	Related to assets	
			815,095	121,123	(18,970)	(113,499)	803,749		

(37) Deferred income (continued)

Items of government subsidy	Туре	gain or loss or	2	
Dongxihu Logistics Base	Government subsidies	(26,316)	Other income, investment income	
Boning Suning Logistics Base	Government subsidies	(25,999)	Other income, investment income	
Zhongshan Logistics Base	Government subsidies	(23,023)	Other income, investment income	
Xi'an High-tech Zone Project	Government subsidies	(20,000)	Other income, investment income	
Suning Smart Logistics Project	Government subsidies	(18,370)	Other income, investment income	
Big Data Intelligent Analysis System Project	Government subsidies	(5,018)	Other income	
Intelligent Robot Project	Government subsidies	(2,625)	Other income	
Jiangsu Suning Logistics Base	Government subsidies	(2,000)	Other income	
Wuhu Logistics Base	Government subsidies	(653)	Other income	
Harbin Logistics Base	Government subsidies	(618)	Other income	
Ezhou Logistics Base	Government subsidies	(569)	Other income	
Shanghai Logistics Base	Government subsidies	(542)	Other income	
Hefei Smart E-commerce Industrial Park Project	Government subsidies	(504)	Other income	

(37) Deferred income (continued)

Items of government subsidy	Туре	gain or loss or	Items included in gain or loss or set-off against related costs for the year
Wenzhou Logistics Base	Government subsidies	(454)	Other income, investment income
Jinan Supply Chain Project	Government subsidies	(452)	Other income
Wuhan Logistics Base	Government subsidies	(449)	Other income
Beijing Logistics Base	Government subsidies	(431)	Other income
Suning Xiangyang Smart Retail E-commerce Industrial Park	Government subsidies	(426)	Other income
Hefei Logistics Base	Government subsidies	(408)	Other income
Changchun Logistics Base	Government subsidies	(359)	Other income
Baotou Suning.Com Plaza (formerly known as "Baotou Suning Appliance Plaza")	Government subsidies	(275)	Other income
Shenyang Xiehe Plaza Project	Government subsidies	(220)	Other income
Linshui Landscape Base	Government subsidies	(204)	Other income
Shaoxing Logistics Base	Government subsidies	(201)	Other income
Artificial Intelligence Project	Government subsidies	(186)	Other income
Jiangsu Suning City Joint Delivery Project	Government subsidies	(180)	Other income

(37) Deferred income (continued)

Items of government subsidy	Туре	gain or loss or	•	
Yancheng Yanning Logistics Base	Government subsidies	(173)	Other income	
Lanzhou Logistics Base	Government subsidies	(168)	Other income	
Dalian Regional Purchase Settlement Center Project	Government subsidies	(149)	Other income	
Industrial and Information Industry Transformation and Upgrading Project	Government subsidies	(124)	Other income	
Guiyang Jinyang New Area Logistics Base	Government subsidies	(104)	Other income	
Changzhou Suning Yida Logistics Base	Government subsidies	(101)	Other income	
Jiangsu Suning Logistics Tianyan Project	Government subsidies	(101)	Other income	
Shenyang Sujiatun Suning.Com Plaza Project	Government subsidies	(98)	Other income	
Automatic Warehouse Project	Government subsidies	(89)	Other income	
Beijing Suning Logistics Base	Government subsidies	(89)	Other income	
Logistics Parallel Warehouse Supply Chain Project	Government subsidies	(81)	Other income	
Smart Logistics Demonstration Project	Government subsidies	(80)	Other income	
Logistics Equipment & Facilities Standardization Construction Project	Government subsidies	(78)	Other income	

(37) Deferred income (continued)

Items of government subsidy	Туре	gain or loss or	-	
Urumchi Logistics Base	Government subsidies	(72)	Other income	
Zhengzhou Logistics Base	Government subsidies	(63)	Other income	
Shijiazhuang Logistics Base	Government subsidies	(60)	Other income	
Jining Suning Plaza	Government subsidies	(49)	Other income	
Chongqing Shared Logistics Standardization Project	Government subsidies	(49)	Other income	
Shanxi Logistics Base	Government subsidies	(47)	Other income	
Smart Logistics Warehouse Intelligent System Project	Government subsidies	(36)	Other income	
Guangdong Yuening Logistics Base	Government subsidies	(35)	Other income	
Nanjing Airport Logistics Base	Government subsidies	(33)	Other income	
Chengdu Small Package Logistics Base	Government subsidies	(31)	Other income	
Xi'an Suning Life Square Project	Government subsidies	(26)	Other income	
Hainan Chengmai Logistics Base	Government subsidies	(20)	Other income	
Suning "Retail Cloud" Construction Project	Government subsidies	(18)	Other income	

(37) Deferred income (continued)

(38)

Items of government subsidy	Туре	gain or loss o	-
Guangxi Logistics Base	Government subsidies	(13	3) Other income
		(132,469	))
Other non-current liabilities			
	Jun	e 30, 2020 D	ecember 31, 2019
Fair value loss of forward foreign exchange contracts		47,561	2,983
Others			175
		47,561	3,158

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

### IV Notes to Items of Consolidated Financial Statement (continued)

## (39) Issued capital

	June 30, 2020	December 31, 2019
RMB common shares	9,310,040	9,310,040

#### (40) Capital reserve

	December 31, 2019	Amount of increase in current year	Amount of decrease in current year	June 30, 2020
Issued shares premium	4,895,303			4,895,303
Other additional paid-in capital - other		45,843	(150,055)	32,249,489
(a)	32,353,701			
	37,249,004	45,843	(150,055)	37,144,792

	December 31, 2018	Amount of increase in current year	Amount of decrease in current year	June 30, 2019
Issued shares premium	5,095,377	214,244	-	5,309,621
Other additional paid-in capital - other	33,192,984	178,593	(214,244)	33,157,333
-	38,288,361	392,,837	(214,244)	38,466,954

- IV Notes to Items of Consolidated Financial Statement (continued)
- (40) Additional paid-in capital (continued)
  - (a) Others
  - (i) Employee Stock Ownership Plan

Suning passed the resolution of *Proposal on Corporate Share Repurchase to Implement Stock-based Compensation Plan* in the Third Extraordinary Shareholders' Meeting in 2018 held on February 27, 2018, reviewed and approved to use its own funds to repurchase the corporate shares with a total amount of not more than RMB 1 billion in a collective bidding trading manner so as to implement the stock-based compensation plan. On December 31, 2018, the repurchased corporate shares with an amount of RMB 1 billion were included in treasury stocks.

Employee Stock Ownership Plan (Phase III) of Suning.Com Co., Ltd. (Draft) and Summary of Employee Stock Ownership Plan (Phase III) of Suning.Com Co., Ltd. (Draft) ("Employee Stock Ownership Plan") were reviewed and passed in the Fourth Extraordinary Shareholders' Meeting held on May 30, 2018, and Suning granted 73,070,874 stocks ("underlying stocks") to the employee stock ownership plan at a price of RMB 6.84 per stock. Suning confirmed the fair value of the underlying stocks at the closing price of the corporate stock on the granting date. The lockup period of the underlying stocks obtained under the employee stock ownership plan was 12 months, starting from the date when Suning announced the transfer of the last underlying stock to the ownership of the employee stock ownership plan.

If the Company's performance appraisal indicators specified in the items of the employee stock ownership plan have not been reached, that is, the growth rate of the Company's operating revenue in 2018 compared with that in 2017 is not less than 30%, within 12 months after the expiration of the lock-up period, the number of underlying stocks that can be sold under the employee stock ownership plan shall not exceed 40% of the total number of shares held by the employee stock ownership plan, within 24 months after the expiration of the lock-up period, the cumulative number of shares that can be sold under the employee stock ownership plan shall not exceed 70% of the total number of initial shares held by the employee stock ownership plan, within 36 months after the expiration of the lock-up period, the cumulative number of shares that can be sold under the employee stock ownership plan, within 36 months after the expiration of the lock-up period, the cumulative number of shares that can be sold under the employee stock ownership plan shall not exceed 70% of the total number of initial shares held by the employee stock ownership plan, within 36 months after the expiration of the lock-up period, the cumulative number of shares that can be sold under the employee stock ownership plan shall not exceed 70% of the total number of initial shares held by the employee stock ownership plan.

plan shall not exceed 100% of the total number of initial shares held.

If Suning's performance appraisal indicators specified in the items of the employee stock ownership plan have not been reached, all funds obtained from selling all underlying stocks held under the employee stock ownership plan after the expiration of the lockup period belong to Suning, and Suning should return the original capital contribution and interest to the holder to the limit of the funds.

According to the report of Suning.Com Co., Ltd. in 2018, Suning has achieved an increase of about 30.35% in operating revenue in 2018 compared with that of 2017, and has already reached the appraisal indicators set in the employee stock ownership plan.

The employee stock ownership plan should last for 48 months.

Impact of share payment transaction on financial situation and operating results:

From January to June 2020

Total amount of the expenses as a result of equity-settled share-based payments, which is withdrawn in the current period	RMB 44 million
Total amount of long-term equity investment withdraw due to current equity-settled share-based payment	RMB 2 million
Accumulated amount of equity-settled share-based payment in additional paid-in capital	RMB 46 million

- (40) Additional paid-in capital (continued)
- (a) Miscellaneous (Continued)
- (ii) Put option of Carrefour China

On June 22, 2019, Suning International signed an equity purchase agreement with Carrefour Nederland B.V. for purchasing 80% of Carrefour China's equities held by Carrefour Nederland B.V. for a consideration of RMB 4.8 billion. According to the agreement, the put option has been granted to Carrefour Nederland. On September 26, 2019, Suning has completed the acquisition of 80% of Carrefour's equities and included the amount of the put option at the future fixed transfer price agreed in the agreement in additional paid-in capital, which was about RMB 1.074 billion (Note IV (35)).

(41) Treasury stocks

		Amount of	Amount of decrease in current year	
	December 31, 2019	increase in current year	a)	June 30, 2020
Treasury stocks	1,899,961	351,083	(299,997)	1,951,047

(a) On June 21, 2020, the saleable underlying stocks under the employee stock ownership plan would not exceed 30% of the total holdings as Suning's performance appraisal indicators specified in the items of the employee stock ownership plan have been reached. According to the situation of the saleable stocks for Suning, the Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

amount of the book value of corresponding saleable stocks carried forward to treasury stocks was about RMB 300 million, the amount of other payables was about RMB 150 million, and the amount of additional paid-in capital recognized in the waiting period was about RMB 150 million (Note IV (40)).

According to the resolution of the Shareholders' Meeting on May 8, 2019, Suning distributed cash dividends to all shareholders, which was RMB 1.2 (tax inclusive) for every 10 stocks. And the cash dividends for corresponding stocks expected to be saleable could be regarded as profit distribution, and deduct treasury stocks and other payables at an amount of about RMB 2.631 million.

Other comprehensive income (continued) (42)

	Other comprehensive income in the balance sheet			Other comprehensive income in income statement from January to June, 2020					
	December 31, 2019	Attributable to parent company after tax	Earnings on carry-for ward retaining of other compreh ensive income	June 30, 2020	Pre-tax accrual	Minus: Transfer-out of other comprehensiv e income for the year	Minus: Income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax
Other comprehensive income which cannot be reclassified into the profit and loss in future		-							-
Other comprehensive incomes that cannot be reclassified into the profit and loss under the Equity Method	5,384	-	-	5,384	-	-	-	-	-
Fair value change in other equity instruments investment	(930,651)	(349,632)	-	(1,280,283)	(470,523)	-	120,891	(349,632)	-

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Other comprehensive income which will be reclassified into the profit and loss									-
Other comprehensive income that can be reclassified into the profit and loss under the Equity Method	40,684	5,022	-	45,706	5,022	-	-	5,022	-
Changes in fair value of other debt investment (including accounts receivable financing)	-	-		-	-	-	-	-	-
Credit impairment provisions of other debt investment (including accounts receivable financing)	(4,607)	(831)	-	(5,438)	(1,107)	-	276	(831)	-
Conversion differences in the foreign currency statements	1,086,765	487,923	-	1,574,688	487,923	-	-	487,923	-
-	197,575	142,482	-	340,057	21,315	-	121,167	142,482	-

#### (42) Other comprehensive income (continued)

	Other comprehensive income in the balance sheet						Other comprehensive income in income statement from January to June, 2019				
	Decembe r 31, 2018	Change of accountin g policy	January 1, 2019	Attributab le to parent company after tax	Earnings on carry-forw ard retaining of other comprehe nsive income	June 30, 2019	Pre-tax accrual	Minus: Transfer-out of other comprehensive income for the year	Minus: Income tax expenses	Attributabl e to parent company after tax	Attributable to minority shareholder s after tax
Other comprehensive income which cannot be reclassified into the profit and loss in future											
Other comprehensive incomes that cannot be reclassified into the profit and loss under the Equity Method	-	-	-	(6,144)	-	(6,144)		-	-	(6,144)	-
Fair value change in other equity instruments investment	-	(736,406)	(736,406)	254,297	-	(482,109)	397,351	-	(143,054)	254,297	4,832
Other comprehensive income which will be reclassified into the profit and loss											

Suning.Com Co., Ltd.

#### Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Other comprehensive income that can be reclassified into the profit and loss under the Equity Method	(2,498)	-	(2,498)	(10,814)	-	(13,312)		-	-	(10,814)	-
Gain or loss from fair value changes of available-for-sale financial assets	(430,311)	430,311	-	-	-	-	-	-	-	-	-
Credit impairment provisions of other debt investment (including accounts receivable financing)	-	-	-	-	-	-	-	-	-	-	-
Conversion differences in the foreign currency statements	732,767	-	732,767	(349,176)	-	383,591	(302,812)	-	-	(349,176)	46,364
	299,958	(306,095)	(6,137)	(111,837)	-	(117,974)	94,539	-	(143,054)	(111,837)	51,196

### (43) Surplus reserve

	December 31, 2019	Change in accounting policies (a)	January 1, 2020	Amount of increase in current year	June 30, 2020
Legal surplus reserves	1,690,873	(23,969)	1,666,904	-	1,666,904
Other-retroactive adjustment	57,799	-	57,799	-	57,799
-	1,748,672	(23,969)	1,724,703	-	1,724,703
	December 31, 2018	Change in accounting policies (a)	January 1, 2019	Amount of increase in current year	December 31, 2019
Legal surplus reserves	1,507,827	28,939 -	1,536,766	154,107	1,690,873
Other-retroactive adjustment	-	-	-	57,799	57,799
-	1,507,827	28,939	1,536,766	211,906	1,748,672

(a) On January 1, 2020, the surplus reserve was about RMB 24 million due to the adjustment of the first implementation of the new revenue standard policy (Note II (32)).
#### (44) Undistributed profit

	From January to June 2020	From January to June 2019
Undistributed incomes at the beginning of the year (before adjustment)	41,277,886	32,169,894
Change in accounting policies (a)	(210,131)	276,070
Undistributed incomes at the beginning of the year (after adjustment)	41,067,755	32,445,964
Plus: net income belonging to shareholders of the parent company in current year	(166,597)	2,139,465
Minus: Drawn statutory surplus reserve (Note IV (46))	-	-
Withdrawal of general risk reserves (b)	27,767	(161,951)
Common-share dividends payable (c)		(1,110,365)
Undistributed incomes at end of year	40,928,925	33,313,113

- (a) On January 1, 2020, the undistributed profit at the beginning of 2020 was about RMB 210 million due to the adjustment of the first implementation of the new revenue standard policy (Note II (32)).
- (b) In accordance with the *Measures on Management for Reserves Withdraw of Financial Enterprises* (FJ [2012] No.20) issued on March 30, 2012 by the Ministry

of Finance, the balance of general risk reserves withdraw required for financial enterprises cannot be less than 1.5% of the ending balance of risk assets in principle. If it was difficult to reach 1.5% at one time, it should be implemented in 5 years, the period of which should not be exceeded in principle, starting from July 1, 2012. On September 27, 2019, Suning's investment in Suning Financial Services Group was converted into investment accounting of associated enterprises (Note IV (13 (b)), and Suning recognized the general risk reserves according to the new ratio for the stock ownership.

- IV Notes to Items of Consolidated Financial Statement (continued)
- (45) Operating revenue and operating cost

	From January to June 2020	From January to June 2019
Core business revenue	113,909,732	133,166,871
Other business revenue	4,514,098	2,404,308
	118,423,830	135,571,179
	From January to June 2020	From January to June 2019
Main business cost	100,068,220	116,241,094
Other business cost	552,209	291,266
	100,620,429	116,532,360

(a) Income and cost of main business

Analysis by industry is as follows:

From January to	June 2020	From Januar	y to June 2019
Core business revenue	Main business cost	Core business revenue	Main business cost

Retail and wholesalin g industry	110,794,511	97,941,952	128,115,682	113,090,699
Financial industry	-	-	1,776,746	346,096
Logistics service	1,278,285	1,164,527	1,406,203	1,871,624
Installation and maintenanc	918,718	765,054		
e industry			834,380	698,056
Other industries (i)	918,218	196,687	1,033,860	234,619
-	113,909,732	100,068,220	133,166,871	116,241,094

(i) Revenue from other industries mainly included the platform service revenue of the third-party platform of Suning.Com, revenue of self-built supporting property, agency revenue of labour service, etc.

- (45) Operating revenue and operating cost (continued)
- (a) Income and cost of main business (continued)

Analysis by product is as follows:

	From January to June 2020		From January	to June 2019
-	Core business revenue	Main business cost	Core business revenue	Main business cost
Household supplies	29,709,006	24,612,656	16,280,732	13,342,442
Communication products	28,692,517	27,770,838	32,047,657	30,823,776
Small appliances	15,990,029	13,551,670	20,163,328	17,014,588
Air-conditioner	10,132,433	8,559,112	16,288,371	13,700,524
Digital and IT products	9,991,000	9,833,310	14,640,470	14,373,503
White goods	9,360,493	7,724,002	15,211,583	12,480,135
Brown goods	6,919,033	5,890,364	13,483,541	11,355,731
Logistics service	1,278,285	1,164,527	1,406,203	1,871,624
Financial service	-	-	1,776,746	346,096
Installation and maintenance business	918,718	765,054	834,380	698,056
Other industries (i)	918,218	196,687	1,033,860	234,619
_	113,909,732	100,068,220	133,166,871	116,241,094

(ii) General merchandise included maternal and infant products of Redbaby, cosmetic products, household food, other general merchandise of daily supermarkets, etc.

### (b) Other business revenue and other business costs

	From January to June 2020		From January t	o June 2019
	Other business revenue	Other business cost	Other business revenue	Other business cost
Service revenue of chain stores (i)	1,391,678	-	526,682	-
Lease income	1,211,618	462,150	402,367	258,310
Agency fee income	62,958	-	39,103	-
Revenue of advertising space usage	580,150	-	224,691	-
Others (ii)	1,267,694	90,059	1,211,465	32,956
-	4,514,098	552,209	2,404,308	291,266

- (i) The service revenue of chain stores mainly included the promotional service revenue and merchandise display income collected from suppliers.
- (ii) Others mainly include service revenue for providing value-added membership service and value-added logistics service to a third party.

## (46) Taxes and surcharges

	2020	2019	Calculation and payment
	From	From	standards
House property tax	111,834	79,232	House rent / original value
Urban maintenance	66,843	143,599	VAT / consumption tax paid
Stamp tax	66,061		Amount per book for taxable contracts, certificates of transfer of property rights, account
Educational curtav	56 112	105 110	V/AT / consumption tax haid
I and use tay	28 683	23 621	Taxable occupied land area
Funds for flood control	2 474	6 023	Tavahle revenue
Other taxes	117 172	04 754	
-	110 170	533 288	

## (47) Sales cost

	From January to June 2020	From January to June 2019
Rental expenses	3,224,400	3,722,575
Salaries, bonuses, allowances and subsidies	2,952,826	4,461,571
Advertising and marketing expenses	1,688,875	2,908,517
Freight	1,570,261	1,562,362
Warehousing cost	721,467	688,633
Amortization of long-term unamortized expenses	533,060	317,374
Depreciation of fixed assets	471,420	447,244
Electricity and water expenses	427,731	449,592
Information technology service fee	278,900	233,988
Amortization of intangible assets	222,659	37,248
Social insurance premium	199,323	495,081
Office expense	166,462	181,790
Promotion expenses	132,224	149,760
Housing fund	97,948	91,110
Employee welfare expense	54,541	34,363
Insurance premium	52,764	58,183
Travel expenses	12,470	20,924

_	13,408,219	16,428,813
Others	583,983	554,876
Business entertainment expenses	5,952	10,382
Consultation fees	10,953	3,240

## (48) Administrative cost

	From January to June 2020	From January to June 2019
Salaries, bonuses, allowances and subsidies	1,174,526	1,238,815
Amortization of intangible assets	205,541	381,269
Depreciation of fixed assets	140,084	113,645
Social insurance premium	85,213	161,806
Office expense	51,670	114,460
Housing fund	49,326	43,920
Employee welfare expense	40,979	51,140
Rental expenses	36,041	29,688
Electricity and water expenses	35,532	52,308
Consultation fees	29,234	114,557
Insurance premium	17,966	11,979
Business entertainment expenses	16,957	19,847
Travel expenses	13,882	48,421
Amortization of office area renovation expenses	10,792	8,077
Others	228,973	306,247
_	2,136,716	2,696,179

### (49) R&D cost

	From January to June 2020	From January to June 2019
Salaries, bonuses, allowances and subsidies	787,281	1,001,156
Depreciation of fixed assets	154,485	104,821
Information service fee	91,384	84,643
Social insurance premium	43,172	88,585
Housing fund	23,361	24,037
Electricity and water expenses	10,281	13,809
Amortization of intangible assets	8,103	4,394
Consultation fees	4,054	72,853
Business entertainment expenses	2,079	2,018
Amortization of office area renovation expenses	1,335	1,413
Travel expenses	1,029	2,985
Employee welfare expense	591	1,488
Office expense	249	1,432
Others	62,585	54,006
	1,189,989	1,457,640

IV Notes to Items of Consolidated Financial Statement (continued)

(50) Financial cost

	From January to June 2020	From January to June 2019
Interest expenditure	1,204,048	1,182,581
Minus: Capitalized interest	(31,090)	(29,392)
Interest	1,172,958	1,153,189
Minus: interest income	(270,785)	(325,714)
Bank's service charge	786,967	562,989
Exchange gain or loss	87,654	76,064
	1,776,794	1,466,528

## (51) Expenses classified by nature

The operating cost, sales cost, administrative cost and R&D cost in the income statement are classified according to their nature, and are listed as follows:

	From January to June 2020	From January to June 2019
Inventory changes	3,148,686	433,167
Goods sold and spare parts consumed for installation and maintenance	95,192,516	113,400,650
Changes in real estate project development costs	(3,016)	(80,521)
Employee compensation cost	6,419,277	9,012,563
Rental expenses	3,722,591	4,010,573
Advertising and marketing expenses	1,688,875	2,908,517

Transportation expenses	1,570,261	1,562,362
Amortization expenses	1,110,085	871,628
Depreciation expenses	973,230	750,216
Warehousing cost	721,467	688,633
Expenditure of labor service for		909,465
installation and maintenance	633,201	
Electricity and water expenses	473,544	515,709
Information service fee	278,900	318,631
Office expense	218,381	297,682
Promotion expenses	132,224	149,760
Consultation fees	47,190	190,650
Others	1,027,941	968,015
Total	117,355,353	136,907,700

### (52) Impairment loss on assets

	From January to June 2020	From January to June 2019
Impairment loss of goodwill	-	29,313
Loss of inventory devaluation	106,798	164,850
	106,798	194,163

## (53) Credit impairment loss

	From January to June 2020	From January to June 2019
Loan issued and impairment loss of advances	-	162,464
Bad debt loss of other accounts receivable	24,884	72,799
Bad debt loss of accounts receivable	37,953	69,437
Bad debt losses of notes receivable	(14,678)	26,295
Bad debt loss of long-term accounts receivable	107	-
_	48,266	330,995

#### (54) Other income

1,000)			
	to June 2020	to June 2019	assets/income
Government subsidies	561,432	140,270	Related to income
Government subsidies (Note IV (37))	18,970	50,608	Related to assets
	580,402	190,878	

#### (55) Investment income

	From January to June 2020	From January to June 2019
Investment income from disposal of subsidiaries (Note V (1)(a)) (i)	768,694	3,757,594
Income from investment accounting converted by equity method from trading financial assets	-	594,123
Long-term equity investment income accounted by equity method	(109,626)	583,646
Investment income gained by disposing trading financial assets	187,656	129,996
Adjusting the payable consideration item for acquiring the equity of TTK Express	-	(15,487)
Investment income from other equity instruments investment during holding period	35,373	31,215
Investment income from trading financial assets during holding period	65,926	-
Investment income from debt investment during holding period	205	201
Investment income of derivative financial liabilities obtained during holding period	(9,092)	(6,754)
	939,136	5,074,534

(i) Suning recognized the liquidity support obligation to be undertaken in the special asset support plan as a trading financial liability of RMB 64 million, and its fair value was determined by a professional appraisal agency. Therefore, Suning recorded about RMB 769 million as investment income (Note V (1)(a)(ii)), which is the difference between the disposal transaction price of the five subsidiaries and the subsidiaries' share of net assets in the consolidated financial statements corresponding to the disposal investment after deducting the above liquidity support obligation.

