# Suning.com Group Co., Ltd.

## 2020 Annual Report




## April 2021

# Section I Important Notices and Table of Contents

Whether the directors, supervisors and senior management have objections to the contents contained in the annual report or are unable to guarantee their authenticity, accuracy and completeness

□ Yes √ No

The Board of Directors, Board of Supervisors, directors, supervisors and senior management hereby ensure that the contents contained in the 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.

Directors of the Company attended the board meeting of deliberating the Annual Report in person. Directors Yang Guang and Xu Hong attended in communication mode due to official business.

Zhang Jindong, board chairman of the Company, Ms. 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 annual report.

Warning about non-standard audit opinions

□ Applicable √ Not applicable

Warning about significant defects in internal control

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

Yes

Retail-related industries

Profit distribution plan and conversion of public reserves to issued capital plan in the reporting period approved by the Board of Directors

□ Applicable √ Not applicable

The Company does not plan to distribute cash dividends, give bonus share or convert accumulation fund to issued 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 (if any) | None | | |
| 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 foreign language (if any) | SUNING.COM CO.,LTD. | | |
| Foreign name abbreviation of the Company (if any) | SUNING.COM | | |
| Legal representative of the Company | Zhang Jindong | | |
| Registered address | 1F-5F Jinshan Mansion, No. 8 Shanxi Road, Nanjing, Jiangsu | | |
| Postcode of registered address | 210009 | | |
| Office address | No. 1 Suning Avenue, Xuanwu District, Nanjing City, Jiangsu Province | | |
| Postcode of office address | 210042 | | |
| Website of the Company | http://www.suning.cn, http://www.suning.com | | |
| E-mail | stock@suning.com | | |

## II. Contact Information

| | Secretary of the Board of Directors | Representative for Securities Affairs |
|---|---|---|
| Name | Huang Wei | Liu Jie |
| Address | No. 1 Suning Avenue, Xuanwu District, Nanjing City, Jiangsu Province | |
| Tel. | 025-84418888-888122/888480 | |
| Fax | 025-84418888-2-888480 | |
| E-mail | stock@suning.com | |

## Ⅲ. Information Disclosure and Preparation Place

| | |
|---|---|
| Name of the media for information disclosure selected by the Company | *Securities Times*, *China Securities Journal*, *Shanghai Securities News* and *Securities Daily* |
| Website designated by China's Securities Regulatory Commission (CSRC) for publishing annual report | http://www.cninfo.com.cn |
| Annual Report Storage Place | Board Secretary Office |

## IV. Change of Registered Information

| | |
|---|---|
| Organization code | 91320000608950987L |
| Change of main business since the Company has been listed | None |
| All previous changes of controlling shareholders | None |

## Ⅴ. Other Related Information

Accounting firm engaged by the Company

| | |
|---|---|
| Name of accounting firm engaged | PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. (Special General Partnership) |
| Office address of the accounting firm | No. 202 Hubin Road, Shanghai, China |
| Name of signatory accountant | Qian Jin, Zhuang Beibei |

Sponsor institution employed by the Company for continuous supervision during the reporting period

□ Applicable √ Not applicable

The financial adviser employed by the Company to perform continuous supervision duties in the reporting period

□ Applicable √ Not applicable

## VⅠ. 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

| | 2020 | 2019 | Increase and decrease in the current year over the last year | 2018 |
|---|---|---|---|---|
| Operating revenue | 252,295,666 | 269,228,900 | -6.29% | 244,956,573 |
| Net profit attributable to the shareholders of listed company | -4,274,696 | 9,842,955 | -143.43% | 13,327,559 |
| Net profit attributable to shareholders of listed company after deducting nonrecurring gain or loss | -6,806,848 | -5,710,867 | -19.19% | -359,441 |
| Net cash flows from business activities | -1,621,846 | -17,864,555 | 90.92% | -13,874,467 |

| | 2020 | 2019 | Increase and decrease in the current year over the last year | 2018 |
|---|---|---|---|---|
| Basic earnings per share (EPS) (RMB/share) | -0.46 | 1.07 | -142.99% | 1.44 |
| Diluted earnings per share (RMB/share) | -0.46 | 1.07 | -142.99% | 1.44 |
| Weighted average rate of return on net assets | -5.08% | 11.77% | -16.85% | 16.83% |
| | End of 2020 | End of 2019 | Increase and decrease at the end of the current year over the end of the last year | End of 2018 |
| Total assets | 212,075,200 | 236,855,045 | -10.46% | 199,467,202 |
| Net assets attributable to the shareholders of the listed company | 76,857,447 | 87,921,915 | -12.58% | 80,917,098 |

Note: 1. 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 185,488,452 repurchased shares.

2. In 2020, the Company's net cash flow from business activities was RMB -1.622 billion, which was significantly improved compared with the same period last year. The net cash flow from business activities in four quarters was RMB 807 million.

The Company's net profit before and after deducting non-recurring gain and loss in the last three fiscal years was negative, and the audit report of the last year showed that the Company's ability to continue as a going concern was uncertain

□ Yes √ No

The net profit before and after deducting recurring gain and loss was negative

√ Yes □ No

Unit: RMB 1,000

| Items | 2020 | 2019 | Remarks |
|---|---|---|---|
| Operating revenue | 252,295,666 | 269,228,900 | - |
| Revenue deduction amount | 0 | 0 | - |
| Revenue amount after deduction | 252,295,666 | 269,228,900 | - |

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

| | |
|---|---|
| The Company's total issued capital as of the previous trading day before disclosure (share) | 9,310,039,655 |

Fully diluted earnings per share calculated as per the latest total issued capital:

| | |
|---|---|
| Preferred stock dividends paid | 0 |
| Fully diluted earnings per share calculated as per the latest total issued capital (RMB/share) | -0.4591 |

## VII. 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

□ Applicable √ 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

□ Applicable √ 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

□ Applicable √ Not applicable

## VIII. Main Financial Indicators by Quarters

Unit: RMB 1,000

| | First quarter | Second quarter | Third quarter | Fourth quarter |
|---|---|---|---|---|
| Operating revenue | 57,839,184 | 60,584,646 | 62,437,954 | 71,433,882 |
| Net profit attributable to the shareholders of listed company | -550,949 | 384,352 | 713,711 | -4,821,810 |
| Net profit attributable to shareholders of listed company after deducting nonrecurring gain or loss | -500,367 | -244,744 | -263,833 | -5,797,904 |
| Net cash flows from business activities | -3,925,437 | 4,129,984 | -2,633,539 | 807,146 |

Whether there are any significant differences between the above financial indicators or the sum thereof and relevant financial indicators given in the quarterly and annual reports issued by the Company?

□ Yes √ No

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

Unit: RMB 1,000

| Items | Amount in 2020 | Amount in 2019 | Amount in 2018 |
|---|---|---|---|
| Gain and loss on disposal of non-current assets (write-off part of assets impairment reserves) | 35,646 | -16,473 | -33,133 |
| Government subsidies included in the current gain and 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 | 839,297 | 338,040 | 416,006 |

| Items | Amount in 2020 | Amount in 2019 | Amount in 2018 |
|---|---|---|---|
| quota or fixed amount | | | |
| Gain or loss from fair value changes generated by the holding of trading 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 Suning's normal business operations | 1,533,978 | 1,085,867 | 11,834,842 |
| Earnings from investment converted to available-for-sale financial assets after accounting by equity method | - | - | 760,766 |
| Investment income from disposal of subsidiaries | 810,054 | 19,663,618 | 1,220,422 |
| Investment income from investment converted to trading financial assets after accounting by equity method | - | 444,259 | - |
| Investment income from disposal of associated company | - | 312,617 | - |
| Investment income from debt investment during holding period | 407 | - | - |
| Other gain or loss items in conformity with definition of non-recurring gain or loss (adjusting the payable equity consideration for acquiring the shares of TTK Express) | - | - | 131,448 |
| Transferred back from accrued bad debt reserves of single account receivable | -17,296 | -118 | - |
| Other non-operating revenues and expenses than the items above | -36,833 | -77,123 | 257,155 |
| | | | |
| Minus: Affected income tax | 607,102 | 6,186,584 | 740,617 |
| Affected minority equity (net of tax) | 25,999 | 10,281 | 159,889 |

| Items | Amount in 2020 | Amount in 2019 | Amount in 2018 |
|---|---|---|---|
| Total | 2,532,152 | 15,553,822 | 13,687,000 |

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.