There are no significant restrictions on the repatriation of investment income in Suning.

### (56) Income / (loss) from changes in fair value

	From January to June 2020	From January to June 2019
Trading financial assets -		
Financial products	17,910	117,503
Trading equity instrument investment	(212,216)	193,500
Designated as financial asset measured at fair value with their changes included in the current gain or loss	(32,742)	(164,935)
Other non-current financial assets -		
Funds	-	(3,803)
Preferred stock	(19,382)	41,145
Equity investment	(524,505)	868
Convertible bond	-	5,817
Dispose of foreign investment of subsidiaries	-	1,713
Derivative financial instruments	4,015	-
	(766,920)	191,808

Financial liabilities measured at fair value with their changes included in the current gain or loss

Interest rate swap contracts	-	(3,645)
Foreign exchange swap contract	-	(8,602)
Derivative financial liabilities	(218)	-
Other non-current liabilities-		
Forward exchange contract	(44,831)	(5,522)
	(811,969)	174,039

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

## IV Notes to Items of Consolidated Financial Statement (continued)

#### (57) Loss on asset disposal

			From January to June 2020	From January to June 2019	Amount included in non-recurring gain or loss in 2020
Loss on disposal	fixed	asset	9,706	2,716	9,706

# (58) Non-operating revenue

	From January to June 2020	From January to June 2019	Amount included in non-recurring gain or loss in 2020
Penalty incomes	49,106	69,322	49,106
Profits on disposal of non-current assets	37,615	19	37,615
Negative goodwill	-	639,391	-
Others	73,788	87,989	73,788
	160,509	796,721	160,509

(59) Non-operating expenses

		From January to June 2020	From January to June 2019	Amount included in non-recurring gain or loss in 2020
Penalty, and damages	indemnity liquidated	8,485	57,237	8,485
Contributio expenses	n	3,725	9,379	3,725
Others		71,781	62,894	71,781
		83,991	129,510	83,991

#### (60) Income tax expenses

	From January to June 2020	From January to June 2019
Current income taxes calculated by tax law and related provisions	851,642	622,839
Deferred income tax	(847,714)	(670,576)
	3,928	(47,737)

The income tax calculated by adopting applicable tax rate based on the total income in the consolidated income statement shall be adjusted as the income tax expense:

From January to June 2020	From January to June 2019
(538,179)	2,035,159
(101,141)	386,075
(21,731)	(60,147)
(158,890)	(1,097,791)
44,419	33,649
(21,702)	(102,555)
99,190	90,087
10,148	71,822
	to June 2020 (538,179) (101,141) (21,731) (158,890) 44,419 (21,702) 99,190

Deductible temporary difference of deferred income tax assets that has not be determined	<i></i>	
in early period of usage	(19,453)	(86,737)
Deductible losses of unconfirmed deferred income tax assets in early period of usage	(3,616)	(10,135)
Deductible temporary difference of deferred income tax assets that has not be determined in current period	916	8,765
Deductible losses of unconfirmed deferred income tax assets in current period	175,788	719,230
Income tax expenses	3,928	(47,737)

- (61) Earnings per share
- (a) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net income attributable to common shareholders of the parent company by the weighted average of common shares issued by the parent company:

	June 30, 2020	June 30, 2019
Consolidated net income attributable to common shareholders of the parent company (RMB 1,000)	(166,597)	2,139,465
Weighted average of common shares issued by Suning (1,000 shares)	9,139,559	9,189,464
Basic earnings per share	RMB -0.02	RMB 0.23
-		
Including:		
- Basic earnings per share for going concern	RMB -0.02	RMB 0.23
- Basic earnings per share for discontinuing operation		

#### (b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net income adjusted based on dilutive potential common share attributable to common shareholders of Suning by the adjusted weighted average of common shares issued by Suning. For profit-making enterprises, the dilution of restricted stocks should be considered if the exercise price of the stock is lower than the average market price of common share during the current period, and the diluted earnings per share should be calculated:

	June 30, 2020	June 30, 2019
Consolidated net income attributable to common shareholders of Suning (RMB 1,000)	(166,597)	2,139,465
Weighted average of common shares issued by Suning (1,000 shares)	9,139,559	9,189,464
Plus: restricted stock adjustment	2,668	47,505
Weighted average of common shares upon adjustment issued by Suning	9,142,227	9,236,969
Diluted earnings per share	RMB -0.02	RMB 0.23
Including:		
- Diluted earnings per share for going concern	RMB -0.02	RMB 0.23
<ul> <li>Diluted earnings per share for discontinuing operation</li> </ul>		

(62) Notes to items of cash flow statement

### (a) Other cashes received relating to business activities

	From January to June 2020	From January to June 2019
All kinds of security funds and guarantee deposits received	441,013	933,350
Deposit interest revenue	432,125	403,164
Subsidy income	682,556	241,728
Others	113,869	165,071
	1,669,563	1,743,313

## (b) Other cash paid relating to business activities

	From January to June 2020	From January to June 2019
Rental expenses	2,127,509	3,965,635
Advertising and marketing expenses	2,072,839	2,849,557
Transportation expenses	1,570,261	1,562,362
Warehousing cost	721,467	688,633
All kinds of security funds, enrollment		
deposits, guarantee deposits, etc. paid	429,214	666,407
Bank's service charge	786,967	562,989

Electricity and water expenses	474,992	443,303
Office expense	218,381	297,682
Information technology service fee	278,900	318,631
Consultation fees	47,190	190,650
Others	516,239	1,042,298
	9,243,959	12,588,147

- IV Notes to Items of Consolidated Financial Statement (continued)
- (62) Notes to items of cash flow statement (continued)
- (c) Other cash received relating to financing activities

	From January to June 2020	From January to June 2019
Recover of deposits treated as collateral for short-term loans	7,511,349	3,833,333
	7,511,349	3,833,333

(d) Other cash paid relating to financing activities

	From January to June 2020	From January to June 2019
Cash paid for deposits treated as collateral for short-term loans	6,225,487	8,253,077
Cash paid for repurchasing treasury stock under employee stock ownership plan	344,945	716,738
Payment of the deposit for discount credit of bank's acceptance bill	3,780,727	-
Payment of international L/C financing deposit	727,100	
	11,078,259	8,969,815

- (63) Supplementary data of cash flow statement
- (a) Supplementary data of cash flow statement

Adjustment of consolidated net income to cash flow from business activities

	From January to June 2020	From January to June 2019
Consolidated net income	(542,107)	2,082,895
Plus: impairment loss on assets	106,798	194,163
Credit impairment loss	48,266	330,995
Depreciation of fixed assets and investment property	973,230	750,216
Amortization of intangible assets	436,303	422,911
Amortization of long-term unamortized expenses	673,782	448,717
Loss on asset disposal	(9,706)	2,716
Losses on retirement of fixed assets	32	-
Financial cost	735,645	1,153,189
Investment income	939,136	(5,074,534)
Income from changes in fair value	(811,969)	(174,039)
Increase of deferred income tax assets	(447,436)	(473,425)
Decrease / (increase) of deferred income tax liabilities	(400,278)	96,148

Increase in inventories	3,250,706	59,593
Decrease of operating accounts receivable	3,023,330	(10,990,539)
Decrease of operating accounts payable	(7,771,185)	903,036
Operational net cash flow of business activities	204,547	(10,267,957)

- (63) Supplementary data of cash flow statement (continued)
- (a) Supplementary data of cash flow statement

Major business activities not involving cash receipts and payments

	From January to June 2020	From January to June 2019
Inventory purchase payment paid by banker's acceptance bills	35,472,043	34,058,053
Net amount variations of cash and cash equivalent		
	From January to June 2020	From January to June 2019
Cash balance at the end of the year	19,443,197	25,626,864
Minus: balance of cash and cash equivalent at beginning of year	(17,919,907)	(30,220,850)
Net increase in cash and cash equivalents	1,523,290	(4,593,986)

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

- IV Notes to Items of Consolidated Financial Statement (continued)
- (63) Supplementary data of cash flow statement (continued)
- (b) Acquisition or disposal of subsidiaries and business
- (i) Acquisition of subsidiaries and business

	From January to June 2020	From January to June 2019
Enterprise merged for the year and cash paid for the year		
ncluding: Wanda Department Store Co., td.	-	1,305,000
akogawa Yamatoyashiki Co., Ltd.	-	-
Nanjing and Wuxi TTK Express franchisee business	-	33,042
Yunnan Youhe TTK Express franchisee business	-	9,941
Qingdao TTK Express franchisee business	-	4,662
Jinan TTK Express franchisee business	-	2,899
Suning Intelligent Terminal Co., Ltd.	-	-

Minus: cash held by subsidiaries on the acquisition date

icluding: Wanda Department Store Co., td.	- (112,376)
akogawa Yamatoyashiki Co., Ltd.	- (79,090)
Nanjing and Wuxi TTK Express franchisee business	
Yunnan Youhe TTK Express franchisee business	
Qingdao TTK Express franchisee business	
Jinan TTK Express franchisee business	-
Suning Intelligent Terminal Co., Ltd.	- (295)
Net cash paid by subsidiaries and for business	- 1,163,783

- (63) Supplementary data of cash flow statement (continued)
- (b) Acquisition or disposal of subsidiaries and business (continued)
- (i) Acquisition of subsidiaries and business (continued)

### Acquisition of consideration of subsidiaries and business

	From January to June 2020	From January to June 2019
Wanda Department Store Co., Ltd.	-	2,700,000
Kakogawa Yamatoyashiki Co., Ltd. Nanjing and Wuxi TTK Express franchisee	-	
business	-	47,204
Yunnan Youhe TTK Express franchisee business	-	24,852
Qingdao TTK Express franchisee business Jinan TTK Express franchisee business	-	46,620 28,986
Suning Intelligent Terminal Co., Ltd.	-	-
	-	2,847,662

Acquisition of net asset of subsidiaries and business

From January to June From January to

	2020	June 2019
Current assets	-	2,223,699
Non-current assets	-	1,429,266
Current liabilities	-	(2,025,484)
Non-current liabilities	-	(360,409)
Plus: Minority equity	-	-
	-	1,267,072

- IV Notes to Items of Consolidated Financial Statement (continued)
- (63) Supplementary data of cash flow statement (continued)
- (b) Acquisition or disposal of subsidiaries and business (continued)
- (ii) Disposal of subsidiary

From January to	From January to
June 2020	June 2019

Cash and cash equivalents received from disposal of subsidiaries for the year

Among them: Zhongshan S Shandong Boning Suning Yunsl Co., Ltd., Wenzhou Suning Pure Logistics Co., Ltd., Xi'an Hi Logistics and Storage Invest Jinning Yida Logistics Co., Ltd. logistics companies)	hang Commercial and Trading chase Co., Ltd., Hubei Suning igh-tech Zone Suning Yida ment Co., Ltd. and Tianjin	750,635	-
Considerat	ion for Suning CVS Project	-	745,394
Receivables and pa CVS Project	ayables repayment of Suning	-	3,517,014
Shaanxi Suning Yida Logistics I	nvestment Co., Ltd.	-	168,400
Minus: the cash and cash equiv the day losing control cluding: 6 logistics companies	valent held by subsidiaries on	(906,685)	
		-	-
Suning CVS Projec	it.	-	(105,651)
Shaanxi Suning Yi Ltd.	da Logistics Investment Co.,	-	(3)
Net cash (paid) / received from business	disposal of subsidiaries and	(156,050)	4,325,154

- IV Notes to Items of Consolidated Financial Statement (continued)
- (63) Supplementary data of cash flow statement (continued)
- (b) Acquisition or disposal of subsidiaries and business (continued)

### Price for disposal of subsidiaries

	From January to June 2020	From January to June 2019
6 logistics companies	833,478	-
Consideration for Suning CVS Project	-	745,394
Shaanxi Suning Yida Logistics Investment Co., Ltd.	-	170,699
	833,478	916,093

Net assets / (net liabilities) of subsidiaries disposed

	From January to June 2020	From January to June 2019	
Current assets	1,023,817	1,388,333	
Non-current assets	2,109,007	1,851,857	
Current liabilities	(3,018,441)	(6,033,442)	
Non-current liabilities	(113,499)	(48,249)	
Minority equity	-	-	
-		884	(2,841,501)
-----	--	---------------	---------------
(c)	Cash and cash equivalents		
		June 30, 2020	June 30, 2019
	Cash	19,443,197	25,626,864
	Including: Cash on hand	72,470	34,900
	Bank deposits payable anytime	19,074,193	25,353,128
	Other Monetary fund payable anytime	296,534	238,836
	_		
	Balance of cash and cash equivalents at end of the year	19,443,197	25,626,864

# IV Notes to Items of Consolidated Financial Statement (continued)

# (64) Foreign currency monetary items

		June 30, 202	0
	Foreign currency balance	Exchang e rate for conversi on	Balance (RMB)
Monetary fund—			
USD	1,119,544	7.0795	7,925,812
HKD	174	0.9134	159
Australian dollar	795	4.3940	3,492
JPY	3,054	0.0658	201
EUR	32	7.9610	256
		-	7,929,920
Accounts receivable—		-	
USD	1,830	7.0795	12,953
HKD	337,263	0.9134	308,056
		-	321,009
Other accounts receivable—		-	
USD	15	7.0795	104
HKD	1,338,998	0.9134	1,223,041
		-	1,223,145

# IV Notes to Items of Consolidated Financial Statement (continued)

# (64) Foreign currency monetary items (continued)

		June 30, 202	20
	Foreign currency balance	Exchange rate for conversion	Balance (RMB)
Long-term accounts receivable—			
USD	1,366	7.0795	9,668
HKD	34,876	0.9134	31,856
			41,524
Short-term loans—			
USD	45,000	7.0795	318,578
HKD	892,500	0.9134	815,210
			1,133,788
Accounts payable—			
USD	154	7.0795	1,093
HKD	546,840	0.9134	499,484
EUR	1	7.9610	4
MOP	589	0.8870	522
			501,103
Other accounts payable—			
HKD	184,038	0.9134	168,100

,000)				
USD		1,013	7.0795	7,175
MOP		1,018	0.8870	903
				176,178
Long-term within 1 year				
U	ISD	50,000	7.0795	353,975
				353,975
Long-term lo	ans—			
U	ISD	450,000	7.0795	3,185,775
				3,185,775
Other liabilities—	non-current			
	USD	6,718	7.0795	47,561
				47,561

The foreign currency mentioned in above foreign currency monetary items refers to all currencies except RMB, and the scope of aforementioned items is different from that of the foreign currency items specified in Note XIII (1) (a).

- V V. Change of Consolidation Scope
- (1) Disposal of subsidiary
- (a) The information related to the disposal of subsidiaries this year is summarized as follows:

Subsidiary name	Disposal price	Disposal proportion	Disposal method	Time-point of losing control power	Basis for determining the time-point of losing control power	consolidated financial statement corresponding to the disposal investment shall be share of the difference in the subsidiary's share of net assets - (Note IV (55))	Amount of other comprehensive income related to the equity investment of the original subsidiary transferred to the amount of gain or loss of investment (Note IV (42))
Zhongshan Suning Logistics Co., Ltd. (i)	69,704	100%	Sale	January 15, 2020	Actual loss of control power	68,104	-
Wenzhou Suning Purchase Co., Ltd. (ii)	77,138	100%	Sale	June 29, 2020	Actual loss of control power	77,462	-
Shandong Boning Suning.Com Commercial and Trading Co., Ltd. (ii)	95,402	100%	Sale	June 29, 2020	Actual loss of control power	88,332	-
Hubei Suning Logistics Co., Ltd. (ii)	172,133	100%	Sale	June 29, 2020	Actual loss of control power	170,591	-

The disposal price and the

### Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Xi'an High-tech Zone Suning Yida Logistics and Storage Investment Co., Ltd. (ii)	148,024	100%	Sale	June 29, 2020	Actual loss of control power	148,229
Tianjin Jinning Yida Logistics Co., Ltd. (ii)	271,077	100%	Sale	June 29, 2020	Actual loss of control power	279,876

Total

832,594

-

### V Change of consolidation scope (continued)

- (1) Disposal of subsidiary (continued)
- (a) The information related to the disposal of subsidiaries this year is summarized as follows (continued):
- (i) In January 2020, Suning signed an equity transfer agreement with Suning SCGC and Zhongshan Linghong Enterprise Management Co., Ltd. to transfer 100% equity of Zhongshan Suning Logistics held by it to Suning SCGC (on behalf of transferred equity of Yunxiang Warehouse Logistics Phase I Fund). The disposal date of this transaction was January 15, 2020, which was the date when Suning actually lost the control power of Zhongshan Suning Logistics. In 2020, after transferring the equity, Suning subsequently obtained the long-term use right of the corresponding supply chain warehouse property with a stable market rent and a 10-year lease. The equity transfer price is determined by consultation based on the assets appraisal value of external independent evaluators. The main parameters used in the appraisal are market rent, rent growth rate, net operating income and net income discount rate, etc. The price of subsequent leaseback is determined by reference to the market rent of similar properties in the surrounding areas. The rent in the first five lease years will rise year by year in accordance with the provisions of the lease contract, and the rent from the sixth year to the tenth year will be determined by negotiation based on the market standard at that time. In the opinion of Suning, the terms of the lease contract fail to meet the judgment criteria of financial lease and belong to operating lease.

(ii) In June 2020, Suning signed an equity transfer agreement with Suning SCGC, Wenzhou Chengfeng Enterprise Management Co., Ltd., Jinan Yaoxie Enterprise Management Co., Ltd., Wuhan Daguan Enterprise Management Co., Ltd., Xi'an Luxie Enterprise Management Consulting Co., Ltd. and Tianjin Rongxie Enterprise Management Co., Ltd. to transfer 100% equity of Wenzhou Suning Purchase, Shandong Boning Suning Com, Hubei Suning Logistics, Xi'an Suning Yida and Tianjin Yida Logistics held by it to Suning SCGC (on behalf of transferred equity of Yunxiang Warehouse Logistics Phase III Fund). The disposal date of this transaction was June 29, 2020, which was the date when Suning actually lost the control power of the 5 companies. In 2020, after transferring the equity of the 5 companies, Suning subsequently obtained the long-term use right of the corresponding supply chain warehouse property with a stable market rent and a 12-year lease. The equity transfer price of the 5 companies is determined by consultation based on the assets appraisal value of external independent evaluators. The main parameters used in the appraisal are market rent, rent growth rate, net operating income and net income discount rate, etc. The price of subsequent leaseback is determined by reference to the market rent of similar properties in the surrounding areas. The rent in the first six lease years will rise year by year in accordance with the provisions of the lease contract, and the rent from the seventh year to the twelfth year will be determined by negotiation based on the market standard at that time. In the opinion of Suning, the terms of the lease contract fail to meet the judgment criteria of financial lease and belong to operating lease.

- V Change of consolidation scope (continued)
- (1) Disposal of subsidiary (continued)
- (b) Gain or loss on disposal are as follows:
- (i) Gain or loss on disposal of Zhongshan Suning Logistics is calculated as follows:

 Disposing price
 69,704

 Minus: share of net assets of Zhongshan Suning Logistics in the consolidated financial statements
 (1,600)

 Investment income from disposal (Note IV (55))
 68,104

(ii) Gain or loss on disposal of 5 Suning logistics companies is calculated as follows:

	Amount
Disposing price	763,774
In which cash received	680,930
Cash not received	82,844
Plus: share of net liabilities of the 5 companies in the consolidated financial statements	716
Investment income from disposal (Note IV (55))	764,490

(2) Change of merger scope by other reasons

In the first half of 2020, Suning set 20 new subsidiaries, including Taiyuan Suning.Com Internet E-commerce Co., Ltd., Qingdao Suning.Com E-commerce Co., Ltd., etc., which were incorporated into the consolidated statement; canceled 1 subsidiary, namely Dongguan Nengrong Warehouse Co., Ltd., which was not incorporated into the consolidated statement.

# VI Equities in other subjects

### (1) Equities in subsidiaries

# (a) Composition of corporate group

Name of major subsidiaries	Main operation location	Registratio n place	Business nature	Shareholdii	ng ratio	Acquisition methods
			_	Direct	Indirect	
Beijing Suning.Com Sales Co., Ltd.	Beijing	Beijing	Chain sales of electric appliances			Investment set
			and consumer electronics	89%	11%	
Shanghai Suning.Com Sales Co., Ltd.	Shanghai	Shanghai	Chain sales of electric appliances and consumer electronics	100%	-	Investment set
Shanghai Fengpu Suning.Com Sales Co., Ltd.	Shanghai	Shanghai	Chain sales of electric appliances and consumer electronics	100%	-	Investment set
Chongqing Suning.Com Sales Co., Ltd.	Chongqing	Chongqing	Chain sales of electric appliances and consumer electronics	99%	1%	Investment set
Tianjin Tianning Suning.Com Commercial and Trading Co., Ltd.	Tianjin	Tianjin	Wholesaling and retail	100%	-	Investment set

Suning.Com Co., Ltd.

#### Notes to Financial Statements

For the six months ended June 30, 2020

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Guangdong Suning.Com Sales Co., Ltd.	Guangzhou	Guangzho u	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set
Shenzhen Suning.Com Sales Co., Ltd.	Shenzhen	Shenzhen	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set
Shaoxing Suning.Com Commercial and Trading Co., Ltd.	Shaoxing	Shaoxing	Wholesaling and retail	100%	-	Investment set
Sichuan Suning.Com Sales Co., Ltd.	Chengdu	Chengdu	Chain sales of electric appliances and consumer electronics	100%	-	Investment set
Meishan Pengshan Suning.Com Sales Co., Ltd.	Meishan	Meishan	Chain sales of electric appliances and consumer electronics	100%	-	Investment set
Shaanxi Suning.Com Sales Co., Ltd.	Xi'an	Xi'an	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set
Henan Suning.Com Sales Co., Ltd.	Zhengzhou	Zhengzhou	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set
Wuhan Suning.Com Sales Co., Ltd.	Wuhan	Wuhan	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set
Ezhou Gedian Suning.Com Sales Co., Ltd.	Ezhou	Ezhou	Chain sales of electric appliances and consumer electronics	100%	-	Investment set
Shandong Suning.Com Commercial and Trading Co., Ltd.	Jinan	Jinan	Wholesaling and retail	100%	-	Investment set
Hainan Suning.Com Commercial and Trading Co., Ltd.	Haikou	Haikou	Wholesaling and retail	90%	10%	Investment set
Jiangsu Suning.Com E-commerce Co., Ltd.	Nanjing	Nanjing	Development and related sales of electronic commerce systems	70%	-	Investment set
Nanjing Suning.Com E-commerce Co., Ltd.	Nanjing	Nanjing	Lease and business service	70%	-	Investment set

Suning.Com Co., Ltd. Notes to Financial Statements

For the six months ended June 30, 2020

	Suning.Com (Shenyang) Sales Co., I		Shenyang	Shenyang	Chain sales of electric and consumer electron		90%	10% Investment set
VI	Equities in other subjects (c	ontinued)						
(1)	Equities in subsidiaries (con	ntinued)						
(a)	Composition of corporate gr	roup (contir	nued)					
	Name of major subsidiaries	Main operation location	Registratio n place	Bus	siness nature	Shareholding	g ratio	Acquisition methods
					_	Direct	Indirect	-
	Chongqing Maoning Electronic Commerce Co., Ltd.	Chongqing	Chongqing		of electric appliances er electronics	51%	-	Investment set
	Shanghai Suning Trading Co., Ltd.	Shanghai	Shanghai	Wholesaling	and retail	100%	-	Investment set
	Sichuan Suning Logistics Co., Ltd.	Chengdu	Chengdu	Transportation post services	on, warehousing and	-	100%	Investment set
	Nanjing Yuhua Suning Appliance Co., Ltd.	Nanjing	Nanjing		of electric appliances er electronics	90%	10%	Investment set
	Guangzhou Suning.Com Logistics Co., Ltd.	Guangzhou	Guangzho u	Transportation post services	on, warehousing and	10%	90%	Investment set

### Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

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Chongqing Yuning Suning Commercial and Trading Co., Ltd.	Chongqing	Chongqing	Wholesaling and retail	100%	-	Investment set
Hefei SuFresh Purchase Co., Ltd.	Hefei	Hefei	Wholesaling and retail	100%		Investment set
Nanchang RedBaby Purchase Center Co., Ltd.	Nanchang	Nanchang	Enterprise management and information consulting services	-	u 100%	Enterprise merger nder different common control
Shanxi Suning.Com Purchase Co., Ltd.	Taiyuan	Taiyuan	Wholesaling and retail	100%	-	Investment set
Nanjing Suning E-commerce Co., Ltd.	Nanjing	Nanjing	Lease and business service	100%	-	Investment set
Hangzhou Suning Purchase Co., Ltd.	Hangzhou	Hangzhou	Retail and chain sales	100%	-	Investment set
Nanjing Suning Enterprise Management Co., Ltd.	Nanjing	Nanjing	Lease and business service	100%	-	Investment set
Jiangsu Suning Trading Co., Ltd.	Nanjing	Nanjing	Wholesaling and retail	60%	40%	Investment set
Nanjing Suning Electronic Information Technology Co., Ltd.	Nanjing	Nanjing	Development and related sales of electronic commerce systems	100%	-	Investment set
Jiangsu Suning Yida Logistics	Nanjing	Nanjing	Logistics investment and property management	-	100%	Investment set
Hefei Suning Helper Technology Service Co., Ltd.	Hefei	Hefei	Sales and service of electric appliances and electronic products	100%	-	Investment set
Jiangsu Suning Logistics Co., Ltd.	Nanjing	Nanjing	Logistics and express transportation	93%	7%	Investment set

- VI Equities in other subjects (continued)
- (1) Equities in subsidiaries (continued)

### (a) Composition of corporate group (continued)

Name of major subsidiaries	Main operation location	Registrati on place	Business nature	Shareholding	g ratio	Acquisition methods
				Direct	Indirect	-
Nanjing Suning Department Store Co., Ltd.	Nanjing	Nanjing	Sales, lease and business services of department stores	100%	-	Investment set
Suning Intelligent Terminal Co., Ltd.	Nanjing	Nanjing	Development and related sales of consumer electronics	-	90%	Enterprise merger under different common control
TTK Express Co., Ltd. ("TTK Express")	Hangzhou	Hangzho u	Transportation, warehousing and post services	-	100%	Enterprise merger under different common control
Great Universe Limited	Hong Kong	Cayman Islands	Foreign Investment	-	100%	Investment set

Suning.Com Co., Ltd.

#### Notes to Financial Statements

For the six months ended June 30, 2020

Shiny Lion Limited	Hong Kong	Cayman Islands	Foreign Investment	-	100%	Investment set	
Hongkong Suning.com Co., Limited	Hong Kong	Hong Kong	Wholesaling and retail	-	100%	Investment set	
Hongkong Suning Appliance Resourcing Limited	Hong Kong	Hong Kong	Purchase and internal sales services	-	100%	Investment set	
Suning International Group Co., Limited	Hong Kong	Hong Kong	Foreign Investment	100%	-	Investment set	
Hong Kong Suning Cross-border E-Commerce Co., Limited	Hong Kong	Hong Kong	Wholesaling and retail, overseas purchase services	-	100%	Investment set	
Shanghai Carhua Supermarket Co., Ltd.	Shanghai	Shanghai	Wholesaling and retail	-	55%	Enterprise merger under different common control	
Beijing Carrefour Commercial Co., Ltd.	Beijing	Beijing	Wholesaling and retail	-	55%	Enterprise merger under different common control	
Kunming Carrefour Supermarket Co., Ltd.	Kunming	Kunming	Wholesaling and retail	-	100%	Enterprise merger under different common control	
Carrefour (Shanghai) Supply Chain Management Co., Ltd.	Shanghai	Shanghai	Wholesaling and retail, lease and commercial services	-	100%	Enterprise merger under different common control	
Carrefour (China) Management & Consulting Service Co., Ltd.	Shanghai	Shanghai	Wholesaling and retail, lease and commercial services	-	100%	Enterprise merger under different common control	
Taiyuan Suning.Com Internet E-commerce Co., Ltd.	Taiyuan	Taiyuan	Retail		100%	Investment set	

 Qingdao
 Suning.Com
 E-commerce

 Co., Ltd.
 Qingdao
 Qingdao
 Wholesaling and retail

100% Investment set

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# VI Equities in other subjects (continued)

(1) Equities in subsidiaries (continued)

### (b) Subsidiaries with significant minority equity

Subsidiary name	Shareholding ratio of minority shareholders	Gains or losses attributable to minority shareholders on June 30, 2020	Dividends paid to minority shareholders on June 30, 2020	Minority equity by June 30, 2020
Jiangsu Suning.Com E-commerce Co., Ltd.	30%	(243,503)	-	(1,446,891)
Chongqing Maoning Electronic Commerce Co., Ltd.	49%	(126,251)	-	(393,123)
Carrefour China Holdings N.V.	20%	(9,094)	-	760,479
SUNING TECHNOLOGY GROUP LIMITED	10%	(5,579)	-	(20,188)
Suning SCGC	49%	8,795	6,370	13,950
Jiangsu Suning Trading Co., Ltd.	40%	3,045	-	15,055

Hunan Suning Pioneer Electronics Co., Ltd.	10%	(222)	-	19,182
Others (minority equity of single subsidiary is less than RMI 10 million)		(2,701)	-	(107,446)
Total		(375,510)	6,370	(1,158,982)

VI Equities in other subjects (continued)

- (1) Equities in subsidiaries (continued)
- (b) Subsidiaries with significant minority equity (continued)

The main financial information of above non-wholly-owned subsidiaries is listed as below:

	June 30, 2020						December 31, 2019					
	Current assets	Non-curren t assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-curren t liabilities	Total liabilities
Jiangsu Suning.Com E-commerce Co., Ltd.	26,630,322	2,432,779	29,063,101	33,266,236	565,460	33,831,696	16,173,919	2,069,400	18,243,319	22,254,592	19	22,254,611
Chongqing Maoning Electronic Commerce Co., Ltd.	4,498,034	314,881	4,812,915	5,615,207	-	5,615,207	3,564,797	278,251	3,843,048	4,387,684	-	4,387,684
Carrefour China Holdings	5,432,155	9,486,377	14,918,532	12,131,597	1,526,231	13,657,828	7,230,217	10,142,382	17,372,599	14,246,216	1,641,228	15,887,444

Suning.Com Co., Ltd. Notes to Financial Statements

### For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

N.V.

Suning Technology											
Group Limited	1,211,768	69,216	1,280,984	1,484,120	- 1,484,12	2,502,258	48,543	2,550,801	2,696,888	-	2,696,888
Suning SCGC	40,657	254	40,911	12,256	- 12,25	6 29,264	431	29,695	6,174	-	6,174
Jiangsu Suning Trading Co., Ltd.	2,779,142	58	2,779,200	2,741,563	- 2,741,56	3 2,694,032	49	2,694,081	2,664,057	-	2,664,057
Hunan Suning Pioneer Electronics Co., Ltd.	1,149,074	2,447	1,151,521	959,693	- 959,69	3 1,142,817	1,843	1,144,660	950,620	-	950,620

VI Equities in other subjects (continued)

- (1) Equities in subsidiaries (continued)
- (b) Subsidiaries with significant minority equity (continued)

The main financial information of above non-wholly-owned subsidiaries is listed as below:

		From Janu	ary to June 2020		From January to June 2019				
_	Operating revenue	Net (loss) / income	Total comprehensive Cash flow from income business activities		Operating revenue	Net (loss) / income	Total comprehensive income	comprehensive Cash flow from	
Jiangsu Suning.Com E-commerce Co., Ltd.	16,772,785	(812,930)	(812,930)	459,323	3,374,831	(405,123)	(405,123)	623,936	
Chongqing Maoning Electronic Commerce Co., Ltd.	5,919,245	(257,655)	(257,655)	(1,136,242)	20,400,510	(95,162)	(95,162)	1,332,916	
Carrefour China Holdings N.V.	13,999,710	(224,450)	(224,450)	1,512	_	-	_	-	

### Suning.Com Co., Ltd.

### Notes to Financial Statements

For the six months ended June 30, 2020

SUNING TECHNOLOGY GROUP LIMITED	1,086,219	(55,788)	(55,783)	7,103	-	-	-	-
Suning SCGC	31,515	17,949	17,949	25,195	15,342	6,471	6,471	(3,268)
Jiangsu Suning Trading Co., Ltd.	96,643	7,614	7,614	103	611,056	13,473	13,473	(466)
Hunan Suning Pioneer Electronics Co., Ltd.	531	(2,216)	(2,216)	1	253	(1,513)	(1,513)	(503)

- VI Equities in other subjects (continued)
- (2) Equities in joint ventures and associated enterprises
- (a) Basic information of important joint ventures and associated enterprises

	Main operation location	Registra tion place	Is it strategic to Suning's Business nature activities?		Shareholding ratio	
					Direct	Indirect
Joint venture-						
Suning Goldstone	Tianjin	Tianjin	Investment management and consulting	Yes	40.00%	-
Nanjing Heyin	Nanjing	Nanjing	Real estate development, etc.	Yes	-	50.98%
Yunxiang Warehouse Logistic Phase I Fund	s Nanjing	Nanjing	Investment business and others	Yes	-	51.00%
Yunxiang Warehouse Logistic Phase II Fund	s Nanjing	Nanjing	Investment business and others	Yes	-	51.00%
Associated enterprises-						
Maruetsu	Hong Kong	Hong Kong	Food chain	Yes	-	30.00%
Suning Consumer Finance Ltd.	C Nanjing	Nanjing	Consumer loans	Yes	49.00%	-
Lamabang	Shenzhen	Shenzh en	Online maternal and infant platform	Yes	-	10.00%
Suning Bank	Nanjing	Nanjing	Private bank	Yes	30.00%	-
Beijing Qili	Beijing	Beijing	O2O platform service	Yes	19.23%	-
Shenzhen Hengning	Shenzhen	Shenzh en	Commercial service Facility operation	Yes	-	49.00%

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)  $\,$ 

			management			
Suning Financial Services Grou	ır,Shanghai	Shangh ai	Financial technology service	Yes	41.15%	-
			Chain sales of electric appliances and consumer			
Japan LAOX	Japan	Japan	electronics	Yes	-	29.77%
Suning Smart Life	Cayman Islands	Cayman Islands	Retail	Yes	-	35.00%
Nanjing Hongxi	Nanjing	Nanjing	Business management consulting	Yes	-	40.00%

All the above equity investments are calculated by the equity method.

- VI Equities in other subjects (continued)
- (2) Equities in joint ventures and associated enterprises (continued)
- (b) Main financial information of important joint ventures

	June 30, 2020	December 31, 2019
_	Suning Goldstone	Suning Goldstone
Current assets	47,914	56,181
Non-current assets	7	763
Total assets	47,921	56,944
Current liabilities	(7,608)	(4,967)
Non-current liabilities	(117)	
Total liabilities	(7,725)	(4,967)
Shareholders' equity	40,196	51,977
Net assets share calculated based on shareholding ratio (i)		20,791
Adjusting events	16,078	
—Others (ii)	4,000	4,000
Book value for equity investment of		
joint venture	20,078	24,791

(i) On June 30, 2020 and December 31, 2019, the subscribed capital of other shareholders of Suning Goldstone had not been injected, resulting in the book value of Suning's long-term equity in Suning Goldstone being higher than the share of net assets calculated by shareholding ratio.

	From January to June 2020	From January to June 2019
	Suning Goldstone	Suning Goldstone
Operating revenue	-	4,668
Net profit	1,669	3,396
Other comprehensive income	-	-
Total comprehensive income	1,669	3,396
Dividend received by Suning from joint ventures in current year	5,381	-

- VI Equities in other subjects (continued)
- (2) Equities in joint ventures and associated enterprises (continued)
- (b) Main financial information of important joint ventures (continued)

	June 30, 2020	December 31, 2019
	Nanjing Heyin	Nanjing Heyin
Current assets	1,056,023	651,522
Non-current assets	392	270
Total assets	1,056,415	651,792
Current liabilities	(406,678)	(1,466)
Shareholders' equity	649,737	650,326
		221 526
Net assets share calculated based on shareholding ratio	331,236	331,536
- Book value for equity investment of		331,536
joint venture	331,236	
	From January	From January
-	to June 2020	to June 2019
	Nanjing Heyin	Nanjing Heyin

Operating revenue	-	-
Net profit	(588)	(500)
Other comprehensive income	_	-
Total comprehensive income	(588)	(500)

-

Dividend received by Suning from joint ventures in current year

-

- VI Equities in other subjects (continued)
- (2) Equities in joint ventures and associated enterprises (continued)
- (b) Main financial information of important joint ventures (continued)

	June 30, 2020	December 31, 2019
	Yunxiang Warehouse Logistics Phase I Fund	Yunxiang Warehouse Logistics Phase I Fund
Current assets	594,246	460,436
Non-current assets	4,864,771	4,610,645
- Total assets	5,459,017	5,071,081
-		
Current liabilities	(239,789)	(265,163)
Non-current liabilities	(2,455,623)	(1,744,095)
Total liabilities	(2,695,412)	(2,009,258)
Shareholders' equity	2,763,605	3,061,823
Net assets share calculated based on shareholding ratio (i)	1,409,439	1,561,530
Adjusting events		
—Employee stock ownership plan	49	35

Book value for equity investment of associated enterprises	1,409,488	1,561,565
	From January to June 2020	From January to June 2019
-	Yunxiang Warehouse Logistics Phase I Fund	Yunxiang Warehouse Logistics Phase I Fund
Operating revenue	196,738	116,399
Net income (adjusted)	20,138	19,189
Other comprehensive income	-	-
Total comprehensive income	20,138	19,189
Dividend received by Suning from joint ventures in current year	290,199	419,330

(i) Suning calculates its share of assets according to the shareholding ratio and the amount attributable to the parent company in the consolidated financial statement of joint venture. For the amount in the consolidated financial statement of joint venture, the fair value of identifiable assets and liabilities of joint venture at the time of acquisition of investment and the impact of uniform accounting policy are taken into account.

- VI Equities in other subjects (continued)
- (2) Equities in joint ventures and associated enterprises (continued)
- (b) Main financial information of important joint ventures (continued)

	June 30, 2020	December 31, 2019
	Yunxiang Warehouse Logistics Phase II Fund	Yunxiang Warehouse Logistics Phase II Fund
Current assets Non-current assets	423,116 2,199,100	405,494 2,123,959
Total assets	2,622,216	2,123,939
Current liabilities	(204,539)	(240,632)
Non-current liabilities	(1,225,896)	(209,212)
Total liabilities	(1,430,435)	(449,844)
Shareholders' equity	1,191,781	2,079,609
Net assets share calculated based on shareholding ratio (i)	607,808	1,060,601
	From January to June 2020	From January to June 2019
	Yunxiang Warehouse Logistics Phase II	Yunxiang Warehouse Logistics Phase II

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)  $\,$ 

	Fund	Fund
Operating revenue	79,802	-
Net income (adjusted)	6,322	-
Other comprehensive income	-	-
Total comprehensive income	6,322	-
Dividend received by Suning from joint ventures in current		
year	456,017	-

(i) Suning calculates its share of assets according to the shareholding ratio and the amount attributable to the parent company in the consolidated financial statement of joint venture. For the amount in the consolidated financial statement of joint venture, the fair value of identifiable assets and liabilities of joint venture at the time of acquisition of investment and the impact of uniform accounting policy are taken into account.

六 Equities in other subjects (continued)

(2) Equities in joint ventures and associated enterprises (continued)

# (C) Main financial information of important associated enterprises

			0011C 00, 2	020						
	Maruetsu	Suning Consumer Finance Co., Ltd.	Lamaban g	Suning Bank	Beijing Qili	Shenzhen Hengning	Suning SmartLife	Suning Financial Services Group	Japan LAOX	Nanjing Hongxi
Current assets	133,465	3,338,769	265,268	68,545,074	86,810	22,678,154	7,481,577	48,333,032	2,665,492	2,737,070
Non-current assets	9,566	295,766	79,902	535,439	3,007	-	4,898,079	5,301,759	228,688	1,211
Total assets	143,031	3,634,535	345,170	69,080,513	89,817	22,678,154	12,379,656	53,634,791	2,894,180	2,738,281
Current liabilities	51,937	2,916,606	68,491	63,344,975	39,020	947,462	7,075,067	17,902,853	1,637,679	816,912
Non-current liabilities	-	86,624	-	1,562,534	-	-	3,211,412	8,940,442	528,172	1,800,000
Total liabilities	51,937	3,003,230	68,491	64,907,509	39,020	947,462	10,286,479	26,843,295	2,165,851	2,616,912
Shareholders' equity	91,094	631,305	276,679	4,173,004	50,797	21,730,692	2,093,177	26,791,496	728,330	121,369

June 30, 2020

Suning.Com Co Notes to Financ For the six mon (Unless otherwi	ial Statements ths ended Jun	ie 30, 2020	nount shall be	a in RMB, and t	he monetary	/ unit shall he F	2MB 1 000)			
Minority equity	-	-	-		-	-	(862)	24,800	41,095	
Shareholders' equity attributable to the parent company	91,094	631,305	276,679	4,173,004	50,797	21,730,692	2,094,039	26,766,696	687,235	121,369
Net assets share calculated based on shareholding ratio (i)	27,328	309,340	27,668	1,251,901	9,768	10,648,039	732,914	11,015,566	204,590	48,548
Adjusting events										
- Goodwill	-	-	19,963	-	35,526	-	-	12,738,464	-	-
—Employee stock ownership plan		-		-			659	2,520		-
Book value for equity investment of associated enterprises	27,328	309,340	47,631	1,251,901	45,294	10,648,039	733,573	23,756,550	204,590	48,548

VI Equities in other subjects (continued)

(2) Equities in joint ventures and associated enterprises (continued)

### (c) Main financial information of important associated enterprises (continued)

	Maruetsu	Suning Consumer Finance Co., Ltd.	Lamabang	Suning Bank	Beijing Qili	Shenzhen Hengning	Suning Smart Life	Suning Financial Services Group	Japan LAOX
Current assets	121,574	3,543,230	302,971	50,455,706	87,001	21,913,291	6,639,372	50,652,453	3,804,540
Non-current assets	10,573	306,809	80,438	13,444,366	3,417	-	5,233,820	4,202,248	518,793
Total assets	132,147	3,850,039	383,409	63,900,072	90,418	21,913,291	11,873,192	54,854,701	4,323,333
•									
Current liabilities	50,189	3,075,618	94,014	59,742,722	34,876	743,026	5,578,011	21,266,701	2,082,897
Non-current liabilities	-	153,259	-	-	-	-	3,069,339	8,527,682	551,390
Total liabilities	50,189	3,228,877	94,014	59,742,722	34,876	743,026	8,647,350	29,794,383	2,634,287
•									
Shareholders' equity	81,958	621,162	289,395	4,157,350	55,542	21,170,265	3,225,842	25,060,318	1,689,046

December 31, 2019
Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Minority equity	-	-	-	-	-	-	349	(24,458)	(76,007)
Shareholders' equity attributable to the parent company	81,958	621,162	289,395	4,157,350	55,542	21,170,265	3,226,191	25,035,860	1,613,039
Net assets share calculated based on shareholding ratio (i)	24,587	304,369	28,940	1,247,205	10,681	10,373,430	1,129,167	10,300,227	480,202
Adjusting events									
- Goodwill	-	-	19,963	-	35,526	-	-	13,314,620	-
—Employee stock ownership plan							475	2,438	
Book value for equity investment of associated enterprises	24,587	304,369	48,903	1,247,205	46,207	10,373,430	1,129,642	23,619,314	480,202

VI Equities in other subjects (continued)

- (2) Equities in joint ventures and associated enterprises (continued)
- (c) Main financial information of important associated enterprises (continued)
- (i) Suning calculates its share of assets according to the shareholding ratio and the amount attributable to the parent company in the consolidated financial statement of associated enterprises. For the amount in the consolidated financial statement of associated enterprise, the fair value of identifiable net assets and liabilities of associated enterprise at the time of acquisition of investment and the impact of uniform accounting policy are taken into account.