□ Applicable √ 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

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

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

In the reporting period, the external business environment of the enterprise was affected by the epidemic. Although the consumption condition rebounded slowly quarter by quarter, the overall development was under pressure. According to the data of the National Bureau of Statistics, in 2020, the total retail sales of consumer goods decreased by 3.9% on a year-on-year basis, while the total online retail sales on a national scale increased by 10.9% on a year-on-year basis; according to the statistics of China National Commercial Information Center, in 2020, the retail sales of 100 key large-scale retail enterprises on a national scale decreased by 13.8% on a year-on-year basis, which is below the market average.

In the face of challenges, the Company actively responded, focused on retail and service businesses, and accelerated opening-up empowerment. In 2020, Suning realized the operating income of RMB 252.296 billion with a YoY decrease of 6.29%. Suning's gross merchandise volume in 2020 is RMB 416.315 billion, with a YoY growth of 9.92%, including an amount of RMB 290.335 billion in online gross merchandise volume, with a YoY growth of 21.60%. The online gross merchandise volume accounts for almost 70%.

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

#### ■ Retail business

The Company always carried out the promotion of coverage of all scenarios, omni-category and full customer group to further improve the service capability for users.

#### ➢ Channel operation

In terms of brick and mortar stores, the sales of the stores were greatly affected by the epidemic. Through the optimization of the store structure and the strengthening of the Internet operation capacity of the stores, as well as the recovering market and moderate promotion, the consumer volume of the stores gradually picked up and the sales improved. In December, the revenue of comparable household appliances 3C specialty stores increased by 5.37% on a year-on-year basis. In 2020, through the development of social marketing such as Suning Tuike, store live and SuTuan, the Company's online gross merchandise volume brought by the social marketing of stores increased by 145.70% on a year-on-year basis. Carrefour supermarket continued to promote the integration of two lines, further expanded the delivery scope, and the quantity of home business

orders increased by 139% on a year-on-year basis in 2020. In 2020, the Company accelerated the pilot promotion of the partnership business model in small and medium-sized stores, which significantly improved the operation efficiency and benefit of stores, greatly improved the enthusiasm of terminal personnel, and gradually matured the partnership business model.

In terms of online business, the Company determined the independent development strategies of Yunwang Wandian, including comprehensively benchmarking the major Internet retail platforms, integrating the online business and introducing strategic investment, planning to increase stock-based compensation for employees and exploring the independent listing. Therefore, the Company increased investment in user operating subsidies and commodity operating subsidies in four quarters, especially for the promotion of FMCGs with low unit price and high re-purchase rate, so as to increase user scale and improve user experience. This led to a significant increase in user activity. In four quarters, the number of active buyers increased by 52% on a year-on-year basis. In December, the number of monthly active users of Suning.Com increased by 68% on a year-on-year basis. As a result, the gross merchandise volume of products on Yunwang Wandian increased by 33.67% on a year-on-year basis in four quarters. Among them, the gross merchandise volume of self-operated products of the Company increased by 45.28% on a year-on-year basis. The commodity and service advantages of the Company's self-operated business effectively driven the growth of the user scale, and contributed to the improvement of the service value of the Company's third-party platform to merchants, resulting in a YoY growth of 44.42% in the gross merchandise volume of third-party platform in 2020. With the rapid growth of third-party platform, the profit model of the Internet platform will gradually be reflected. In general, the Company's business strategy has brought significant market effect. However, the increase in user investment and the decline in gross margin brought by price competition will increase the Company's losses periodically. In the future, with the completion of the strategic capital absorbing of Yunwang Wandian, the shareholding ratio of listed companies to Yunwang Wandian will gradually decrease, and the merged losses will be gradually reduced. Therefore, the Company should firmly implement the development strategy of Yunwang Wandian. With the continuous and rapid development of Yunwang Wandian, the scale effect will be gradually reflected.

In 2020, the Suning Retail Cloud franchised stores expanded rapidly, with 3,201 new stores opened throughout the year, establishing a leading channel advantage in the tertiary and fourth markets. More and more brand owners chosen to strengthen cooperation with Retail Cloud and develop the lower-tier market.

- **Commodity management**

While strengthening the professional self-operating capability of core commodity categories, Suning focuses on the construction of Omni-category C2M commodity supply chain system, develops and improves the proportion of high-end products, new products and KOL items in home appliance and FMCG articles of daily use by developing differentiated products and IP series products such as private brand, exclusive agent brand and customized exclusive sales.

In virtue of online and offline all-scenario service and marketing capabilities, Suning can deeply cooperate with partners, brand owners and third-party merchants and strengthen C2M customization cooperation to realize brand incubation and cultivation. The strategy of Retail Cloud first class + C2M direction customization will link with a wider range of partners, jointly step into the

lower-tier market to open up a new blue ocean, to build an open, collaborative and win-win platform; Suning Group Purchase empowered local brands with the "direct sale matrix" composed of group purchase villages, industrial base and Pinpin farm.

In the reporting period, the merchant ecology of the Company's online platform was increasingly enriched, and the non-electrical appliance merchants on the Company's third-party platforms accounted for 86.81%. The Company will continue to optimize and improve various preferential policies and technology empowerment means for third-party stores, and unswervingly develop and expand third-party platforms.

- **Logistics business**

Suning Logistics has a leading network of in-house logistics network facilities in the retail industry. During the reporting period, Suning Logistics opened and expanded 9 logistics bases, completed the construction of 10 logistics bases, accelerated the storage of logistics warehouse land, received licenses of 8 cities such as Xi'an, Nanning, Nanjing, Nanchang, and Kunming for logistics warehouse land. As of December 31, 2020, the Company had put 67 logistics bases into operation in 48 cities, and 17 logistics bases were under construction and expansion in 15 cities. The investment and operation of Suning Logistics Real Estate Fund formed the sound asset operation mode of "development-operation-fund operation" of the Company's warehouse property.

Suning Logistics cooperated with Carrefour to expand the home business, and provided diversified community services for communities through a variety of services such as delivery within 1 h and three-delivery in a day. In addition, focusing on the rapidly rising lower-tier market, Suning Logistics provided store delivery, door-to-door delivery and other services for Suning Retail Cloud stores, providing cornerstone support for the rapid development of all-scenario smart retail of Suning.

The third-party business of Suning Logistics maintained rapid development. Suning Logistics actively gave full play to the advantages of integrated warehouse and distribution service, one-stop service of delivery and installation, and high-value commodity delivery experience service. Especially in home logistics, it had successively expanded the scope and depth of cooperation with IKEA, KUKA and other major brands.

- **Construction of the Company's store network**

In the reporting period, the external development environment of the Company's brick and mortar stores was weak. In the first half of the year, the Company accelerated the adjustment of stores with poor operation benefit, and paid more attention to the layout of "big stores" in the primary and secondary markets, enhanced the scenario layout, and created immersive "cloud shopping" experience, As of December 31, 2020, Suning.Com Cloud Stores in the primary and secondary markets accounted for 46% of household appliances 3C specialty stores (excluding stores in malls and supermarkets); with Carrefour Supermarket as the center of the community commercial sphere, the Company accelerated the full coverage of offline consumption scenarios and empowered the surrounding partner stores. And the Company accelerated its expansion in Suning Retail Cloud franchised stores in the tertiary and fourth markets as per its established plans, and opened 3,201 Retail Cloud franchised stores in 2020.

As of December 31, 2020, the Company had totally 2,649 self-owned stores of all types and 7,137 Suning Retail Cloud franchised stores.

**(1) Distribution of stores**

As of December 31, 2020, the Company's stores were distributed by operating format

Unit: stores, 10,000 $m^2$

| | December 31, 2020 | | |
|---|---|---|---|
| | Quantity | Area | Area ratio |
| Suning.Com Plaza | 37 | 98.28 | 13.57% |
| Household appliances 3C specialty store | 2,081 | 463.58 | 64.01% |
| Direct-sale stores of Suning.Com | 131 | 5.98 | 0.83% |
| Carrefour Supermarket | 228 | 141.12 | 19.48% |
| Redbaby store | 142 | 14.63 | 2.02% |
| Hong Kong stores | 30 | 0.67 | 0.09% |
| Total | 2,649 | 724.26 | 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 37 Wanda department stores acquired 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.