		From January to June 2020								
	Maruets u	Suning Consumer Finance Co., Ltd.	Lamabang	Suning Bank	Beijing Qili	Shenzhen Hengning	Suning Smart Life	Suning Financial Services Group	Japan LAOX	Nanjing Hongxi
Operating revenue	140,926	252,276	11,042	1,152,418	267,199	752,649	1,596,527	3,496,795	2,474,550	-
Net profit	9,137	10,145	(12,719)	88,776	(4,748)	560,427	(1,211,491)	667,928	(923,168)	(3,631)

Suning.Com Co., Ltd	Ι.									
Notes to Financial St	atements									
For the six months en (Unless otherwise sp			unt shall be in	RMB, and the m	nonetary unit sh	nall be RMB 1,0	00)			
Other comprehensive income	-	-	-	(73,124)	-	-	79,334	-	(2,713)	-
Total comprehensive income	9,137	10,145	(12,719)	15,652	(4,748)	560,427	(1,132,157)	667,928	(925,881)	(3,631)
Dividend received by Suning from associated enterprises in current year	-	_	-	-	-		_	139,548		-

VI Equities in other subjects (continued)

(2) Equities in joint ventures and associated enterprises (continued)

(c) Main financial information of important associated enterprises (continued)

-											
-	Maruetsu	Suning Consumer Finance Co., Ltd.	Lamabang	Suning Bank	Beijing Qili	Greenland	Huatai Securities	Shenzhen Hengning	TCL Industrial Holdings	Wanda Commercial Managemen t	Suning Smart Life Holding Limited
Operating revenue	114,550	226,330	23,788	348,680	299,821	16,546	11,106,723	748,514	39,745,172	33,048,216	-
Net profit	1,469	(196,607)	(22,098)	9,477	(9,571)	13,483	4,056,932	557,352	435,196	9,484,593	694
Other comprehensive income	-	-	-	-	-	-	667,341	-	-	(800,574)	-
Total comprehensive income	1,469	(196,607)	(22,098)	9,477	(9,571)	13,483	4,724,273	557,352	435,196	8,684,019	694

From January to June 2019

Dividend received by Suning from associated enterprises in current year

(i) Suning calculates its share of assets according to the shareholding ratio and the amount attributable to the parent company in the consolidated financial statement of associated enterprises. For the amount in the consolidated financial statement of associated enterprise, the fair value of identifiable net assets and liabilities of associated enterprise at the time of acquisition of investment and the impact of uniform accounting policy are taken into account.

(ii) Other adjustment events include impairment provision and unacknowledged excess loss.

- VI Equities in other subjects (continued)
- (2) Equities in joint ventures and associated enterprises (continued)
- (d) Summary information of unimportant joint ventures and associated enterprises

	From January to June 2020	From January to June 2019
Joint ventures:		
Total book value of investment	-	10
The total number of following items calculated in proportion to the shareholding ratio		
Net income (i)	-	-
Other comprehensive income (i)	-	-
Total comprehensive income	-	-
Associated enterprises:		
Total book value of investment	1,207	6,475
The total number of following items calculated in proportion to the shareholding ratio		
Net income (i)	(4,858)	(17,531)
Other comprehensive income (i)	-	-
Total comprehensive income	(4,858)	(17,531) 474

(i) For the net income and other comprehensive income, the fair value of identifiable assets and liabilities at the time of acquisition of investment and the impact of adjusted uniform accounting policy are taken into account.

VII Segment information

Suning's reportable segments are business units that provide different products or services or operate in different regions. Suning's business mainly comes from mainland China and Hong Kong. As different regions need different technologies and market strategies, Suning independently manages the production and business activities of each reportable segment, evaluates operating results, and decides to allocate resources and evaluate performance.

Suning has 4 reportable segments:

- Mainland China retail segment. It is responsible for the sales and services of household appliances, consumer electronics and general merchandise in mainland China

- Mainland China Carrefour segment is responsible for the sales and service of FMCGs in mainland China

- Mainland China logistics segment. It is responsible for logistics services in mainland China

- Hong Kong and overseas segment. It is responsible for sales, foreign investment and other services in Hong Kong and other regions

The inter-segment transfer price is determined by reference to the price used for sales to third parties.

Assets are distributed according to the operation of segments and the location of assets. Liabilities are distributed according to the operation of segments. Expenses indirectly attributable to segments are distributed among segments according to the income proportion.

- VII Segment information (continued)
- (a) The information related to segments from January to June, 2020 and on June 30, 2020 is as follows:

	Mainland China retail segment	Mainland China Carrefour segment	Mainland China logistics segment	Hong Kong and overseas segment	Set-off of report divisions	Total
Operating revenue	99,164,285	13,999,710	5,434,714	3,722,114	(3,896,993)	118,423,830
Including: foreign transaction income	98,535,232	13,951,802	2,245,273	3,691,523		118,423,830
Cost of revenues	(87,706,718)	(11,273,440)	(4,905,642)	(3,499,242)	6,764,613	(100,620,429)
Taxes and surcharges	(249,507)	(37,789)	(94,079)	(67,804)		(449,179)
Sales cost	(6,760,160)	(2,727,220)	(707,641)	(197,734)	(3,015,464)	(13,408,219)
Administrative cost	(1,593,832)	(258,221)	(230,490)	(63,474)	9,301	(2,136,716)
R&D cost	(1,193,672)	(24,751)	(110,106)	(3)	138,543	(1,189,989)
Net financial cost	(1,777,439)	(10,796)	3,814	7,627		(1,776,794)
Impairment loss on assets	(101,219)	(3,568)	(868)	(1,143)		(106,798)
Credit impairment (loss) / reversal	(25,646)	1,458	(25,322)	1,244		(48,266)
(Losses) / gains from change in fair value	(482,427)	-	-	(329,542)		(811,969)
Investment income /(loss)	699,287	-	855,309	(615,460)		939,136
Including: investment income of joint ventures and associated enterprises	574,383	-	13,494	(697,501)		(109,624)
Loss / gain on asset disposal	(5,871)	-	(3,835)	-		(9,706)
Other income	354,220	30,553	195,629	-		580,402

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Operating incomes / (losses)	321,301	(304,064)	411,483	(1,043,417)		(614,697)
Non-operating revenue	85,041	35,459	29,428	10,581		160,509
Non-operating expenses	(67,259)	(961)	(14,851)	(920)		(83,991)
Total incomes / (losses)	339,083	(269,566)	426,060	(1,033,756)		(538,179)
Income tax expenses	55,111	45,116	(104,149)	(6)		(3,928)
Net (loss) / income	394,194	(224,450)	321,911	(1,033,762)		(542,107)
Total assets	185,951,420	14,918,532	27,856,223	30,299,945	(28,924,951)	230,101,169
Total liabilities	129,513,821	13,657,827	23,243,206	6,261,846	(28,924,951)	143,751,749
Long-term equity investment in associated enterprises and joint ventures	36,081,007	-	2,017,246	1,344,358		39,442,611
Increase / (decrease) in non-current assets (i)	(574,644)	(645,891)	(1,104,302)	(21,517)		(2,346,354)

(i) Non-current assets exclude financial assets, long-term equity investments and deferred income tax assets.

## VII Segment information (continued)

(b) The information related to segments from January to June, 2019 and on June 30, 2019 is as follows:

	Mainland China retail segment	Mainland China finance segment	Japan and overseas segment	Mainland China logistics segment	Set-off of report divisions	Total
Operating revenue	126,180,287	2,166,257	5,741,671	6,648,726	(5,165,762)	135,571,179
Including: foreign transaction income	125,547,513	1,877,789	5,706,486	2,439,391		135,571,179
Cost of revenues	(102,500,881)	(753,710)	(4,473,578)	(6,131,800)	(2,672,391)	(116,532,360)
Taxes and surcharges	(449,194)	(17,344)	(5,156)	(61,594)		(533,288)
Sales cost	(20,194,486)	(443,379)	(1,186,296)	(780,802)	6,176,150	(16,428,813)
Administrative cost	(3,361,027)	(129,070)	(351,908)	(248,549)	1,394,375	(2,696,179)
R&D cost	(1,414,602)	(162,251)	(2,643)	(95,109)	216,965	(1,457,640)
Net financial cost	(1,565,701)	648	44,398	3,464	50,663	(1,466,528)
Impairment loss on assets	(161,279)	-	(32,884)	-		(194,163)
Credit impairment loss	(104,869)	(196,625)	(22,140)	(7,361)		(330,995)
Gain or loss from fair value changes	234,722	18,448	(89,724)	10,593		174,039
Investment income	4,257,142	54,040	587,945	175,407		5,074,534
Including: investment income of joint ventures and associated enterprises	371,772	-	202,089	9,786		583,647
Loss / gain on asset disposal	(1,323)	-	-	(1,393)		(2,716)
Other income	114,563	24,385	-	51,930		190,878

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Operating incomes / (losses)	1,033,352	561,399	209,685	(436,488)		1,367,948
Non-operating revenue	80,752	149	656,510	59,310		796,721
Non-operating expenses	(70,791)	(565)	(45,662)	(12,492)		(129,510)
Total incomes / (losses)	1,043,313	560,983	820,533	(389,670)		2,035,159
Income tax expenses	152,177	(107,611)	(69,397)	72,568		47,737
Net incomes/(losses)	1,195,490	453,372	751,136	(317,102)		2,082,896
Total assets	126,673,268	64,251,613	36,193,514	53,697,695	(61,867,727)	218,948,363
Total liabilities	103,231,073	39,614,695	4,534,369	44,827,488	(61,867,727)	130,339,898
Long-term equity investment in associated	/=					
enterprises and joint ventures	17,623,805	-	13,657,770	1,249,660		32,531,235
Increase in non-current						
assets (i)	2,460,748	373,716	578,568	1,705,100		5,118,132

(i) Non-current assets exclude financial assets, long-term equity investments and deferred income tax assets.

- VII Segment information (continued)
- (c) The total foreign transaction income of Suning in China and other countries, and the total non-current assets of Suning in China and other countries except the financial assets, long-term equity investment and deferred income tax assets are as follows:

Foreign transaction income	From January to June 2020	From January to June 2019
Mainland China	114,732,307	129,864,693
Hong Kong and overseas	3,691,523	5,706,486
	118,423,830	135,571,179
Total non-current assets	June 30, 2020	June 30, 2019
Mainland China	52,380,769	38,190,646
Hong Kong and overseas	58,690	2,515,837
	52,439,459	40,706,483

- VIII Related Party Relationships and Transactions
- (1) Actual controller
- (a) Suning's actual controller is Mr. Zhang Jindong.
- (b) Shareholding ratio and voting rights ratio of the actual controller to Suning

	June 30,	2020	December 31, 2019			
	Shareholding ratio		Shareholding ratio			
	(direct + indirect)	Voting rights ratio	(direct + indirect)	Voting rights ratio		
Mr. Zhang Jindong (note)	33.30%	24.94%	33.30%	24.94%		

Note: On June 30, 2020, Mr. Zhang Jindong has directly held 20.96% shares of Suning and 50% equity of Suning Appliance Group Co., Ltd.; Mr. Zhang Jindong, Mr. Zhang Kangyang and Nanjing Runxian Enterprise Management Center (Limited Partnership) ("Nanjing Runxian") held 51%, 39% and 10% equity of Suning Holdings Group Co., Ltd. ("Suning Holdings Group") respectively, and Mr. Zhang Jindong held 80% equity of Nanjing Runxian. Suning Appliance Group Co., Ltd. and Suning Holdings Group have directly held 19.99% and 3.98% equity of Suning respectively.

(2) Information of subsidiary

The basic information and relevant information of the subsidiary are given in Note VI (1) (a).

(3) Information of joint ventures

For the basic information of joint ventures, please refer to Note VI (2) (a).

(4) Information of associated enterprises

For the basic information of associated enterprises, please refer to Note VI (2) (a).

VIII Related Party Relationship and Transaction (continued)

(5) Profile of other related parties

Name of related parties	Relationship with Suning
Suning Real Estate Group Co., Ltd. ("Suning Real Estate")	Holding subsidiaries of related shareholders of Suning
Suning Appliance Group Co., Ltd.	An institutional shareholder holding more than 5% shares of Suning
Suning Holdings Group	Under the control of the same actual controller as Suning
Shanghai Suning Real Estate Development Co., Ltd. ("Shanghai Suning Real Estate Development")	Subsidiaries of Suning Real Estate Group
Jiangsu Suning Plaza Commercial Management Co., Ltd. ("Jiangsu Suning Commercial Management")	Subsidiaries of Suning Real Estate Group
Nanjing Dingchen Architectural Design Co., Ltd. ("Nanjing Dingchen')	Subsidiaries of Suning Real Estate Group
Qingliangmen Branch of Suning Real Estate Group Co., Ltd. ("Qingliang Gate Branch of Suning Real Estate")	A branch of Suning Real Estate Group
45 galaxy property companies under Suning Real Estate Group	Subsidiaries of Suning Real Estate Group
36 real estate, building materials companies and branches under Suning Real Estate Group	Subsidiaries of Suning Real Estate Group and branches of subsidiaries
19 hotels, catering companies and branches under Suning Real Estate Group	Subsidiaries of Suning Real Estate Group and branches of subsidiaries
40 studios, cinema companies and branches under Suning Holdings Group	Subsidiaries of Suning Holdings Group and branches of subsidiaries
Shanghai Juli Media Technology Co., Ltd. ("Shanghai Juli")	Subsidiaries of Suning Holdings Group
Nanjing Juli Media Technology Co., Ltd. ("Nanjing Juli")	Subsidiaries of Suning Holdings Group
Tianjin Juli Media Technology Co., Ltd. ("Tianjin Juli")	Subsidiaries of Suning Holdings Group
Taicang Juyitang Network Technology Co., Ltd. ("Taicang Juyitang Network")	Subsidiaries of Suning Holdings Group
Synapse Computer System (Shanghai) Co., Ltd. ("Synapse Computer")	Subsidiaries of Suning Holdings Group
Nanjing Suning Yicai Technology Co., Ltd. ("Nanjing Suning Yicai Technology")	Subsidiaries of Suning Holdings Group

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall b	e in RMB, and the monetary unit shall be RMB
1,000)	

1,000)	
JIANGSU INTER BUSINESS DEVELOPMENT CO., LTD. ("Jiangsu Inter Business")	Subsidiaries of Suning Holdings Grou
Shanghai Chengyu Media Technology Co., Ltd. ("Shanghai Chengyu")	Subsidiaries of Suning Holdings Grou
Suning Sports and Cultural Media (Beijing) Co., Ltd. ("Suning Sports and Cultural Media")	Subsidiaries of Suning Holdings Grou
Jiangsu Suning Sports Industry Co., Ltd. ("Jiangsu Suning Sports Industry")	Subsidiaries of Suning Holdings Grou
Jiangsu Suning Sports Goods Co., Ltd. ("Jiangsu Suning Sports Goods")	Subsidiaries of Suning Holdings Grou
Nanjing Juyiteng Network Technology Co., Ltd. ("Nanjing Juyiteng Network Technology")	Subsidiaries of Suning Holdings Grou
Jiangsu Suning Commercial Management Co., Ltd. ("Suning Commercial Management")	Subsidiaries of Suning Holdings Grou
Beijing Jingzhao Suning Appliance Co., Ltd. ("Beijing Jingzhao")	Subsidiaries of Suning Holdings Grou
Suning Rundong Equity Investment Management Co., Ltd. ("Suning Rundong")	Subsidiaries of Suning Holdings Grou
Suning Plaza Shopping Branch of Lianyungang Suning Real Estate Co., Ltd. (Suning Plaza Branch of Lianyungang Suning Real Estate)	Branches of subsidiaries of Suning Holding Grou
Suning Sofitel Hotel of Lianyungang Suning Real Estate Co., Ltd. ("Sofitel of Lianyungang Suning Real Estate")	Branches of subsidiaries of Suning Holding Grou
Chengdu Hongye Real Estate Co., Ltd. and its branches	Subsidiaries of Suning Holdings Group ar branches of subsidiarie
2 culture and cinema chain investment companies under Suning Holdings Group	Subsidiaries of Suning Holdings Grou
Other 12 sports companies under Suning Holdings Group	Subsidiaries of Suning Holdings Grou
2 football club companies under Suning Real Estate Group	Subsidiaries of Suning Real Estate Grou
3 Tongshi Mingtai companies under Suning Holdings Group	Subsidiaries of Suning Holdings Grou
5 management consulting companies under Suning Holdings Group	Subsidiaries of Suning Holdings Grou

VIII Related Party Relationship and Transaction (continued)

(5) Profile of other related parties (continued)

Name of related parties Relationship with Suning Subsidiaries of Suning Holdings 4 investment companies under Suning Holdings Group Group Subsidiaries of Suning Holdings 108 Sufu, Suyuan companies under Suning Holdings Group Group Beijing Chinatown Chamber of Commerce Conference Center Co., Ltd. Subsidiaries of Suning Appliance ("Chinatown Chamber of Commerce Conference Center") Group Co., Ltd. Wuxi Suning Business Management Co., Ltd ("Wuxi Business Subsidiaries of Suning Appliance Management") Group Co., Ltd. Nanjing Suning Galaxy International Shopping Plaza Co., Ltd. ("Galaxy Subsidiaries of Suning Appliance Group Co., Ltd. International Shopping Plaza") Qingdao Suning Home Appliance Industrial Park Co., Ltd. ("Qingdao Subsidiaries of Suning Appliance Suning Home Appliance Industrial Park") Group Co., Ltd. A branch of Suning Appliance Nanjing Xinjiekou Suning Novotel Hotel of Suning Appliance Group Co., Ltd. ("Xinjiekou Novotel Hotel") Group Co., Ltd. Subsidiaries of Suning Appliance 25 assets management companies under Suning Appliance Group Co., I td. Group Co., Ltd. Nanjing Zhongshan International Golf Real Estate Co., Ltd. ("Zhongshan The actual controller is a member Golf Real Estate") of Mr. Zhang Jindong's family. Sofitel Zhongshan Golf Hotel of Nanjing Zhongshan International Golf Real Estate Co., Ltd. ("Sofitel Zhongshan Golf Hotel") The actual controller is a member of Mr. Zhang Jindong's family. Golf Club Branch of Nanjing Zhongshan International Golf Real Estate Co., Ltd. ("Zhongshan Golf Club") The actual controller is a member of Mr. Zhang Jindong's family. An institutional shareholder holding more than 5% shares of Taobao (China) Software Co., Ltd. ("Taobao (China)") Suning Ultimate holding company of institutional shareholders holding more than 5% shares of Suning and its subsidiaries Alibaba Group ("Alibaba")

Suning CVS and its subsidiaries	An associated company of Suning and its subsidiaries
Suning Financial Services Group and its subsidiaries	An associated company of Suning and its subsidiaries
Laox and its subsidiaries	An associated company of Suning and its subsidiaries
46 subsidiaries of TCL Industrial Holdings ("TCL subsidiaries")	Suning has a significant influence on them

VIII Related Party Relationship and Transaction (continued)

(5) Profile of other related parties (continued)

Name of related parties	Relationship with Suning
Shanghai Quanguang Commercial Management Co., Ltd. ("Shanghai Quanguang")	A wholly owned subsidiary of an joint company of Suning
Chongqing Jingfu Zhongxing Commercial Management Co., Ltd. ("Chongqing Jingfu")	A wholly owned subsidiary of an joint company of Suning
Hunan Guikang Commercial Management Co., Ltd. ("Hunan Guikang")	A wholly owned subsidiary of an joint company of Suning
Xuzhou Fukai Commercial Management Co., Ltd. ("Xuzhou Fukai")	A wholly owned subsidiary of an joint company of Suning
Shanghai Hushen Suning Electric Co., Ltd. ("Shanghai Hushen")	A wholly owned subsidiary of an joint company of Suning
Shenyang Suning Logistics Co., Ltd. ("Shenyang Suning")	A wholly owned subsidiary of an joint company of Suning
Chongqing Shouheng Logistics Co., Ltd. ("Chongqing Shouheng")	A wholly owned subsidiary of an joint company of Suning
Xuzhou Suning Commerce Logistics Co., Ltd. ("Xuzhou Suning")	A wholly owned subsidiary of an joint company of Suning
Hunan Suning Purchase Co., Ltd. ("Hunan Suning")	A wholly owned subsidiary of an joint company of Suning
Shaanxi Junshanfeng	A wholly owned subsidiary of an joint company of Suning
Neijiang Haojie	A wholly owned subsidiary of an joint company of Suning
Foshan Jingling	A wholly owned subsidiary of an joint company of Suning
Ningbo Shenglin	A wholly owned subsidiary of an joint company of Suning
Changsha Guikun	A wholly owned subsidiary of an joint company of Suning
Shaanxi Suning Yida	A wholly owned subsidiary of an joint company of Suning

Foshan Suning Yida	A wholly owned subsidiary of an joint company of Suning
Neijiang Suning Yida	A wholly owned subsidiary of an joint company of Suning
Ningbo Suning Yida	A wholly owned subsidiary of an joint company of Suning
Hunan Suning Yida	A wholly owned subsidiary of an joint company of Suning
Jiangsu Chenyi	A wholly owned subsidiary of an joint company of Suning
Nanjing Luchang	A wholly owned subsidiary of an joint company of Suning
Nanjing Yourong	A wholly owned subsidiary of an joint company of Suning
Zhongshan Suning Logistics (i)	A wholly owned subsidiary of an joint company of Suning
Wenzhou Suning Purchase (ii)	A wholly owned subsidiary of an joint company of Suning
Shandong Boning Suning.Com Commercial and Trading (ii)	A wholly owned subsidiary of an joint company of Suning
Hubei Suning Logistics (ii)	A wholly owned subsidiary of an joint company of Suning
Xi'an High-tech Zone Yida Logistics (ii)	A wholly owned subsidiary of an joint company of Suning
Tianjin Jinning Yida Logistics (ii)	A wholly owned subsidiary of an joint company of Suning
Dalian Wanda Commercial Management Group Co., Ltd. ("Wanda Commercial Management")	Suning has a significant influence on them

 In 2020, Suning transferred 100% equity of Zhongshan Suning Logistics to Yunxiang Warehouse Logistics Phase II Fund, a joint company of Suning (Note V (1)). Therefore, Zhongshan Yida Logistics is a related party of Suning. The transactions with related party of Zhongshan Yida Logistics disclosed during the reporting period are ones from January 15, 2020 to June 30, 2020.