As of December 31, 2020, the Company's stores were distributed by region

Unit: stores, 10,000 $m^2$

| | Suning.Com Plaza | | Household appliances 3C specialty store | | Redbaby store | | Carrefour Supermarket | | Direct-sale stores of Suning.Com | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | Area | Quantity | Area | Quantity | Area | Quantity | Area | Quantity | Area |
| East China Region I | 7 | 17.86 | 496 | 107.35 | 64 | 6.45 | 29 | 18.68 | 28 | 1.22 |
| East China Region II | 7 | 19.66 | 357 | 70.81 | 12 | 1.28 | 55 | 27.32 | 12 | 0.50 |
| Central China Region | 4 | 9.79 | 208 | 45.19 | 9 | 0.79 | 15 | 9.19 | 25 | 0.86 |
| South China Region | 2 | 5.23 | 231 | 43.07 | 15 | 1.79 | 25 | 16.39 | 14 | 0.70 |
| North China Region | 8 | 22.05 | 226 | 62.22 | 7 | 0.54 | 35 | 21.92 | 16 | 0.84 |
| Southwest China Region | 3 | 7.01 | 288 | 72.25 | 30 | 3.15 | 41 | 27.73 | 13 | 0.75 |
| Northwest China Region | 3 | 8.15 | 111 | 30.66 | 5 | 0.63 | 3 | 1.82 | 7 | 0.34 |
| Northeast China Region | 3 | 8.53 | 164 | 32.03 | - | - | 25 | 18.07 | 16 | 0.77 |
| Total | 37 | 98.28 | 2,081 | 463.58 | 142 | 14.63 | 228 | 141.12 | 131 | 5.98 |

Note 1: East China Region I includes Jiangsu, Anhui and Shandong; East China Region II covers Shanghai, Fujian, Zhejiang and Jiangxi;

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

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.

Note 2: The above data statistics are rounded, and there are some differences in summation. It is the same as below.

As of December 31, 2020, the Company's stores were distributed by market class

Unit: stores, 10,000 $m^2$

| | Suning.Com Plaza | | Household appliances 3C specialty store | | Maternal and infant store | | Carrefour Supermarket | | Direct-sale stores of Suning.Com | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | Area | Quantity | Area | Quantity | Area | Quantity | Area | Quantity | Area |
| Primary market | 25 | 69.34 | 691 | 185.94 | 56 | 6.23 | 187 | 114.99 | 15 | 0.78 |
| Secondary market | 12 | 28.94 | 735 | 160.04 | 59 | 5.87 | 34 | 21.90 | 27 | 1.17 |
| Tertiary market | - | - | 601 | 108.72 | 27 | 2.53 | 7 | 4.23 | 66 | 3.20 |
| Fourth market | - | - | 54 | 8.88 | - | - | - | - | 23 | 0.83 |
| Total | 37 | 98.28 | 2,081 | 463.58 | 142 | 14.63 | 228 | 141.12 | 131 | 5.98 |

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

Unit: stores, 10,000 $m^2$

| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
|---|---|---|---|---|---|---|
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Household appliances 3C specialty store | 56 | 10.24 | 282 | 57.51 | -226 | -47.27 |
| Direct-sale stores of Suning.Com | - | - | 702 | 20.68 | -702 | -20.68 |
| Carrefour Supermarket | 15 | 4.66 | 20 | 8.15 | -5 | -3.49 |
| Redbaby store | 8 | 0.52 | 41 | 5.07 | -33 | -4.55 |
| Hong Kong stores | 2 | 0.03 | 2 | 0.04 | 0 | -0.01 |
| Total | 81 | 15.45 | 1,047 | 91.45 | -966 | -76.00 |