<sup>(</sup>ii) In 2020, Suning transferred 100% equity of the 5 Yida logistics companies to Yunxiang Warehouse Logistics Phase III Fund, a joint venture of Suning (Note V (1)). Therefore, the 5 Yida logistics companies are a related party of Suning. The transactions with related party of the 5 Yida logistics companies disclosed during the reporting period are ones from June 29, 2020 to June 30, 2020.

VIII Related Party Relationship and Transaction (continued)

- (6) Related party transactions
- (a) Purchasing and selling goods, providing and accepting labor services

## Sell goods and provide related services

Related parties	Contents of relation		Pricing policy for related party transactions	From January to June 2020	From January to June 2019
Suning CVS and its subsidiaries	Sell goods and related services	provide	Market price	1,061,774	-
Real estate, building materials companies and branches under Suning Real Estate Group		provide	Market price	113,636	16,631
Studios, cinema companies and branches under Suning Holdings Group		provide	Market price	17,315	12,804
Hotels, catering companies and branches under Suning Real Estate Group		provide	Market price	12,286	4,868
Sufu, Suyuan companies under Suning Holdings Group		provide	Market price	11,675	42,632
Suning Appliance Group Co., Ltd.	Sell goods and related services	provide	Market price	2,307	246
Nanjing Juli	Sell goods and related services	provide	Market price	-	57,275
Suning Bank	Sell goods and related services	provide	Market price	-	10,099
Other related parties	Sell goods and related services	provide	Market price	2,473	13,574

1,221,466 158,129

VIII Related Party Relationship and Transaction (continued)

(6) Related party transactions (continued)

#### (b) Purchasing goods

	From January to June 2020	From January to June 2019
TCL subsidiaries	556,134	1,418,638
Tongshi Mingtai companies under Suning Holdings Group	135,143	407,480
Laox and its subsidiaries	63,377	-
Alibaba	60,529	1,860
Mitsubishi Heavy Industries Air-conditioners	7,197	76,465
Suning CVS and its subsidiaries	6,640	-
Jiangsu Suning Sports Goods	1,811	-
	830,831	1,904,443
	830,831	1,904,443

# (c) Provide logistics after-sale, labor outsourcing services

	From January to June 2020	From January to June 2019
Alibaba	184,763	254,059
Suning CVS and its subsidiaries	87,767	-

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000) 3 Tongshi Mingtai companies under Suning Holdings Croup

Suning Holdings Group	10,060	17,028
Suning Sports and Cultural Media	2,936	1,398
Suning Consumer Finance Co., Ltd.	-	4,948
Suning Bank	-	1,075
Other related parties	2,194	306
	287,720	278,814

# (d) Accept engineering design service

	From January to June 2020	From January to June 2019
Nanjing Dingchen	2,490	286

VIII Related Party Relationship and Transaction (continued)

- (6) Related party transactions (continued)
- (e) Provide information technology consulting service

	From January to June 2020	From January to June 2019
Suning Financial Services Group and its subsidiaries	153,799	-
Suning CVS and its subsidiaries	51,161	-
Suning Bank	5,173	583
Shanghai Juli	4,506	19
45 galaxy property companies under Suning Real Estate Group	2,883	-
2 culture and cinema chain investment companies under Suning Holdings Group	-	605
Suning Consumer Finance Co., Ltd.	88	-
	217,610	1,207

(f) Accept investment attraction operation service

	From January to June 2020	From January to June 2019
Suning Real Estate	816	-

Ì,000)

Jiangsu Commercial N	Suning /anagement	5,412	4,289
		6,228	4,289

(g) Provide marketing service

	From January to June 2020	From January to June 2019
Real estate, building materials companies and branches under Suning		
Real Estate Group	245,283	-
Alibaba	162,228	356,946
Wanda Commercial Management	83,178	-
Suning Sports and Cultural Media	11,188	73,829
Nanjing Juli	9,386	-
Shanghai Juli	562	26,041
Jiangsu Inter Business	18	-
Jiangsu Suning Sports Goods	-	6,028
Suning Financial Services Group and its subsidiaries	-	-
Suning Bank	-	35,127
	511,843	497,971

#### VIII Related Party Relationship and Transaction (continued)

## (6) Related party transactions (continued)

#### (h) Interest

	From January to June 2020	From January to June 2019
Alibaba	-	19,386
Suning Financial Services Group and its subsidiaries	103,582	-
	103,582	19,386

# (i) Leased

#### Suning acts as leasee:

Name of the lessor	Type of leasing asset	From January to June 2020	From January to June 2019
Wanda Commercial Management	Wanda Dept. Store	463,460	-
Chongqing Shouheng	Chongqing Logistics Base	62,962	22,565
Hunan Suning Yida Logistics	Changsha Wangcheng Logistics Base	52,498	-
Shanghai Hushen	Shanghai Logistics Base	51,370	50,281
Assets management companies under Suning Appliance Group Co., Ltd.	Shanghai Pudong Store 1	36,526	35,072
Nanjing Yourong	Guangzhou Logistics Base	32,927	-
Shenyang Suning	Liaoning Logistics Base	25,629	25,021
Suning Real Estate	Xinjiekou Store	18,082	33,028
Nanjing Luchang	Wuxi Logistics Base	17,771	-
Ningbo Suning Yida Logistics Investment	Ningbo Logistics Base	17,091	-

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)  $\,$ 

Assets management companies under Suning Appliance Group Co., Ltd.	Chongqing Guanyin Bridge Store	16,201	31,459
Jiangsu Chenyi	Nanchang Logistics Base	15,965	
Zhongshan Suning Logistics	Zhongshan Logistics Base	15,370	-
Assets management companies under Suning Appliance Group Co., Ltd.	Tianjin Hai Guang Temple Store	15,104	7,317
Wuxi Business Management	Wuxi Suning Plaza Store	12,838	12,873
Shaanxi Suning Yida Logistics	Xi'an Logistics Base	12,732	-
Xuzhou Suning	Xuzhou Logistics Base	12,649	14,551
Assets management companies under Suning Appliance Group Co., Ltd.	Store at Chunxi Road, Chengdu	12,078	24,738
Assets management companies under Suning Appliance Group Co., Ltd.	Dalian Shengli Plaza Store	10,828	9,681
Assets management companies under Suning Appliance Group Co., Ltd.	Chongqing Jiefangbei Store	10,785	20,942
Hunan Suning	Changsha Logistics Base	9,893	9,480
Chengdu Hongye Real Estate Co., Ltd. and its branches	Tianfu Flyover Store	9,685	11,126
Assets management companies under Suning Appliance Group Co., Ltd.	Beijing Tongzhou West Gate Store	9,330	23,696
Assets management companies under Suning Appliance Group Co., Ltd.	Wuhan Central South Store	9,169	14,577
Assets management companies under Suning Appliance Group Co., Ltd.	Changzhou South Street Store	8,508	16,521
Assets management companies under Suning Appliance Group Co., Ltd.	Kunming Small Garden Store	8,192	15,906
Assets management companies under Suning Appliance Group Co., Ltd.	Beijing Liujiayao Bridge East Store	7,985	15,505

VIII Related Party Relationship and Transaction (continued)

(6) Related party transactions (continued)

(i) Lease (continued)

## Suning acts as leasee (continued):

Assets management companies under Suning Appliance Group Co., Ltd.	Jinan Quancheng Road Store 2	7,810	7,563
Other related parties	Other stores	7,281	21,011
Assets management companies under Suning Appliance Group Co., Ltd.	Xi'an Jinhua Road Store	6,437	12,444
Assets management companies under Suning Appliance Group Co., Ltd.	Jiaxing Jiangnan Mall Store	6,031	5,856
Assets management companies under Suning Appliance Group Co., Ltd.	Zhengzhou Mianfang Road Store	4,819	4,730
Assets management companies under Suning Appliance Group Co., Ltd.	Store at Neijiang Department Store	4,460	4,330
Assets management companies under Suning Appliance Group Co., Ltd.	Chengdu West Street Store	4,191	8,333
Assets management companies under Suning Appliance Group Co., Ltd.	Xiamen Fortune Bay Store	4,191	6,108
Assets management companies under Suning Appliance Group Co., Ltd.	Chengdu Wannianchang Store	4,147	8,052
Assets management companies under Suning Appliance Group Co., Ltd.	Datong Suning Appliance Plaza Store	3,994	8,282
Assets management companies under Suning Appliance Group Co., Ltd.	Chenzhou Guoqing North Road Store	3,147	3,052
Real estate, building materials companies and branches under Suning Real Estate Group	Fuzhou Suning Plaza Store	3,020	5,977
Beijing Jingzhao	Beijing Balizhuang Life Square Appliance Store	2,980	3,185
Assets management companies under Suning Appliance Group Co., Ltd.	Taizhou Xibakou Store 2	2,240	4,415
Assets management companies under Suning Appliance Group Co., Ltd.	Beijing Qingta West Road Store	2,216	2,152
Wuxi Business Management	Wuxi Jiwu Store	2,096	

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Suning Appliance Group Co., Ltd.	Xinjiekou Suning Appliance Plaza Store	1,257	4,808
Assets management companies under Suning Appliance Group Co., Ltd.	Wuhan Tangjiadun Store	886	12,715
Real estate, building materials companies and branches under Suning Real Estate Group	Xuzhou Jiwu Store	259	-
Real estate, building materials companies and branches under Suning Real Estate Group	Li Village Suning Appliance Plaza Store	-	8,293
Qingdao Suning Home Appliance Industrial Park	Qingdao Chengyang Logistics Base	-	2,441
Real estate, building materials companies and branches under Suning Real Estate Group	Huai'an Suning Life Square Store	-	2,781
Real estate, building materials companies and branches under Suning Real Estate Group	Anshan Suning Plaza		2,285
		1,047,090	533,152

VIII Related Party Relationship and Transaction (continued)

- (6) Related party transactions (continued)
- (i) Lease (continued)

## Suning acts as lessor:

Name of the lessee	Type of leasing asset	From January to June 2020	From January to June 2019
Hotels, catering companies and branches under Suning Real Estate Group	Building 01J, Rizhao Suning Plaza	5,441	10,365
Other sports companies under Suning Holdings Group	1-2F, Nanjing Commerce and Trade Center Store	5,305	10,610
Hotels, catering companies and branches under Suning Real Estate Group	Novotel Hotel	5,174	10,348
Real estate, building materials companies and branches under Suning Real Estate Group	Commercial land A, Suqian Life Plaza	4,524	-
Suning Financial Services Group and its subsidiaries	Office area of branches of Suning Financial Services Group	3,863	-
Studios, cinema companies and branches under Suning Holdings Group	Headquarters Wangzhuang Lake	2,545	1,265
Suning CVS and its subsidiaries	Stores of Suning CVS	2,499	-
Suning Real Estate	10F and 7-12F, Building 1, Suning Headquarters	1,418	4,283
Suning Consumer Finance Co., Ltd.	5-6F, Building 5, Suning Headquarters	877	3,220
2 football club companies under Suning Real Estate Group	3F, Building 5, Suning Headquarters	738	738
Studios, cinema companies and branches under Suning Holdings Group	Store 503, 5F, Fengxian Suning Plaza	656	1,064

#### Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)  $\,$ 

Jiangsu Suning Commercial Management	Partial region of Floor 11, Building 1, Suning Headquarters	478	961
Studios, cinema companies and branches under Suning Holdings Group	Store 605, 6F, Chuzhou Suning Plaza	453	1,179
Galaxy property companies under Suning Real Estate Group	Headquarters office area, Xuzhuang	370	744
Shanghai Juli	Partial region of Floor 6, Zhongshan Square Building	270	49
Studios, cinema companies and branches under Suning Holdings Group	Store 501, 5F, Baotou Suning Plaza	251	1,221
Real estate, building materials companies and branches under Suning Real Estate Group	Partial region of 8F, Building 1, Suning Headquarters	232	466
Other sports companies under Suning Holdings Group	Store 201, 2F, Xi'an Suning Life Square	229	421
Studios, cinema companies and branches under Suning Holdings Group	Store 601, 6F, Rizhao Suning Plaza	209	260
Suning Bank	2#-1F, Anime Corridor	64	1,289
Studios, cinema companies and branches under Suning Holdings Group	4-5F, Yixing Suning Life Square	59	552
Suning Appliance Group Co., Ltd.	15F, Building 1, Suning Headquarters	-	702
Studios, cinema companies and branches under Suning Holdings Group	Store 601, 6F, Jining Suning Plaza	-	532

VIII Related Party Relationship and Transaction (continued)

- (6) Related party transactions (continued)
- (i) Lease (continued)

## Suning acts as lessor (continued):

Studios, cinema companies and branches under Suning Holdings Group	4-5F, Wujin Suning Life Square	-	573
Studios, cinema companies and branches under Suning Holdings Group	2F, Yifeng Modern City, No. 169, Jinma Road, Development Zone, Dalian	-	480
Culture and cinema chain investment companies under Suning Holdings Group	Partial region of 4F, Building 5, Suning Headquarters	-	634
Others	Various stores and office areas	8,232	6,438
		43,887	58,394

## (j) Guarantee

Suning acts as the guarantor:

Secured party	Amount guaranteed	Starting date of guarantee	Due date of guarantee	Has the guarantee been finished
Suning Financial Services (Shanghai) Co., Ltd.	872,956	2019/1/9	2022/1/5	No
Suning Financial Services (Shanghai) Co., Ltd.	601,402	2019/1/9	2022/1/5	No
Suning Financial Services (Shanghai) Co., Ltd.	166,472	2019/2/21	2022/1/5	No
Suning Financial Services (Shanghai) Co., Ltd.	1,000,000	2019/6/28	2022/6/28	No
Suning Financial Services (Shanghai) Co., Ltd.	250,050	2019/7/10	2020/6/30	Yes

Suning.Com Co., Ltd. Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Suning Financial Services (Shanghai) Co., Ltd.	46,418	2019/7/31	2020/7/30	No
Suning Financial Services (Shanghai) Co., Ltd.	743,901	2019/9/27	2022/9/23	No
Suning Commercial Factoring Co., Ltd.	300,600	2019/1/31	2020/1/30	Yes
Suning Commercial Factoring Co., Ltd.	50,100	2019/2/19	2020/2/18	Yes
Suning Commercial Factoring Co., Ltd.	150,300	2019/5/17	2020/5/16	Yes
Suning Commercial Factoring Co., Ltd.	150,300	2019/6/4	2020/5/29	Yes
Suning Commercial Factoring Co., Ltd.	82,300	2019/7/11	2020/7/10	No
Suning Commercial Factoring Co., Ltd.	66,265	2019/7/29	2020/1/25	Yes
Suning Commercial Factoring Co., Ltd.	28,914	2019/7/31	2020/1/27	Yes
·	4,509,978			

VIII Related Party Relationship and Transaction (continued)

Related party(6) transactions (continued)

(j) Guarantee (continued)

Suning acts as the guarantor:

From January to June of 2020, Suning provided a total amount of guarantee for Suning Financial Services Group to borrow money from financial institutions of about RMB 3.681 billion, and a total amount of guarantee for Suning Commercial Factoring Co., Ltd. ("Suning Factoring") to borrow money from financial institutions of about RMB 829 million.

(k) Interest income

	From January to June 2020	From January to June 2019
Suning Consumer Finance Co., Ltd.	9,152	1,369
Suning Bank	7,312	-
Total	16,464	1,369

(I) Accept project management service

From January to June 2020 From January to June 2019
Suning Real Estate	4,520	23,129
36 real estate, building materials companies and branches under Suning Real		
Estate Group	-	1,279
	4,520	24,408

VIII Related Party Relationship and Transaction (continued)

Related party(6) transactions (continued)

(m) Accept property service

	From January to June 2020	From January to June 2019
45 Galaxy property companies under Suning Real Estate Group		
-	106,268	84,974

(n) Catering and meeting services provided by related parties for Suning

	From January to June 2020	From January to June 2019
19 hotels, catering companies and branches under Suning Real Estate Group	3,737	7,070
Sofitel Zhongshan Golf Hotel	-	1,116
Chinatown Chamber of Commerce Conference Center	-	520
Xinjiekou Novotel Hotel	70	281

3,807	8,987

## (o) Accept the supporting property service of the self-built store for sale

	From January to June 2020	From January to June 2019
Suning Real Estate	-	22,581
Shanghai Suning Real Estate Development	-	22,396
	-	44,977

VIII Related Party Relationship and Transaction (continued)

	Related	party
(6)	transactions (co	ntinued)

## (p) Accept marketing service

	From January to June 2020	From January to June 2019
Alibaba	473,107	309,919
Suning Sports and Cultural Media	88,639	16,703
Jiangsu Suning Sports Industry	64,382	36,952
Suning Financial Services Group and its subsidiaries	35,991	-
Shanghai Juli	17,340	81,062
Nanjing Juli	13,616	-
Suning Consumer Finance Co., Ltd.	10,818	23,280
Tianjin Juli	7,788	-
Nanjing Juyiteng Network Technology	6,449	-
2 football club companies under Suning Real Estate Group	1,796	70,748
Taobao (China)	477	18,006
Jiangsu Suning Sports Goods	331	3,636
Taicang Juyitang Network	236	-
Other sports companies under Suning Holdings Group	113	-

Suning.Com Co., Ltd.
Notes to Financial Statements
For the six months ended June 30, 2020
(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Suning Bank	-	3,172
	721,083	563,478
Replenish capital to related parties		
	From January to June 2020	From January to June 2019
Suning Consumer Finance Co., Ltd.	-	90,923

(q)

VIII Related Party Relationship and Transaction (continued)

Related party(6) transactions (continued)

(r) Trademark License Agreement

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

(1) On April 20, 2002, the 2001 annual shareholders' meeting of Suning approved and agreed Suning Universal Group, its wholly-owned and holding subsidiaries and companies with actual control power to use the series of registered trademarks of "蘇寧" (traditional Chinese), and combination of "苏宁" (simplified Chinese) and "NS" free of charge in the specified investment industry.

(2) On March 20, 2008, the 2007 annual shareholders' meeting of Suning agreed to license Suning Appliance Group Co., Ltd., its wholly-owned and holding subsidiaries and companies with actual control rights to use some " 蘇 寧 " (traditional Chinese) series registered trademarks (traditional Chinese) and some "苏宁" (simplified Chinese) and "NS" series registered trademarks.

On May 15, 2008, Suning signed a *Trademark License Agreement* with Suning Appliance Group Co., Ltd. It was agreed that since June 1, 2008, Suning Appliance Group Co., Ltd. would be allowed to use part of the registered trademarks indefinitely for compensation within the exclusive right period of the series of registered trademarks of "蘇寧" (traditional Chinese), and part of combination of "苏宁" (simplified Chinese) and "NS" owned by Suning, with an annual trademark use fee of RMB 1 million.

(3) On March 31, 2009, the 2008 annual shareholders' meeting of Suning agreed Suning Appliance Group Co., Ltd. and 20% above (including 20%) directly or indirectly held companies to use some of the Company's registered "苏宁" trademarks in Chinese characters and "Suning" series of trademarks in pinyin.

On June 26, 2009, Suning signed a *Trademark License Agreement* with Suning Appliance Group Co., Ltd. It was agreed that since the date of the agreement, Suning Appliance Group Co., Ltd. would be allowed to use part of the registered trademarks indefinitely for compensation within the exclusive right period of the series of registered trademarks of "苏宁" (simplified Chinese) and "Suning" in pinyin, with an annual trademark use fee of RMB 1 million.

As of the date of issuance of the report, Suning Appliance Group Co., Ltd. paid Suning a trademark license fee of RMB 2 million in 2020.

VIII Related Party Relationship and Transaction (continued)

Related party(6) transactions (continued)

(r) Trademark License Agreement (continued)

(4) On April 22, 2016, the Proposal on Related Party Transactions on Partial Trademark Assignment and Use License was deliberated and passed on the 2015 annual general meeting of the Company. Globally, the Company agreed that Suning Holdings Group and its subsidiaries can use the trademark with the word "Suning" in non-main business scope (including license and sublicense), that is, the trademark with the word "Suning" in the non-main business scope (simplified, traditional, pinyin and English letter forms), including but not limited to the following trademarks: Suning, S Suning, S+Suning (Chinese), S+Suning (English), S+ Suning (Chinese)+Suning (English), Suning (Chinese)+S+Suning (English), Suning (English) Suning (Chinese), Suning (traditional Chinese), etc. In addition to China, countries and territories where individual trademarks are registered and/or used include the United States, Hong Kong, Macao, Japan, North Korea, Brunei, Australia, European Union, etc. Suning Holdings Group and its subsidiaries have not applied for registration of trademarks such as "Suning Holding", "Suning Pictures" and "Suning Investment" that need to be used in their business activities. As the use of such trademarks does not fall within the Company's main business scope, the Company agrees that Suning Holdings Group can register and use them.

Suning Holdings Group paid Suning a trademark use fee of RMB 2 million every year for the use of some trademarks by Suning Holdings Group and its subsidiaries, and its subsidiaries would not pay any more.