② Based on the location of stores

Unit: stores, 10,000 $m^2$

| | Household appliances 3C specialty store | | | | | |
|---|---|---|---|---|---|---|
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| East China Region I | 14 | 1.76 | 52 | 9.27 | -38 | -7.51 |
| East China Region II | 6 | 1.01 | 39 | 8.79 | -33 | -7.78 |
| Central China Region | 9 | 1.80 | 29 | 5.61 | -20 | -3.81 |
| South China Region | 4 | 0.60 | 56 | 10.91 | -52 | -10.31 |
| North China | 7 | 1.42 | 27 | 4.74 | -20 | -3.32 |

| | Household appliances 3C specialty store | | | | | |
|---|---|---|---|---|---|---|
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Region | | | | | | |
| Southwest China Region | 10 | 2.56 | 49 | 11.76 | -39 | -9.20 |
| Northwest China Region | 2 | 0.29 | 20 | 4.26 | -18 | -3.97 |
| Northeast China Region | 4 | 0.80 | 10 | 2.17 | -6 | -1.37 |
| Total | 56 | 10.24 | 282 | 57.51 | -226 | -47.27 |
| | Maternal and infant store | | | | | |
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| East China Region I | 3 | 0.14 | 14 | 1.75 | -11 | -1.61 |
| East China Region II | - | - | 7 | 0.76 | -7 | -0.76 |
| Central China Region | 2 | 0.16 | 4 | 0.49 | -2 | -0.33 |
| South China Region | - | - | 3 | 0.30 | -3 | -0.30 |
| North China Region | - | - | 5 | 0.77 | -5 | -0.77 |
| Southwest China | 3 | 0.22 | 7 | 0.88 | -4 | -0.66 |

| | Household appliances 3C specialty store | | | | | |
|---|---|---|---|---|---|---|
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Region | | | | | | |
| Northwest China Region | - | - | 1 | 0.12 | -1 | -0.12 |
| Northeast China Region | - | - | - | - | - | - |
| Total | 8 | 0.52 | 41 | 5.07 | -33 | -4.55 |
| | Carrefour Supermarket | | | | | |
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| East China Region I | 6 | 1.93 | 2 | 1.30 | 4 | 0.63 |
| East China Region II | 2 | 0.40 | 10 | 2.03 | -8 | -1.63 |
| Central China Region | 1 | 0.37 | 2 | 1.42 | -1 | -1.05 |
| South China Region | 1 | 0.10 | 1 | 0.59 | - | -0.49 |
| North China Region | 1 | 0.18 | 2 | 1.18 | -1 | -1.00 |
| Southwest China Region | 3 | 1.27 | 1 | 0.73 | 2 | 0.54 |
| Northwest China | - | - | - | - | - | - |

| | Household appliances 3C specialty store | | | | | |
|---|---|---|---|---|---|---|
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Region | | | | | | |
| Northeast China Region | 1 | 0.41 | 2 | 0.90 | -1 | -0.49 |
| Total | 15 | 4.66 | 20 | 8.15 | -5 | -3.49 |
| | Direct-sale stores of Suning.Com | | | | | |
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| East China Region I | - | - | 139 | 3.49 | -139 | -3.49 |
| East China Region II | - | - | 73 | 2.23 | -73 | -2.23 |
| Central China Region | - | - | 87 | 2.48 | -87 | -2.48 |
| South China Region | - | - | 113 | 2.80 | -113 | -2.80 |
| North China Region | - | - | 62 | 2.15 | -62 | -2.15 |
| Southwest China Region | - | - | 112 | 3.80 | -112 | -3.80 |
| Northwest China Region | - | - | 65 | 2.11 | -65 | -2.11 |
| Northeast China | - | - | 51 | 1.62 | -51 | -1.62 |

| | Household appliances 3C specialty store | | | | | |
|---|---|---|---|---|---|---|
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Region | | | | | | |
| Total | - | - | 702 | 20.68 | -702 | -20.68 |

③ Changes according to market type

Unit: stores, 10,000 $m^2$

| | Household appliances 3C specialty store | | | | | |
|---|---|---|---|---|---|---|
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Primary market | 14 | 3.48 | 90 | 22.94 | -76 | -19.46 |
| Secondary market | 25 | 4.19 | 62 | 11.94 | -37 | -7.75 |
| Tertiary market | 16 | 2.46 | 115 | 20.81 | -99 | -18.35 |
| Fourth market | 1 | 0.11 | 15 | 1.82 | -14 | -1.71 |
| Subtotal | 56 | 10.24 | 282 | 57.51 | -226 | -47.27 |
| | Maternal and infant store | | | | | |
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Primary market | 4 | 0.26 | 13 | 1.59 | -9 | -1.33 |
| Secondary market | 3 | 0.21 | 18 | 2.38 | -15 | -2.17 |