As of the date of issuance of the report, Suning Holdings Group paid a trademark license fee of RMB 2 million in 2020.

- VIII Related Party Relationship and Transaction (continued)
- (6) Related party transactions (continued)
- (s) Compensation of key management personnel

		From January to June 2020	From January to June 2019
	Compensation of key management personnel	7,358	9,754
(t)	Accept financial consultancy service		
		From January to June 2020	From January to June 2019
	Suning Rundong	1,811	42,594
(u)	Collect dividends from related parties		
		From January to June 2020	From January to June 2019
	Shenzhen Hengning	32,950	-
	Suning SCGC	22,221	419,330
	Suning Goldstone	5,381	-
		60,552	419,330

VIII Related Party Relationship and Transaction (continued)

- (6) Related party transactions (continued)
- (v) Equity transfer

(w)

(x)

	From January to June 2020	From January to June 2019
Yunxiang Warehouse Logistics Phase III Fund	763,774	-
Yunxiang Warehouse Logistics Phase II Fund	69,704	-
Nanjing Yunzhixiang	-	745,394
Yunxiang Warehouse Logistics Phase I Fund	-	170,699
	833,478	916,093
Accept factoring services		
	From January to June 2020	From January to June 2019
Suning Financial Services Group and its subsidiaries	22,863,923	
Accept information technology service		
	From January to June 2020	From January to June 2019

Suning Financial Services Group and its subsidiaries	312,013	-
Alibaba	1,797	-
	313,810	

VIII Related Party Relationship and Transaction (continued)

<sup>(7)</sup> Balance of accounts receivable and accounts payable by related party

Accounts receivable of related parties:

		June 30, 2020	December 31, 2019
Accounts receivable	Suning CVS and its subsidiaries	758,609	623,354
Accounts receivable	Real estate, building materials companies and branches under Suning Real Estate Group	123,262	91,465
Accounts receivable	Suning Sports and Cultural Media	104,389	86,584
Accounts receivable	Alibaba	102,118	73,723
Accounts receivable	Hunan Suning Yida Logistics	73,723	45,779
Accounts receivable	Tongshi Mingtai companies under Suning Holdings Group	56,443	21,150
Accounts receivable	Studios, cinema companies and branches under Suning Holdings Group	23,700	11,633
Accounts receivable	Jiangsu Suning Sports Goods	14,128	13,150
Accounts receivable	Shanghai Chengyu	12,745	11,447
Accounts receivable	TCL subsidiaries	10,854	11,033
Accounts receivable	Nanjing Juli	7,563	7,563
Accounts receivable	Hotels, catering companies and branches under Suning Real Estate Group	6,659	6,926
Accounts receivable	Sufu, Suyuan companies under Suning Holdings Group	6,325	
Accounts receivable	Other related parties	30,627	64,630
Total	_	1,331,145	1,068,437

Notes receivable Total	Real estate, building materials companies and branches under Suning Real Estate Group	260,000 260,000	
		June 30, 2020	December 31, 2019
Advance payment	Tongshi Mingtai companies under Suning Holdings Group	341,773	-
Advance payment	Alibaba	161,841	39
Advance payment	TCL subsidiaries	25,715	23,285
Prepayment	Shanghai Juli	17,563	-
Advance payment	Chongqing Shouheng	7,940	
Advance payment	Hunan Suning	4,741	4,741
Advance payment	Xuzhou Suning	3,425	1,275
Advance payment	2 football club companies under Suning Real Estate Group	3,344	3,344
Advance payment	Other related parties	7,072	34,497
Total	_	573,414	67,181

- **VIII** Related Party Relationship and Transaction (continued)
- <sup>(7)</sup> Balance of accounts receivable and accounts payable to related parties (continued)

Accounts receivable of related parties (continued):

		June 30, 2020	December 31, 2019
Interests receivable	Suning Consumer Finance Co., Ltd.	10,678	6,004
		June 30, 2020	December 31, 2019
Other accounts receivable	Alibaba	213,785	418,739
Other accounts receivable	Assets management companies under Suning Appliance Group Co., Ltd.	14,255	6,726
Other accounts receivable	Beijing Qili Software Technology	12,474	-
Other accounts receivable	Studios, cinema companies and branches under Suning Holdings Group	10,163	1,428
Other accounts receivable	Suning Real Estate	8,067	34,265
Other accounts receivable	Other sports companies under Suning Holdings Group	8,051	1,888
Other accounts receivable	Real estate, building materials companies and branches under Suning Real Estate Group	7,013	949
Other accounts receivable	Hotels, catering companies and branches under Suning Real Estate	4,308	1,035

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

,000)	Group		
Other accounts receivable	Nanjing Dingchen	2,463	2,113
Other accounts receivable	Qingliang Gate Branch of Suning Real Estate	2,418	-
Other accounts receivable	Jiangsu Suning Sports Industry	2,221	24
Other accounts receivable	Galaxy property companies under Suning Real Estate Group	2,075	182
Other accounts receivable	Suning Bank	2,047	18
Other accounts receivable	2 football club companies under Suning Real Estate Group	2,040	92
Other accounts receivable	Shijiazhuang Suning Real Estate	1,442	
Other accounts receivable	Shanghai Juli	1,068	8,214
Other accounts receivable	Other related parties	5,769	10,101
Total		299,659	485,774

- VIII Related Party Relationship and Transaction (continued)
- (7) Balance of accounts receivable and accounts payable to related parties (continued)

Accounts receivable of related parties (continued):

Other assets	current	Assets management companies under Suning Appliance Group Co., Ltd.	87,591	39,375
Other assets	current	Wanda Commercial Management	23,664	-
Other assets	current	Real estate, building materials companies and branches under Suning Real Estate Group	13,893	25,859
Other assets	current	Chongqing Shouheng	12,494	4,875
Other assets	current	Shaanxi Suning Yida Logistics	10,204	8,168
Other assets	current	Suning Real Estate	8,204	-
Other assets	current	Ningbo Suning Yida Logistics Investment	3,597	3,381
Other assets	current	Chengdu Hongye Real Estate Co., Ltd. and its branches	2,859	13,092
Other assets	current	Qingliang Gate Branch of Suning Real Estate	1,296	6,492
Other assets	current	Shijiazhuang Suning Real Estate	1,237	
Other assets	current	Beijing Jingzhao	786	208

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Other assets	current Galaxy property companies under Suning Real Estate Group	75	15,366
Other assets	current Jiangsu Suning Sports Industry	-	61,069
Other assets	current Alibaba	-	15,043
Other assets	current Wuxi Business Management	-	14,887
Other assets	current Shanghai Hushen	-	11,777
Other assets	current Other related parties	-	43,279
Total	-	165,900	262,871

Long-term receivable	accounts Wanda Commercial Management	59,433	52,250
Total		59,433	52,250

- VIII Related Party Relationship and Transaction (continued)
- (7) Balance of accounts receivable and accounts payable to related parties (continued)

Accounts payable to related parties:

Accounts payable	Suning Financial Services Group and its subsidiaries	11,300,168	16,855,728
Accounts payable	TCL subsidiaries	313,300	500,232
Accounts payable	Suning Bank	197,778	-
Accounts payable	Alibaba	82,277	53,780
Accounts payable	Mitsubishi Heavy Industries Air-conditioners	28,380	60,247
Accounts payable	Other sports companies under Suning Holdings Group	16,997	1,054
Accounts payable	Tongshi Mingtai companies under Suning Holdings Group	10,141	123,470
Accounts payable	Shanghai Chengyu	6,512	-
Accounts payable	Jiangsu Suning Sports Goods	6,125	4,079
Accounts payable	Laox and its subsidiaries	4,986	-
Accounts payable	Jiangsu Chenyi	4,892	4,641
Accounts payable	Suning Sports and Cultural Media	1,583	-
Accounts payable	Other related parties	3,076	18,180
Total		11,976,215	17,621,411

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

		June 30, 2020	December 31, 2019
	Suning Sports and Cultural		
Notes payable	Media	1,346	-
Notes payable	3 Tongshi Mingtai companies under Suning Holdings Group	471,370	76,751
Notes payable	Shanghai Juli	-	1,210
Total		472,716	77,961

Contract liabilities	Wanda Commercial Management	67,307	155,475
Contract liabilities	Chongqing Shouheng	65,790	5,002
Contract liabilities	Hunan Suning Yida Logistics	72,093	72,093
Contract liabilities	Shenyang Suning	60,537	64,616
Contract liabilities	Shaanxi Suning Yida Logistics	22,334	22,334
Contract liabilities	Shanghai Hushen	31,369	12,062
Contract liabilities	Alibaba	12,445	11,426
Contract liabilities	Hunan Suning	14,413	8,370
Contract liabilities	Suning Sports and Cultural Media	4,274	4,402
Contract liabilities	Other related parties	39,798	39,440
Total		390,360	395,220

- VIII Related Party Relationship and Transaction (continued)
- (7) Balance of accounts receivable and accounts payable to related parties (continued)

# Accounts payable to related parties (continued):

		June 30, 2020	December 31, 2019
Other payables	Suning Real Estate	101,595	78,890
Other payables	Suning Sports and Cultural Media	96,075	59,887
Other payables	Shanghai Juli	75,579	60,327
Other payables	Galaxy property companies under Suning Real Estate Group	68,995	17,753
Other payables	Jiangsu Suning Sports Goods	39,929	39,999
Other payables	Real estate, building materials companies and branches under Suning Real Estate Group	35,404	27,020
Other payables	Alibaba	32,920	33,110
Other payables	Nanjing Juli	21,757	12,312
Other payables	Tianjin Juli	11,638	9,796
Other payables	Shanghai Hushen	11,036	602
Other payables	Other related parties	33,067	58,315
Total	-	527,995	398,011

- VIII Related Party Relationship and Transaction (continued)
- (7) Balance of accounts receivable and accounts payable to related parties (continued)

Accounts payable to related parties (continued):

		June 30, 2020	December 31, 2019
Other curre liabilities	ent Galaxy International Shopping Plaza	24,900	-
Other curre liabilities	Galaxy property companies ent under Suning Real Estate Group	14,974	-
Other curre liabilities	ent Xuzhou Suning	11,324	1,761
Other curre liabilities	Real estate, building materials ent companies and branches under Suning Real Estate Group	7,192	7,787
Other curre liabilities	ent Suning CVS and its subsidiaries	5,039	
Other curre liabilities	Assets management ent companies under Suning Appliance Group Co., Ltd.	4,745	41,303
Other curre liabilities	ent Qingliang Gate Branch of Suning Real Estate	4,469	
Other curre liabilities	ent Wanda Commercial Management	4,295	-
Other curre liabilities	ent Shijiazhuang Suning Real Estate	1,995	
Other curre liabilities	ent Suning Real Estate	1,627	8,283
Other curre liabilities	ent Chengdu Hongye Real Estate Co., Ltd. and its branches	1,367	
Other curre liabilities	ent Shenyang Suning	1,178	-
Other curre	ent Suning Appliance Group Co.,	394	

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Total		_	83,835	81,686
Other liabilities	current	Neijiang Suning Yida Logistics Investment		81
Other liabilities	current	Jiangsu Chenyi	-	4,858
Other liabilities	current	Nanjing Yourong	-	5,372
Other liabilities	current	Nanjing Luchang	-	8,598
Other liabilities	current	Hotels, catering companies and branches under Suning Real Estate Group	14	-
Other liabilities	current	Shanghai Juli	18	-
Other liabilities	current	Chongqing Shouheng	39	-
Other liabilities	current	Beijing Jingzhao	265	3,643
liabilities		Ltd.		

VIII Related Party Relationship and Transaction (continued)

(8) Monetary funds deposited in related parties

		June 30, 2020	December 31, 2019
Bank deposits	Suning Bank	484,482	739,408
Other monetary	Suning Consumer Finance Co., Ltd.		
capital	(Note IV (1))	230,000	350,000
		714,482	1,089,408

(9) Commitment of related parties

Suning's commitments relating to the related parties that have been signed on the balance sheet date and are not required to be listed on the balance sheet are as follows:

Accept labor service

	June 30, 2020	December 31, 2019
- Project management service		
Suning Real Estate	85,722	90,513
36 real estate, building materials companies and branches under Suning		
Real Estate Group	38,406	37,136

Estate Development	-	1,270
Chengdu Hongye Real Estate Co., Ltd. and its		
branches	1,029	1,029
	125,157	129,948

## VIII Related Party Relationship and Transaction (continued)

## (9) Commitment of related parties (continued)

#### Leased

in

		June 30, 2020	December 31, 2019
Rent			
	Shanghai Hushen	989,970	1,044,077
	Shenyang Suning	457,990	484,991
	Real estate, building materials companies and branches under		
	Suning Real Estate Group	421,267	420,122
	Hunan Suning Yida Logistics	353,843	-
	Nanjing Luchang	333,643	-
	Assets management companies under Suning Appliance Group Co., Ltd.	313,548	525,135
	Wuxi Business Management	297,604	278,716
	Chongqing Shouheng	294,049	301,238
	Chongqing Suning	276,342	-
	Shaanxi Suning Yida Logistics	270,057	-
	Jiangsu Chenyi	215,472	-
	Hunan Suning	190,357	200,778
	Ningbo Suning Yida Logistics Investment	153,791	-
	Nanjing Yourong	152,253	-
	Xuzhou Suning	114,186	127,959
	Chengdu Hongye Real Estate Co., Ltd. and its branches	104,808	116,875

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Suning Real Estate	100,874	119,860
Qingliang Gate Branch of Suning Real Estate	73,475	73,934
Zhongshan Suning Logistics	53,580	-
Beijing Jingzhao	49,307	52,436
Qingdao Suning Home Appliance Industrial Park	20,503	20,503
Suning Appliance Group Co., Ltd.	14,779	16,099
Suning Plaza Branch of Lianyungang Suning Real Estate	1,345	1,439
Sofitel Zhongshan Golf Hotel	-	350
	5,253,043	3,784,512

Related Party Relationship and Transaction (continued) VIII

(9) Commitment of related parties (continued)

## Lease (continued)

		June 30, 2020	December 31, 2019
- Rent out			
	Hotels, catering companies and branches under Suning Real Estate Group	429,590	352,947
	Real estate, building materials companies and branches under Suning Real Estate Group	77,286	976
	Studios, cinema companies and branches under Suning Holdings Group	41,321	47,177
	Other sports companies under Suning Holdings Group	18,524	90,974
	Shanghai Juli	9,775	19,035
	Suning Real Estate	6,011	8,970
	Jiangsu Suning Commercial Management	1,349	2,013
	Galaxy property companies under Suning Real Estate Group	656	942
	Suning Appliance Group Co., Ltd.	443	282
	Nanjing Dingchen	419	-
	2 football club companies under Suning Real Estate Group	390	5,366
	Jiangsu Suning Sports Industry	-	37,061
	Culture and cinema chain investment companies under Suning Holdings	-	6,873

Suning Consumer Finance Co., Ltd.	-	5,567
Qingliang Gate Branch of Suning Real Estate	-	551
Suning Bank	-	152
	585,764	578,886

## 九 Contingencies

On June 30, 2020, there was no major contingency in Suning.

- X Commitments
- (1) Commitments of capital expenditure
- (a) Capital expenditure commitments that have been signed and are not required to be listed on the balance sheet:

	June 30, 2020	December 31, 2019
Houses, buildings and machinery equipment	6,077,466	5,188,154

(2) Commitments of operating lease

According to the irrevocable operating lease contract, Suning's future minimum rental payable are summarized below:

	June 30, 2020	December 31, 2019
Within 1 year	8,320,409	8,236,916
1-2 year (s)	5,827,909	5,661,006
2 to 3 years	5,438,705	4,946,369
Above 3 years	31,042,158	31,265,472
	50,629,181	50,109,763

(3) Commitments for foreign investments

- (a) On July 22, 2018, according to the partnership agreement signed between Suning and Yunfeng Investment III, Ltd., Suning planned to subscribe the corresponding shares of Yunfeng Fund III with a capital contribution of no more than USD 210 million. On June 30, 2020, Suning still has about USD 82 million unpaid.
- (b) On July 5, 2018, according to the fund contract signed between Suning and Yunxiang Warehouse Logistics Phase I Fund, Suning planned to subscribe 51% shares of Yunxiang Warehouse Logistics Phase I Fund with a capital contribution of about RMB 2.372 billion. On June 30, 2020, Suning still has about RMB 40 million unpaid.
- (c) On December 31, 2019, Suning signed an agreement with Guotai Junan Capital Management Co., Ltd. ("Guotai Junan Capital"), a sub-subsidiary of Guotai Junan Securities Co., Ltd. ("Guotai Junan Securities") to jointly, together with other limited partners, set up Shanghai Guotai Junan Innovation Equity Investment Fund-of-fund Center (Limited Partnership) ("Fund"), with a target scale of RMB 10 billion. The Fund was set up as a partnership, with the general partner Guotai Junan Capital providing RMB 10 million, Suning providing RMB 500 million, and other limited partners providing remaining shares. On June 30, 2020, Suning still has about RMB 490 million unpaid.

- XI Events after the Balance Sheet Date
- (1) Major non-adjusting events

Items

Content Effects on the financial situation and operating Reasons for effects which cannot be estimated

results

## (2) Explanation on income distribution

According to the resolution of the Shareholders' Meeting on May 18, 2020, with 9,157,545,816 shares after deducting the repurchased shares of 152,493,839 shares from the existing total issued capital as the base number, Suning will distribute cash dividends RMB 0.5 (tax inclusive) and 0 bonus share for every 10 shares to all shareholders, and convert no accumulation fund into issued capital. The equity apportion and registration date is July 3, 2020, and the ex-dividend date is July 6, 2020. The income distribution is not recognized as a liability in the financial statements.

XII Enterprise consolidation:

See Note V (1) & (2).

#### XIII. Financial Instruments and Risks

The business activities of Suning are subject to various financial risks, including market risks (mainly foreign exchange risks, interest rate risks and other price risks), credit risks and liquidity risks. Financial risks mentioned above and the risk management policies adopted by Suning for reducing those risks are as follows:

The board of directors is responsible for planning and establishing Suning's risk management framework, formulating the risk management policies and relevant guidelines, and supervising the implementation of risk management measures. Suning has formulated risk management policies to identify and analyze the risks faced by it. These risk management policies clearly stipulate specific risks, covering market risk, credit risk, liquidity risk and many other aspects. Suning regularly evaluates changes in the market environment and Suning's business activities to determine whether to update the risk management policies and systems. Suning's risk management is carried out by the risk management committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of Suning. Suning's internal audit department conducts regular audit on risk management control and procedures, and reports the audit results to the audit committee.

- (1) Market risks
- (a) Foreign exchange risks

The main business of Suning covers within China and is settled in RMB. There are foreign exchange risks in Suning's confirmed foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are mainly priced in USD and HKD). Suning will continuously monitor the foreign currency transaction and scale of foreign currency assets and liabilities to minimize confronted foreign exchange risk; therefore, Suning may sign forward foreign exchange contract or currency swap contract to avoid the foreign exchange risk.

- XIII. Financial Instruments and Risks (continued)
- (1) Market risk (continued)
- (a) Foreign exchange risk (continued)

On June 30, 2020 and December 31, 2019, the amount of foreign currency financial assets and foreign currency financial liabilities held by Suning whose accounting standard currency is RMB in Suning is shown below:

			June 30, 2020		
	JPY item	HKD item	USD project	Other foreign currency project	Total
Foreign currency financial assets -					
Monetary fund	197	1	209,599		209,797
	197	1	209,599	-	209,797
Foreign currency financial liabilities -					
Short-term borrowings	-	815,210	318,578	-	1,133,788
	-	815,210	318,578	-	1,133,788
		D	ecember 31, 2019	)	
	JPY item	HKD item	USD project	Other foreign currency project	Total
Foreign currency financial assets -	-	-	-	-	-
Monetary fund			14,523		14,523

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Long-term accorreceivable	606 606	150	14 522		756
	000	150	14,523		15,279
Foreign currency fina liabilities -	ancial				
Short-term borrowings	-	627,060	313,929	-	940,989
		627,060	313,929	-	940,989

On June 30, 2020, if RMB appreciates or depreciates 10% against JPY, while other factors remain unchanged, the total profit of Suning will decrease or increase by about RMB 20,000 (December 31, 2019: decrease or increase by about RMB 61,000) for various kinds of JPY financial assets and financial liabilities of companies whose recording currency is RMB within Suning.

On June 30, 2020, if RMB appreciates or depreciates 10% against HKD, while other factors remain unchanged, the total profit of Suning will decrease or increase by about RMB 81,521,000 (December 31, 2019: increase or decrease by about RMB 62,691,000) for various kinds of HKD financial assets and financial liabilities of companies whose recording currency is RMB within Suning.

On June 30, 2020, if RMB appreciates or depreciates 10% against USD, while other factors remain unchanged, the total profit of Suning will decrease or increase by about RMB 10,898,000 (December 31, 2019: increase or decrease by about RMB 29,941,000) for various kinds of USD financial assets and financial liabilities of companies whose recording currency is RMB within Suning.

- XIII. Financial Instruments and Risks (continued)
- (1) Market risk (continued)
- (a) Foreign exchange risk (continued)

On June 30, 2020 and December 31, 2019, the amount of foreign currency financial assets and foreign currency financial liabilities held by the company whose recording

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

## currency is HKD in Suning is shown below:

			June 30, 2020		
	JPY item	USD project	RMB	Other foreign currency project	Total
Foreign currency financial assets -					
Monetary fund	197	7,846,855	148,471	3,747,343	11,742,866
Interests receivable	-				
Trading financial assets	-	2,196,555			2,196,555
Other non-current financial assets	-	79,949	10,448,367		10,528,316
Other equity instruments investment	-	37,274			37,274
	197	10,160,633	10,596,838	3,747,343	24,505,011
Foreign currency financial liabilities -					
Long-term borrowings	-	3,185,775	-	-	3,185,775
Other non-current liabilities		47,561			47,561
		3,233,336	-	-	3,233,336

	December 31, 2019					
	JPY item	USD project	RMB	Other foreign currency project	Total	
Foreign currency financial assets -	-					
Monetary fund	-	9,290,061	98,642	919	9,389,622	
Interests receivable	-	174,747	-	-	174,747	
Trading financial assets	-	2,238,456	10,507,020	-	12,745,476	

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)  $\,$ 

Other equity instruments investment	-	36,726	-	-	36,726
	-	11,739,990	10,605,662	919	22,346,571
	-				
Foreign currency financial liabilities -	-		-	-	
Long-term borrowings	-	3,488,100	-	-	3,488,100
Other non-current liabilities	-	2,983	-	-	2,983
	-	3,491,083	-	-	3,491,083

On June 30, 2020, if HKD appreciates or depreciates 10% against JPY, while other factors remain unchanged, the total profit of Suning will decrease or increase by RMB 20,000 (December 31, 2019: decrease or increase by about RMB 0) for various kinds of JPY financial assets and financial liabilities of subsidiaries whose recording currency is HKD within Suning.

On December 31, 2019, for HKD is linked to USD, there is no significant foreign exchange risk for all kinds of USD financial assets and financial liabilities of companies whose recording currency is HKD within Suning.

- XIII. Financial Instruments and Risks (continued)
- (1) Market risk (continued)
- (a) Foreign exchange risk (continued)

On June 30, 2020, if HKD appreciates or depreciates 10% against RMB, while other factors remain unchanged, the total profit of Suning will decrease or increase by about RMB 1.06 billion (December 31, 2019: decrease or increase by about RMB 1.061 billion) for various kinds of RMB financial assets and financial liabilities
of subsidiaries whose recording currency is HKD within Suning.

### (b) Interest rate risk

The interest rate risk of Suning mainly arises from long-term bank loans, bond payable, other long-term debts with interest and long-term financial assets such as loans and advances. Financial liabilities with floating interest rate make Suning have cash flow interest rate risk, and financial liabilities and financial assets with fixed interest rate make Suning have fair value interest rate risk. Suning shall decide the relative proportion of fixed rate and floating interest rate contracts according to current market environment. On June 30, 2020 and December 31, 2019, Suning's interest-bearing debts and assets mainly included:

	June 30, 2020	December 31, 2019	
Bonds payable (Note IV (34))			
Long-term loans (Note IV (33))	6,693,875	7,720,895	
Total of long-term interest-bearing debts	14,687,193	16,209,697	
Including: floating rate debts	4,603,275	4,933,695	
Fixed rate debts	10,083,918	11,276,002	

Suning monitors the interest rate level within it continuously. The increase in interest rate will increase the cost of new interest-bearing debt and the interest of Suning's outstanding interest-bearing debt with floating interest rate, and have a significant adverse impact on Suning's financial performance, so the management will make adjustment according to the latest market conditions timely, which may be the arrangement of interest rate swap to reduce interest rate risk. In 2019 and

2018, Suning had signed interest rate swap contracts with third-party commercial banks to reduce the interest rate risk of loans.

On June 30, 2020, if the loan interest rate calculated by floating rate increases or decreases by 50 base points, while other factors remain unchanged, the total profit of Suning will decrease or increase by about RMB 0.601 million (December 31, 2019: decrease or increase by about RMB 16.21 million).

- XIII. Financial Instruments and Risks (continued)
- (2) Credit risk

Suning's credit risk mainly arises from bank deposits, notes receivable, accounts receivable, other accounts receivable, long-term accounts receivable and debt investment. On the balance sheet date, the book value of Suning's financial assets has represented its maximum credit risk exposure.

Suning's bank deposits are mainly those deposited in state-owned banks and other large and medium-sized listed banks with good reputation and high credit rating. Therefore, Suning believes that there is no significant credit risk and almost no significant loss caused by bank default.

In addition, for notes receivable, accounts receivable, accounts receivable financing, other accounts receivable and long-term accounts receivable, Suning has set relevant policies to control credit risk exposure. Suning evaluates clients' credit qualifications and sets with corresponding credit periods based on clients' financial situation, the possibility of obtaining guarantees from third party, credit records and other factors such as current market conditions, etc. Suning will regularly monitor credit record of clients, and will conduct written requesting for payment, credit period decreasing or canceling and other ways to clients with bad credit records to ensure that overall credit risk of the Company is in controllable range.

On June 30, 2020, Suning has no significant collateral and other credit enhancements held due to the debtor's mortgage.

(3) Price risk

The financial products, monetary funds and other investment instruments held by Suning, as well as derivatives such as forward foreign exchange contracts, are subject to market price risk, which comes from the uncertainty of future value fluctuation of relevant target indexes or assets. Suning has continuously monitored the value fluctuation level of these target indexes or assets, strictly controlled the

scale of such investment instruments and derivatives, and adopted appropriate hedging instruments when necessary to mitigate the adverse impact of market price risk on Suning.

(4) Liquidity risk

Each subsidiaries of Suning are responsible for its own cash-flow forecast. On the basis of summarizing the cash-flow forecast of each subsidiaries, Suning has monitored short and long-term capital needs at Suning level to maintain adequate cash reserves and securities available for realization at any time; and has monitored whether compliance with terms of the loan agreement, obtaining commitments from major financial institutions to provide adequate stand-by capital to meet short-term and long-term financial needs.

## XIII. Financial Instruments and Risks (continued)

## (4) Liquidity risk (continued)

On balance sheet date, each financial liabilities are as shown below at due date with undiscounted contract cash flow:

	June 30, 2020						
	Within 1 year	1-2 year (s)	2-5 years	More than 5 years	Total		
Short-term borrowings	30,752,302	-	-	-	30,752,302		
Notes payable	23,324,463	-	-	-	23,324,463		
Accounts payable	29,194,729	-	-	-	29,194,729		
Other payables	11,100,153	-	-	-	11,100,153		
Long-term loans expired within 1 year	2,975,059	-	-	-	2,975,059		
Bond due and payable within 1 year	2,017,809	-	-	-	2,017,809		
Long-term borrowings	-	2,309,404	4,210,106	683,353	7,202,863		
Bonds payable	-	7,578,164	517,400	-	8,095,564		
Long-term payables	-	2,405,107	164,827	-	2,569,934		
	99,387,515	12,292,675	4,892,333	683,353	117,256,136		

		December 31, 2019							
	Within 1 year	1-2 year (s)	2-5 years	More than 5 years	Total				
Short-term borrowings	19,185,821	-	-	-	19,185,821				
Notes payable	26,158,849	-	-	-	26,158,849				
Accounts payable	44,380,475	-	-	-	44,380,475				

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Other payables	12,612,303	-	-	-	12,612,303
Long-term loans expired within 1 year	6,199,258	-	-	-	6,199,258
Bond due and payable within 1 year	2,031,251	-	-	-	2,031,251
Long-term borrowings	-	1,124,906	6,672,350	755,915	8,553,171
Bonds payable	-	8,715,536	-	-	8,715,536
Long-term payables	-	1,096,016	1,344,744	-	2,440,760
	110,567,957	10,936,458	8,017,094	755,915	130,277,424

On balance sheet date, the maximum amount of financial guarantee provided by Suning is listed as follows according to the earliest period in which related parties can require to pay:

	June 30, 2020							
	Within 1 year	1-2 year (s)	2-5 years	More than 5 years	Total			
Financial guarantee	128,718	2,640,830	743,901		3,513,449			
			December 31, 2019	)				
	Within 1 year	1-2 year (s)	2-5 years	More than 5 years	Total			
Financial guarantee	1,125,247		3,384,731	<u> </u>	4,509,978			

## XIV Fair Value Estimation

The level of the fair value measurement result is determined by the lowest level of the input value which is significant to the general fair value measurement.

Level I: based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level II: directly or indirectly observable input value of the related assets or liabilities except for the level I input value.

Level III: unobservable input value of related assets or liabilities.

(1) Assets and liabilities continuously measured at fair value

On June 30, 2020, the assets continuously measured at fair value are listed as follows according to the above three levels:

	Level I	Level II	Level III	Total
Financial assets				
Trading finar	ncial			
Financial proc	ducts -	6,959,179	-	6,959,179
Trading e instrument investment		2,388,808	-	2,662,371
Designate to be measur at fair value v the changes included in th current gain o loss	ed vith ie	-	2,310,448	2,310,448
Accounts recein financing	vable -	-	621,586	621,586
Other cur assets—	rent			

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Equity of listed company	434,179	1,377,593	-	1,811,772
Other non-current financial assets—				
Equity investment	-	-	11,770,724	11,770,724
Preferred stock	-	-	87,308	87,308
Derivative financial instruments	-	-	66,845	66,845
Convertible bond	-	-	50,885	50,885
Other equity instruments investment—				
Equity of listed company	-	1,301,060	37,275	1,338,335
Equity of unlisted company	-		3,008,336	3,008,336
Total financial assets	707,742	12,026,640	17,953,407	30,687,789

- XIV Fair Value Estimation (continued)
- (1) Assets and liabilities continuously measured at fair value (continued)

On June 30, 2020, the liabilities continuously measured at fair value are listed as follows according to the above three levels:

	Level I	Level II	Level III	Total
Financial liabilities				
Transactional financial	-	618	63.900	64.518
Other non-current		47.561		47.561
Total financial liabilities	-	48,179	63,900	112,079

On December 31, 2019, the assets continuously measured at fair value are listed as follows according to the above three levels:

		Level I	Level II	Level III	Total
Financial assets	S				
Trading fir assets—	nancial				
Financial p	roducts	-	6,075,901	-	6,075,901
Trading instrume	ent				
investme	ent	339,852	2,705,584	-	3,045,436
Designated to be measured at fair value with the changes included in the current gain or loss		-	-	2,848,671	2,848,671
Accounts red financing	ceivable	_	-	497,858	497,858
Other assets—	current				

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Equity of listed company	413,733	1,607,805	-	2,021,538
Other non-current financial assets—				
Equity investment	-	-	12,091,088	12,091,088
Preferred stock	-	-	106,501	106,501
Derivative financial instruments	-	-	61,884	61,884
Convertible bond	-	-	50,885	50,885
Other equity instruments investment—				
Equity of listed company	-	1,553,305	36,725	1,590,030
Equity of unlisted company	_	_	3,008,341	3,008,341
Total financial			0,000,011	0,000,011
assets	753,585	11,942,595	18,701,953	31,398,133

XIV Fair Value Estimation (continued)

## (1) Assets and liabilities continuously measured at fair value (continued)

On December 31 2010 the liabilities continuously measured at fair value are listed

	Level I	Level II	Level III	Total
Financial liabilities				
Transactional financial liabilities	-	400	-	400
Other non-current liabilities	-	2,983	-	2,983
Total financial liabilities	-	3,383	-	3,383

Suning takes the date of the event leading to the conversion among different levels as the time point for confirming the conversion among different levels. There is no conversion between the first and second levels this year.

For the financial instruments traded in the active market, Suning determines their fair value based on the quoted price in the active market; for those not traded in the active market, Suning determines their fair value through valuation technique. The appraisal models used are mainly discounted cash flow model and market method model. The input value of valuation technique mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit spread, liquidity premium, value ratio of comparable listed companies, discount of lack of marketability, etc.

XIV Fair Value Estimation (continued)

(1) Assets and liabilities continuously measured at fair value (continued)

The changes in assets and liabilities at the third level are as follows:

-	Other non-current financial assets				Trading financial Other equity instruments assets investment			Accounts receivable financing	
-	Funds	Preferred stock	Equity investment	Convertible bond	Derivative financial instruments	Designated as financial asset measured at fair value with their changes included in the current gain or loss	Preferred equity of listed companies	Equity of unlisted company	Accounts receivable financing
December 31, 2019	-	106,501	12,091,088	50,885	61,884	2,848,671	36,725	3,008,341	497,858
Bring-in from acquisition for the year	-	-	-	-	-	-	-	-	
Bring-outs from disposal in this year	-	-	-	-	-	-	-	-	
Purchase	-	-	-	-	-	149,300	-	-	424,559

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Suning.Com Co., Ltd.

#### Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Sale		-	-	-	-	-	(697,620)	-	-	(300,000)
Reclassif of period	ication at end	-	-	-	-	-	-	-	-	-
Total incomes	of current or losses	-	(19,193)	(264,206)	-	4,961	92,137	550	(5)	(831)
	loss included or loss (i)	-	(19,382)	(468,347)	-	4,015	42,299		-	
in	loss included other hensive					946				
income		-	189	204,141	-		42,838	550	(5)	(831)

XIV Fair Value Estimation (continued)

(1) Assets and liabilities continuously measured at fair value (continued)

The changes in assets and liabilities at the third level are as follows (continued):

		Other non-	current financia	l assets	Trading financial assets	Other equity instruments investment		Accounts receivable financing	
	Funds	Preferred stock	Equity investment	Convertible bond	Derivative financial instruments	Designated as financial asset measured at fair value with their changes included in the current gain or loss	Equity of listed company	Equity of unlisted company	Accounts receivable financing
June 30, 2020	-	87,308	11,770,724	50,885	66,845	2,310,448	37,275	3,008,336	621,586

-

Changes in unrealized profits or losses of assets still held on June 30, 2020 and included in gain or loss from January to June, 2020						
——Income / (loss) from changes in fair value	-	(19,382)	(468,347) -	4,015	(4,509)	-

(i) Gain or loss included in the current gain or loss are respectively included in the income from changes in fair value, investment income, impairment loss on assets, credit impairment loss and other items in the income statement.

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XIV Fair Value Estimation (continued)

(1) Assets and liabilities continuously measured at fair value (continued)

The changes in assets and liabilities at the third level are as follows:

		Other non-	current financia	l assets	Trading financial Other equity assets invest			Accounts receivable financing	
	Funds	Preferred stock	Equity investment	Convertible bond	Derivative financial instruments	Designated as financial asset measured at fair value with their changes included in the current gain or loss	Preferred equity of listed companies	Equity of unlisted company	Accounts receivable financing
December 31, 2018	-	-	-	-	-	-	-	-	
Change of accounting policy	863,540	552,652	130,830	54,481	54,493	9,999,761	67,852	18,016	
January 01, 2019	863,540	552,652	130,830	54,481	54,493	9,999,761	67,852	18,016	
Bring-in from acquisition for the year	-	-	-	-	-	-	-	10,341	

Suning.Com Co., Ltd.

#### Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Bring-outs from disposal in this year	-	(28,756)	-	-	-	(111,067)	(10,851)	(8,580)	
Purchase	603,123	711,664	1,510,000	-	-	44,705	-	3,000,000	
Sale	-	-	-	-	-	-	(22,441)	(21,537)	
Reclassification at end of period	(1,631,799)	(1,216,872)	10,507,020	-	-	(7,658,349)	-	-	504,002
Total of current incomes or losses	165,136	87,813	118,770	(3,596)	7,391	573,621	4,060	10,101	(6,144)
Gain or loss included in gain or loss (i)	156,662	79,815	118,770	(3,596)	6,414	344,672	1,89 <sup>;</sup>	-	
Gain or loss included in other comprehensive incomes	8,474	7,998	-	-	977	228,949	2,165	10,101	(6,144)

## XIV Fair Value Estimation (continued)

(1) Assets and liabilities continuously measured at fair value (continued)

The changes in assets and liabilities at the third level are as follows (continued):

		Other non-	current financia	l assets	Trading financial assets	Other equity instruments investment		Accounts receivable financing	
	Funds	Preferred stock	Equity investment	Convertible bond	Derivative financial instruments	Designated as financial asset measured at fair value with their changes included in the current gain or loss	Equity of listed company	Equity of unlisted company	Accounts receivable financing
December 31, 2019	-	106,501	12,091,088	50,885	61,884	2,848,671	36,725	3,008,341	497,858

Changes in unrealized gain or loss of assets still held on December 31, 2019 and included in gain or loss in 2019

Suning.Com Co., Ltd.									
Notes to Financial Statements									
For the six months ended June 30, 2020									
(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)									
Income / (loss) from changes in fair value	156,662	79,815	(56,762)	(3,596)	6,414	344,672	-	-	

(i) Gain or loss included in the current gain or loss are respectively included in the income from changes in fair value, investment income, impairment loss on assets, credit impairment loss and other items in the income statement.

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- XIV Fair Value Estimation (continued)
- (2) Non-continuous assets measured at fair value

Suning has no non-continuous assets measured at fair value.

(3) Assets and liabilities not measured at fair value but disclosed at fair value

Suning's financial assets and liabilities measured at amortization mainly include: notes receivable, accounts receivable, other receivables, long-term receivables, debt investment, short-term loans, long-term loans, notes payable, accounts payable, other payables, long-term payables, long-term loans, bonds payable, etc.

There is no significant difference between the book value and the fair value of the financial assets and liabilities that are not subsequently measured at the fair value.

### XV Capital management

Suning's capital management policy is to ensure the going concern, so as to provide returns to shareholders and benefit other counterparts, while maintaining the best capital structure to reduce the capital cost.

In order to maintain or adjust the capital structure, Suning may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Suning's total capital is the shareholders' equity listed in the consolidated balance sheet. Suning is not subject to external mandatory capital requirements and uses asset-liability ratio to monitor capital.

On June 30, 2020 and December 31, 2019, Suning's asset-liability ratio is shown as follows:

June 30, 2020 December 31, 2019

Asset-liability ratio

62.47%

63.21%

- XVI Notes to Financial Statements of Company
- (1) Notes receivable

	June 30, 2020	December 31, 2019
Commercial acceptance bill	4,789,972	7,485,658
Bank's acceptance bill	70	-
Minus: bad debt reserves	(25,171)	(40,050)
	4,764,871	7,445,608

- (a) On June 30, 2020, Suning has no pledged notes receivable listed in notes receivable (December 31, 2019: none).
- (b) Bad debt reserves

Notes receivable of Suning were generated from daily business activities such as selling goods and providing services, regardless of whether there was any significant financing component, the provision for losses was measured according to the expected credit loss in the whole duration.

(i) The analysis of notes receivable with comprehensively provision for bad debts was as follows:

On June 30, 2020, Suning measured the allowance for bad debt according to the expected credit loss in the whole duration, with the relevant amount of RMB about 25.17 million. (On June 30, 2019: about RMB 35.4 million.) Suning believed that there was no significant credit risk in the commercial acceptance bills receivable held by itself and there would be no significant loss due to the default of the counterparty.

(ii) The amount of allowance for bad debt withdrawn in the period was about RMB 8.7 million, of which the amount of allowance for bad debt transferred back or recovered was about RMB 23.58 million, and the corresponding book balance was about RMB 2.702 billion. (The amount of allowance for bad debt withdrawn from January to June, 2019 was about RMB 35.40 million, and no amount of allowance for bad debt was transferred back or recovered.) There was no significant transferred back or recovered bad debt.

XVI Notes to Financial Statements of Company (continued)

(2) Accounts receivable

	June 30, 2020	December 31, 2019
Accounts receivable	112,574,185	93,555,439
Minus: bad debt reserves	(27,793)	(37,287)
	112,546,392	93,518,152

(a) Analysis on accounts receivable age is as follows:

June 30, 2020	December 31, 2019
112,551,704	93,536,947
15,849	14,330
4,730	3,157
1,609	576
213	428
80	1
112,574,185	93,555,439
	112,551,704 15,849 4,730 1,609 213 80

<sup>(b)</sup> On June 30, 2020, the gathered accounts receivable based on debt party with top five balances were summarized and analyzed as follows:

	Balance	Withdrawn bad debt reserves	Proportion in total balance of accounts receivable -
Total accounts receivable with the top five balances	84,322,966		74.9%

(c) Other accounts receivable derecognized due to the transfer of financial assets are analyzed as follows:

No accounts receivable derecognized due to the transfer of financial assets from January to June, 2020 (from January to June, 2019: none)

- XVI Notes to Financial Statements of Company (continued)
- (2) Accounts receivable (continued)
- (d) Allowance for bad debt (continued)

For accounts receivable, regardless of whether there is any significant financing component, Suning shall measure the provision for losses according to the expected credit loss in the whole duration. No accounts receivable with individually withdrawn bad debt reserves on June 30, 2020

On June 30, 2020, accounts receivable whose allowance for bad debt is withdrawn comprehensively are analyzed as follows:

	June 30, 2020				
	Book balance Bad debt reserves				
	Amount	Expected credit loss rate in the whole duration	Amount		
Within 1 year	2,257,634	0.81%	(18,080)		
1-2 year (s)	15,849	19.10%	(3,081)		
Above 2 years	6,632	100%	(6,632)		
	2,280,115		(27,793)		

Portfolio - accounts receivable from Suning within the consolidation scope

	June 30, 2020					
	Book balance	Bad debt	reserves			
	Amount	Expected credit loss rate in the whole duration	Amount			
Accounts receivable from Suning within the consolidation scope	110,294,070					

- (e) The amount of allowance for bad debt transferred back from January to June, 2020 was about RMB 7.49 million, and there was no significant transferred back or recovered amount.
- (f) The book balance of accounts receivable actually written off from January to June, 2020 was about RMB 2 million, and no important accounts receivable had been written off.
- (g) From January to June, 2020, Suning had no accounts receivable transferred to financial institutions without recourse (from January to June, 2019: none).