| | Household appliances 3C specialty store | | | | | |
|---|---|---|---|---|---|---|
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Tertiary market | 1 | 0.05 | 10 | 1.10 | -9 | -1.05 |
| Fourth market | - | - | - | - | - | - |
| Subtotal | 8 | 0.52 | 41 | 5.07 | -33 | -4.55 |
| | Carrefour Supermarket | | | | | |
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Primary market | 11 | 3.37 | 16 | 5.88 | -5 | -2.51 |
| Secondary market | 3 | 0.88 | 4 | 2.27 | -1 | -1.39 |
| Tertiary market | 1 | 0.41 | - | - | 1 | 0.41 |
| Fourth market | - | - | - | - | - | - |
| Total | 15 | 4.66 | 20 | 8.15 | -5 | -3.49 |
| | Direct-sale stores of Suning.Com | | | | | |
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Primary market | - | - | 38 | 1.51 | -38 | -1.51 |
| Secondary market | - | - | 76 | 2.95 | -76 | -2.95 |

| | Household appliances 3C specialty store | | | | | |
|---|---|---|---|---|---|---|
| | New stores opened in 2020 | | Stores closed down in 2020 | | Net increase (+) / Net decrease (-) | |
| | Quantity | Area | Quantity | Area | Quantity | Area |
| Tertiary market | - | - | 386 | 11.51 | -386 | -11.51 |
| Fourth market | - | - | 202 | 4.71 | -202 | -4.71 |
| Total | - | - | 702 | 20.68 | -702 | -20.68 |

**(3) Performance of comparable stores**

- Household appliances 3C specialty store

Under the influence of weak external market environment of the first half of 2020, the offline retail sales revenue of the Company's comparable household appliances 3C specialty stores (referring to stores opened on or before January 1, 2019, excluding stores in Hong Kong) has decreased by 24.31% on year-on-year basis in the reporting period. The Company actively promoted measures for old for new service, one-stop of delivery and installation, seizing peak seasons for promotion and Internet operation of stores, so as to promote further recovery of customer volume for the stores. As a result, the sales volume and area-effectiveness of comparable stores has been improved quarter on quarter.

- Redbaby store

Redbaby stores were located mainly in shopping centers. Affected by the epidemic, business hours, customer volume, etc. of the shopping centers were not as good as expected bringing an influence on the sales volume of the stores in the short run. In the reporting period, the offline retail sales of comparable stores decreased by 16.76% on a year-on-year basis. With the recovery of offline consumption and the Company's strengthening of store operation, the area-effectiveness of stores improved month on month.

Table 1 Based on the Operating Formats of Stores

Unit: RMB / $m^2$

| | Area-effectiveness | | YoY change of revenue |
|---|---|---|---|
| | Amount | YoY change | |
| Household appliances 3C specialty store | 11,200.19 | -22.08% | -24.31% |
| Maternal and infant store | 6,388.42 | -9.82% | -16.76% |

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 value of dividing the annual revenue of stores in various operating formats by the usable area agreed in the contract signed with the store; the same as below.

Table 2 Based on the Market Level of Stores

Unit: RMB / $m^2$

| | Household appliances 3C specialty store | | | Maternal and infant store | | |
|---|---|---|---|---|---|---|
| | Area-effectiveness | | YoY change of revenue | Area-effectiveness | | YoY change of revenue |
| | Amount | YoY change | | Amount | YoY change | |
| Primary market | 14,843.70 | -20.80% | -22.67% | 6,027.13 | -9.93% | -17.70% |
| Secondary market | 9,157.58 | -23.13% | -25.99% | 6,261.37 | -12.07% | -18.69% |
| Tertiary market | 8,311.77 | -24.24% | -26.11% | 7,441.09 | -5.65% | -11.28% |
| Fourth market | 10,109.89 | -23.54% | -24.79% | - | - | - |
| Total | 11,200.19 | -22.08% | -24.31% | 6,388.42 | -9.82% | -16.76% |