- XVI Notes to Financial Statements of Company (continued)
- (3) Other accounts receivable and long-term accounts receivable

	June 30, 2020	December 31, 2019
Intercourse funds within Suning	23,925,000	22,455,434
Deposits and security funds receivable	1,006,929	1,029,145
Subsidiary dividends receivable	215,905	31,215
Return of information service expenses receivable	209,679	417,912
Interest on deposit receivable	33,176	23,253
Interest from time deposit receivable	6,385	5,739
Staff loans	2,972	4,709
Equity disposal costs receivable	-	189,999
Others	74,649	193,014
Total	25,474,695	24,350,420
Minus: bad debt reserves	(26,068)	(24,840)
	25,448,627	24,325,580
Minus: long-term accounts receivable (i)	(968,866)	(969,335)
	24,479,761	23,356,245

XVI Notes to Financial Statements of Company (continued)

- (3) Other accounts receivable and long-term accounts receivable (continued)
- (i) Long-term accounts receivable

	lune 30 2020	Necember 31 2010
l ease denosit over one vear	068 071	060 202
Minue: had deht recervee	(58)	(58)
	068 866	060 335

(a) Analysis on other accounts receivable age is as follows:

	June 30, 2020	December 31, 2019
Within 1 year	24,440,180	23,353,558
1-2 year (s)	59,025	21,045
2 to 3 years	2,389	3,239
Above 3 years	4,177	3,185
	24,505,771	23,381,027

(b) The aging analysis of long-term accounts receivable is as follows:

June 30, 2020

December 31, 2019

Within 1 year	230	15,857
1-2 year (s)	928,075	917,061
2 to 3 years	18,846	34,686
Above 3 years	21,773	1,789
	968,924	969,393

- XVI Notes to Financial Statements of Company (continued)
- (3) Other accounts receivable and long-term accounts receivable (continued)
- (c) Statement of other receivables and long-term receivables loss reserves and changes in book balance:

	Phase I			Pha	se III			
	Expected credit loss Expected credit in the next 12 months loss in the next 12 (portfolio) months (single) Total		Expected credit loss in the whole duration (with credit impairment)		Total			
	Book balance	Bad debt reserve s	Book balance	Bad debt reser ves	Bad debt reserve s	Book balan ce	Bad debt reserve s	Bad debt reserves
December 31, 2019	23,663,950	(6,356)	668,118	(132)	(6,488)	18,352	(18,352)	(24,840)
New payment of this year	1,338,768	(4,337)	-	-	(4,337)	-	-	(4,337)
Decreased payment of this year	(3,072)	3,072	(211,421)	37	3,109	-	-	3,109
Including: write-off of this year	(3,072)	3,072	_	-	3,072	-	-	3,072
June 30, 2020	24,999,646	(7,621)	456,697	(95)	(7,716)	18,352	(18,352)	(26,068)

- XVI Notes to Financial Statements of Company (continued)
- (3) Other accounts receivable and long-term accounts receivable (continued)
  - (c) Statement of other receivables and long-term receivables loss reserves and changes in book balance (continued):
  - (i) Other accounts receivable with individually withdrawn bad debt reserves on June 30 of 2020 are analyzed as follows:

	Book balance	Expected credit loss rate in the next 12 months	Bad debt reserves	Reason
Phase I				
Dividends receivable	215,905	0.02%	(46)	Low credit risk
Return of information service expenses receivable	201,230	0.02%	(49)	Low credit risk
Interests receivable	39,562	0.00%	-	Low credit risk
	456,697		(95)	

			Book balance	Expected credit loss rate in the whole duration	Bad debt reserves	Reason
Phase III						
Investment receivable		amount	17,044	100%	(17,044)	It's not expected to be recovered
Receivables disposal	of	asset	1,308	100%	(1,308)	It's not expected to be recovered
			18,352		(18,352)	

- XVI Notes to Financial Statements of Company (continued)
- (3) Other accounts receivable and long-term accounts receivable (continued)
- (ii) On June 30, 2020, other accounts receivable of the allowance for bad debt comprehensively withdrawn were in the first stage, as follows:

	June 30, 2020				
	Book balance	Loss	s reserve		
	Amount	Amount	Withdrawal Proportion %		
Phase I					
Accounts receivable from Suning within the consolidation scope	23,925,000	-	-		
Combination of other accounts receivable	105,722	(7,563)	7%		
	24,030,722	(7,563)	7%		

(iii) On June 30, 2020, long-term accounts receivable of the allowance for bad debt comprehensively withdrawn were in the first stage, as follows:

June 30, 2020				
Book balance	Loss r	eserve		
Amount	Amount	Withdrawal Proportion %		

Phase I

Combination	of bond			
and	deposit			
receivable		968,924	(58)	0.01%

- (d) The amount of allowance for bad debt withdrawn from January to June, 2020 was about RMB 4.3 million (from January to June, 2019: about RMB 8.12 million), and there was no significant transferred back or recovered amount.
- (e) The book balance of other receivables actually written off from January to June, 2020 was about RMB 3.07 million (from January to June, 2019: about RMB 0.53 million), and no important other receivables had been written off.

- XVI Notes to Financial Statements of Company (continued)
- (3) Other accounts receivable and long-term accounts receivable (continued)
- (f) On June 30, 2020, the other gathered accounts receivable based on debt party with top five balances were analyzed as follows:

		Balance	Proportion in other acco	Bad debt reserves	
	Total amount of other receivables with the top five balances	21,354,461		85%	-
(4)	Long-term equity investment				
		June	June 30, 2020		31, 2019
	Subsidiaries (a)	34	,300,144	34	,144,177
	Joint ventures (b)		24,680		29,393
	Associated enterprise (c)	12	,099,238	11,960,011	
		46	,424,062	46	,133,581
	Minus: impairment provision of long-term equity investment		(4,602)		(4,602)
		46	,419,460	46	,128,979

# XVI Notes to Financial Statements of Company (continued)

# (4) Long-term equity investment (continued)

## (a) Subsidiary

	_		Increase/dec					
	December 31, 2019	Additional investment	Negative investmen t	Withdrawal of impairment reserves	Others	June 30, 2020	Balance of impairment reserves at end of year	Cash dividends declared for distribution this year
Suning International Group Co., Ltd.	13,579,198					13,579,198		
Suning International Group Co., Ltd.	13,579,190	-	-	-	-	13,379,190	-	-
Jiangsu Suning Logistics Co., Ltd.	5,360,425	-	-	-	645	5,361,070	-	-
Nanjing Suning Department Store Co., Ltd.	1,343,000	-	-	-	-	1,343,000	-	-
Nanjing Suning Electronic Information Technology Co., Ltd.	959,374	-	-	-	192	959,566	-	-
Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 2020 (Unless otherwise specified, the currency am	ount shall be in R	MB, and the mone	etary unit shall	be RMB 1,000	)			
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Shanghai Suning.Com Sales Co., Ltd.	739,725	-	-	-	811	740,536	-	-
Nanjing RedBaby Enterprise Management Co., Ltd.	624,583	-	-	-	-	624,583	-	-
Chongqing Suning.Com Sales Co., Ltd.	592,881	6,532	-	-	414	599,827	-	-
Beijing Suning.Com Sales Co., Ltd.	541,457	9,254	-	-	1,241	551,952	-	-
Guangzhou Suning.Com Logistics Co., Ltd.	516,560	-	-	-	80	516,640	-	-
Fujian Suning.Com Commercial and Trading Co., Ltd.	468,565	-	-	-	68	468,633	-	-
Nanjing Suning Software Technology Co., Ltd.	458,384	-	-	-	5,156	463,540	-	-
Suning.Com (Shenyang) Sales Co., Ltd.	432,716	2,109	-	-	146	434,971	-	-
Wuhan Suning.Com Sales Co., Ltd.	413,624	-	-	-	230	413,854	-	-
Guangdong Suning.Com Sales Co., Ltd.	374,632	2,566	-	-	118	377,316	-	-
Jiangsu Suning Commercial Investment Co., Ltd.	367,987	-	-	-	-	367,987	-	-
Sichuan Suning.Com Sales Co., Ltd.	360,957	-	-	-	191	361,148	-	-
Zhejiang Suning.Com Commercial and Trading Co., Ltd.	330,218	5,481	-	-	156	335,855	-	-

### XVI Notes to Financial Statements of Company (continued)

### (4) Long-term equity investment (continued)

### (a) Subsidiaries (continued)

	December 31, 2019	Additional investment	Negative investment	Withdrawal of impairment reserves	Others	June 30, 2020	Impairment reserves Balance at the end of the year	Cash dividends declared for distribution this year
Suzhou Suning.Com Co., Ltd.	252,377	-	-	-	41	252,418		
Changchun Suning.Com Sales Co., Ltd.	241,616	-	-	-	57	241,673		
Qingdao Jiaoning Suning.Com Commercial and Trading Co., Ltd.	205,807	-	-	-	38	205,845		
Jiangxi Kuiguang Logistics Co., Ltd.	179,632	-	-	-	42	179,674		
Shaanxi Suning.Com Sales Co., Ltd.	179,054	10,953	-	-	237	190,244		
Shenzhen Suning.Com Sales Co., Ltd.	160,637	-	-	-	363	161,000		

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 20 (Unless otherwise specified, the curre		be in RMB, and the mo	onetary unit sl	nall be RMB 1,0	00)			
Henan Suning.Com Sales Co., Ltd.	154,472	-	-	-	144	154,616	-	-
Xuzhou Suning.Com Sales Co., Ltd.	149,928	-	-	-	73	150,001	-	-
Tianjin Tianning Suning.Com Commercial and Trading Co., Ltd.	149,638	-	-	-	119	149,757	-	-
Jiangsu Suning.Com E-commerce Co., Ltd.	140,000	-	-	-	1,004	141,004	-	-
Baotou Binhe Suning.Com Co., Ltd.	139,768	-	-	-	-	139,768	-	-
Hunan Suning.Com Co., Ltd.	129,037	-	-	-	141	129,178	-	-
Anhui Suning.Com Sales Co., Ltd.	122,739	-	-	-	171	122,910	-	-
Neijiang Baida Commercial and Trading Co., Ltd.	111,430	-	-	-	-	111,430	-	-
Xinjiang Suning.Com Commercial and Trading Co., Ltd.	102,654	-	-	-	83	102,737	-	-
Suning (Tianjin) Purchase Co., Ltd.	100,000	-	-			100,000	-	-
Wuhu Suning Commerce Trading Co., Ltd.	95,131		-		57	95,188 -	-	
Suzhou Suning.Com Sales Co., Ltd.	93,433	20,732 -	-		106	114,271 -	-	

### (4) Long-term equity investment (continued)

### (a) Subsidiaries (continued)

	December 31, 2019	Additional investment	Negative investment	Withdrawal of impairment reserves	Others	June 30, 2020	Balance of impairment reserves at end of year	Cash dividends declared for distribution this year
Hangzhou Mishi Suning Appliance Co., Ltd.	90,962	-	-	-	-	90,962	-	-
Shanghai Jiading Suning Appliance Co., Ltd.	90,000	-	-	-	-	90,000	-	-
Guangxi Suning.Com Sales Co., Ltd.	84,036	-	-	-	52	84,088	-	-
SUNINGCOMMERCEUSAINC.	80,883	-	-	-	-	80,883	-	-
Jiangxi Suning.Com Sales Co., Ltd.	77,041	-	-	-	135	77,176	-	-
Guiyang Suning.Com Sales Co., Ltd.	75,682	-	-	-	32	75,714	-	-
Dandong Suning.Com Sales Co., Ltd.	68,721	-	-	-	-	68,721	-	-

Suning.Com Co., Ltd.								
Notes to Financial Statements For the six months ended June 30, 20	20							
(Unless otherwise specified, the curre		e in RMB, and th	e monetary unit sha	all be RMB 1,000	)			
Nanjing Baixia Suning.Com Commercial and Trading Co., Ltd.	67,950	-	-	-	26	67,976	-	-
Qingdao Suning.Com Commercial and Trading Co., Ltd.	61,054	-	-	-	74	61,128	-	-
Suqian Suning.Com Logistics Co., Ltd.	58,500	-	-	-	-	58,500	-	-
Gansu Suning.Com Sales Co., Ltd.	57,055	-	-	-	165	57,220	-	-
Shandong Suning.Com Commercial and Trading Co., Ltd.	54,297	-	-	-	79	54,376	-	-
Nantong Suning.Com Sales Co., Ltd.	54,078	-	-	-	11	54,089	-	-
Xiamen Suning.Com Sales Co., Ltd.	51,384	-	-	-	77	51,461	-	-
Harbin Suning.Com Sales Co., Ltd.	50,982	-	-	-	34	51,016	-	-
Jiangsu Fardior Appliance Co., Ltd.	50,729	-	-	-	80	50,809	-	-
Wuxi Shenglimen Suning.Com Sales Co., Ltd.	50,708	-	-	-	-	50,708	-	-

(4) Long-term equity investment (continued)

(a) Subsidiaries (continued)

	December 31, 2019	Additional investment	Negative investment	Withdrawal of impairment reserves	Others	June 30, 2020	Balance of impairment reserves at end of year	Cash dividends declared for distribution this year
Jiangsu Changqi Trading Co., Ltd.	50,393	-	-	-	-	50,393	-	-
Ezhou Gedian Suning.Com Sales Co., Ltd.	50,000	-	-	-	-	50,000	-	-
Chengdu Xindu Suning.Com Business Management Co., Ltd.	50,000	-	-	-	-	50,000	-	-
Huai'an Suning.Com Sales Co., Ltd.	48,551	-	-	-	26	48,577	-	-
Shanxi Suning.Com Sales Co., Ltd.	47,900	-	-	-	97	47,997	-	-
Shijiazhuang Suning.Com Commercial and Trading Co., Ltd.	46,618	4,895	-	-	28	51,541	-	-

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, 20 (Unless otherwise specified, the curren		be in RMB, and the	e monetary unit shal	l be RMB 1,000	)			
Mianyang Suning.Com Sales Co., Ltd.	45,460	-	-	-	9	45,469	-	-
Ningxia Suning.Com Sales Co., Ltd.	44,945	-	-	-	10	44,955	-	-
Wuxi Suning.Com Sales Co., Ltd.	44,434	-	-	-	117	44,551	-	-
Shanghai Fengpu Suning.Com Sales Co., Ltd.	44,114	5,894			11	50,019	-	-
Datong Suning.Com Sales Co., Ltd.	40,624	-	-	-	-	40,624	-	-
Yancheng Suning.Com Sales Co., Ltd.	39,127	-	-	-	26	39,153	-	-
Inner Mongolia Suning.Com Sales Co., Ltd.	38,068	-	-	-	6	38,074	-	-
Hainan Suning.Com Commercial and Trading Co., Ltd.	38,026	-	-	-	37	38,063	-	-
Baotou Suning.Com Sales Co., Ltd.	36,362	-	-	-	87	36,449	-	-
Yunnan Suning.Com Sales Co., Ltd.	35,067	-	-	-	50	35,117	-	-
Tangshan Tangning Suning.Com Sales Co., Ltd.	32,942	-	-	-	28	32,970	-	-

(4) Long-term equity investment (continued)

### (a) Subsidiaries (continued)

Decemb	per 31, 2019	Additional investment	Negative investment	Withdrawal of impairment reserves	Others	June 30, 2020	Impairment reserves Balance at the end of the year	Cash dividends declared for distribution this year
Yixing Suning.Com Sales Co., Ltd.	32,788	-	-	-	-	32,788	-	-
Ningbo Yongning Suning.Com Commercial and Trading Co., Ltd.	32,694	-	-	-	31	32,725	-	-
Changzhou Suning.Com Commercial and Trading Co., Ltd.	32,211	-	-	-	20	32,231	-	-
Suning.com Group (Nanjing) Co., Ltd.	30,600	-	-	-	-	30,600	-	-
Nanjing Suning Enterprise Management Co., Ltd.	30,000	-	-	-	-	30,000	-	-
Jining Suning.Com Commercial and Trading Co., Ltd.	28,442	-	-	-	-	28,442	-	-

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June 30, (Unless otherwise specified, the cu		hall be in RMB, an	d the monet	ary unit shall be RMB 1,00	0)			
Hunan Suning Pioneer Electronics Co., Ltd.	27,000	-	-	-	6	27,006	-	-
Chuzhou Suning.Com Sales Co., Ltd.	26,986	-	-	-	-	26,986	-	-
Zhenjiang Suning.Com Co., Ltd.	25,647	-	-	-	-	25,647	-	-
Jiangyin Suning.Com Sales Co., Ltd.	25,528	-	-	-	-	25,528	-	-
Lianyungang Suning.Com Co., Ltd.	24,225	-	-	-	-	24,225	-	-
Yangzhou Suning.Com Sales Co., Ltd.	22,994	-	-	-	-	22,994	-	-
Xining Suning.Com Sales Co., Ltd.	22,897	-	-	-	43	22,940	-	-
Shangrao Suning.Com Sales Co., Ltd.	22,518	-	-	-	4	22,522	-	-
Rizhao Suning.Com Sales Co., Ltd.	21,462	-	-	-	-	21,462	-	-
Daqing Suning.Com Sales Co., Ltd.	21,402	2,326	-	-	-	23,728	-	-
Xianyang Suning.Com Sales Co., Ltd.	21,146	-	-	-	-	21,146	-	-
Yantai Suning.Com Commercial and Trading Co., Ltd.	20,394	-	-	-	-	20,394	-	-

(4) Long-term equity investment (continued)

# (a) Subsidiaries (continued)

		I	ncrease/deci					
	December 31, 2019	Additional investment	Negative investme nt	Withdrawal of impairment reserves	Others	June 30, 2020	Balance of impairment reserves at end of year	Cash dividends declared for distribution this year
Nantong Suning.Com Commercial and Trading Co., Ltd.	4,363	-	-	-	-	4,363	-	
Nanjing Suning Changguan Commercial Management Co., Ltd.		50,000	-	-	-	50,000	-	
Ningbo Fengning Suning E-commerce Co., Ltd.		5,000	-	-	-	5,000	-	
Yulin Suning Commerce Sales Co., Ltd.		1,748	-	-	-	1,748	-	
Linyi Suning Yunshang Commercial and Trading Co., Ltd.		2,017	-	-	-	2,017	-	
Shangluo Suning Commerce Sales Co., Ltd.		2,387	-	-	-	2,387	-	-
Ulanhot Suning.Com Sales Co., Ltd.		2,429	-	-	-	2,429	-	-

Suning.Com Co., Ltd. Notes to Financial Statements For the six months ended June (Unless otherwise specified, the		t shall be in RME	3, and the n	nonetary unit shall l	be RMB 1,000)			
Ordos Suning Commerce Sales Co., Ltd.		3,263	-	-	-	3,263	-	-
Other subsidiaries	1,642,548	-	-	-	4,856	1,647,404	-	
		-			-			
	34,144,177	137,586		_	18,381	34,300,144		

- XVI Notes to Financial Statements of Company (continued)
- (4) Long-term equity investment (continued)
- (b) Joint venture

The joint companies of Suning are Suning Goldstone and Juhe Tourism. For information about them, please refer to Note IV (13) (a).

(c) Associated enterprises

The associated enterprises of Suning are Suning Consumer Finance Co., Ltd., Suning Bank, Beijing Qili, Mitsubishi Heavy Industries Air-conditioners and Suning Financial Services Group. For information about them, please refer to Note IV (13) (b).

- XVI Notes to Financial Statements of Company (continued)
- (5) Operating revenue and operating cost

	From January to June 2020	From January to June 2019
Core business revenue	70,199,695	101,017,511
Other business revenue	1,685,071	1,088,821
	71,884,766	102,106,332
	From January to June 2020	From January to June 2019
Main business cost	68,150,970	96,951,081
Other business cost	11,871	14,984
	68,162,841	96,966,065

(a) Income and cost of main business

Analysis by industry is as follows:

-

From January to June 2020		From January to June 2019		
Core business revenue	Main business cost	Core business revenue	Main business cost	

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

Retail and wholesaling	69,570,738	68,035,761		96,872,000
industry			100,858,985	
Installation and maintenance	74,187	65,055		47,142
industry			53,040	
Other	554,770	50,154		31,939
industries			105,486	
	70,199,695	68,150,970	101,017,511	96,951,081

- XVI Notes to Financial Statements of Company (continued)
- (5) Operating revenue and operating cost (continued)
- (a) Income and cost of main business (continued)

Analysis by product is as follows:

	From January to June 2020		From January	From January to June 2019	
	Core business revenue	Main business cost	Core business revenue	Main business cost	
Communicatio n	18,596,367	18,459,902	25,363,470	24,908,938	
Small appliances	12,369,836	11,862,861	18,187,166	16,855,289	
Air conditioner	10,046,494	9,796,077	14,127,347	13,616,651	
White goods	8,675,077	8,430,774	12,905,172	12,400,356	
Digital, IT	7,420,288	7,365,934	12,800,856	12,486,199	
Brown goods	6,364,914	6,278,837	12,118,295	11,671,248	
Household supplies	6,097,762	5,841,376	5,356,679	4,933,319	
Installation and maintenance business	74,187	65,055	53,040	47,142	
Others	554,770	50,154	105,486	31,939	
	70,199,695	0,199,695 68,150,970		96,951,081	

(i) General merchandise included maternal and infant products of Redbaby, cosmetic

products, household food, other general merchandise of daily supermarkets, etc.

### (b) Other business revenue and other business costs

	From January to June 2020		From January	to June 2019
-	Other business revenue	Other business cost	Other business revenue	Other business cost
Service revenue of chain stores (i)	543,994	-	320,818	-
Revenue of advertising space usage	532,568	-	194,318	-
Lease income	116,530	11,871	105,638	14,984
Other revenues	491,979	-	468,047	-
_	1,685,071	11,871	1,088,821	14,984
-				

(i) The service revenue of chain stores mainly included the promotional service revenue and merchandise display income collected from suppliers.

### XVI Notes to Financial Statements of Company (continued)

### (6) Investment income

	From January to June 2020	From January to June 2019
Investment income from disposal of subsidiaries	(63,900)	87,158
Investment income gained by disposing trading financial assets	102,087	127,784
Long-term equity investment income accounted by equity method	301,381	98,803
Investment income for trading financial assets during holding period	65,926	-
Investment income from other equity instruments investment during holding period	35,373	31,215
Subsidiary dividends		
Investment income from debt investment during holding period	203	202
Investment income gained by disposing trading financial liabilities	(9,092)	(6,754)
	431,978	338,408

There are no significant restrictions on the repatriation of investment income in Suning

I

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

## Statement of non-recurring gains and losses

	From January to June 2020	From January to June 2019
Gain or loss on disposal of non-current assets	(9,706)	(2,716)
Government subsidies included in current gain or loss	580,402	190,878
Income from changes in fair value	(767,137)	342,594
Investment income gained by disposing trading financial assets	178,766	129,993
Investment income from investment accounting converted by equity method from trading financial assets	-	425,569
Adjustment of initial investment cost accounted by equity method	-	639,391
Investment income from disposal of subsidiaries	768,694	3,757,594
Non-operating revenues and expenses other than the items above	76,518	27,820
Others	-	24,663
	827,537	5,535,786
Affected income tax	(242,146)	(217,326)
Affected minority interest (net of tax)	(6,877)	10,785
	578,514	5,329,245

Basis for the preparation of statement of non-recurring gains and losses

Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

According to *China Securities Regulatory Commission's Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing their Securities to the Public - Non-recurring Gain or Loss [2008]*, non-recurring gain or loss refer to gain or loss arising from various transactions and matters which are not directly related to the normal business of a company and which, although related to the normal business, affect the right judgment of the business performance and profitability of the company due to their special nature and contingency. Suning.Com Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

## II Rate of return on net assets and earnings per share

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	June 30, 2020	June 30, 2019	June 30, 2020	From January to June 2019	June 30, 2020	From January to June 2019
Net income attributable to common shareholders of the Company	(0.19)	2.63	(0.02)	0.23	(0.02)	0.23
Net incomes attributable to common shareholders of the Company after deducting non-recurring gain or loss	(0.85)	(3.92)	(0.08)	(0.35)	(0.08)	(0.35)
01 1035	(0.00)	(0.92)	(0.00)	(0.00)	(0.00)	(0.00)

# **Section XI List of Documents for Further Reference**

(I) Financial statement signed and sealed by the board chairman of the Company, chief financial officer, and fiscal principal (person in charge of Accounting Department).

(II) Originals of all documents and announcements published on the website designated by China Securities Regulatory Commission within reporting period

Suning.Com Co., Ltd. Chairman: Zhang Jindong August 29, 2020