Table 3 Based on the Location of Stores

Unit: RMB / $m^2$

| | Household appliances 3C specialty store | | | Maternal and infant store | | |
|---|---|---|---|---|---|---|
| | Area-effectiveness | | YoY change of revenue | Area-effectiveness | | YoY change of revenue |
| | Amount | YoY change | | Amount | YoY change | |
| East China | 12,738.83 | -17.74% | -20.15% | 6,772.04 | -10.35% | -18.28% |

| | Household appliances 3C specialty store | | | Maternal and infant store | | |
|---|---|---|---|---|---|---|
| | Area-effectiveness | | YoY change of revenue | Area-effectiveness | | YoY change of revenue |
| | Amount | YoY change | | Amount | YoY change | |
| Region I | | | | | | |
| East China Region II | 12,136.45 | -19.10% | -21.43% | 4,193.68 | -15.79% | -21.92% |
| Central China Region | 8,430.73 | -31.50% | -32.91% | 8,166.09 | 3.82% | -10.83% |
| South China Region | 11,662.63 | -19.36% | -23.13% | 6,109.19 | -5.14% | -8.59% |
| North China Region | 12,474.43 | -20.91% | -22.92% | 4,499.00 | -37.76% | -37.95% |
| Southwest China Region | 10,022.07 | -27.53% | -28.72% | 6,758.82 | -9.16% | -14.18% |
| Northwest China Region | 8,903.14 | -25.74% | -27.28% | 3,611.08 | -16.96% | -27.66% |
| Northeast China Region | 9,473.52 | -25.69% | -29.45% | - | - | - |
| Total | 11,200.19 | -22.08% | -24.31% | 6,388.42 | -9.82% | -16.76% |

**(4) Information of stores with gross merchandise volume ranking top 10 in 2020**

Unit: $m^2$

| No. | Store name | Address | Opening date | Contractual lease area | Operating format | Business model | Property ownership status |
|---|---|---|---|---|---|---|---|

| No. | Store name | Address | Opening date | Contractual lease area | Operating format | Business model | Property ownership status |
|---|---|---|---|---|---|---|---|
| 1 | Nanjing Xinjiekou Store | Baixia District, Nanjing City | 1999/12/28 | 15,885.09 | Household appliances 3C specialty store | Direct sales | Properties leased |
| 2 | Chongqing Guanyin Bridge Pedestrian Street Store | Jiangbei District, Chongqing City | 2006/10/1 | 27,446.30 | Household appliances 3C specialty store | Direct sales | Properties leased |
| 3 | Chengdu Tianfu Interchange Store | Chengdu Hi-Tech Industrial Development Zone | 2011/1/22 | 9,342.00 | Household appliances 3C specialty store | Direct sales | Properties leased |
| 4 | Shanghai Changning Road Store | Changning District, Shanghai | 2005/10/1 | 10,951.58 | Household appliances 3C specialty store | Direct sales | Properties leased |
| 5 | Beijing Lianxiang Bridge Store | Haidian District, Beijing | 2002/10/1 | 10,449.00 | Household appliances 3C specialty store | Direct sales | Properties leased |
| 6 | Shanghai Wujiaochang Store | Yangpu District, Shanghai | 2010/12/25 | 19,145.00 | Household appliances 3C specialty store | Direct sales | Properties leased |
| 7 | Wuxi Suning Plaza Store | Chong'an District, Wuxi City | 2013/9/30 | 18,704.93 | Household appliances 3C | Direct sales | Properties leased |

| No. | Store name | Address | Opening date | Contractual lease area | Operating format | Business model | Property ownership status |
|---|---|---|---|---|---|---|---|
| | | | | | specialty store | | |
| 8 | Nanjing Shanxi Road Store | Gulou District, Nanjing City | 2003/3/15 | 18,308.75 | Household appliances 3C specialty store | Direct sales | Own properties |
| 9 | Beijing Ciyun Temple Bridge Store | Chaoyang District, Beijing | 2015/9/30 | 12,746.00 | Household appliances 3C specialty store | Direct sales | Properties leased |
| 10 | Tianjin Nanlou Store | Hexi District, Tianjin City | 2003/3/15 | 10,036.80 | Household appliances 3C specialty store | Direct sales | Properties leased |

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

**(5) Situation of Suning Retail Cloud franchised store the reporting period**

Unit: stores

| Area | December 31, 2020 | December 31, 2019 | Increase/decrease in quantity |
|---|---|---|---|
| East China Region I | 1,635 | 1,031 | 604 |
| Central China Region | 1,084 | 729 | 355 |
| Southwest China Region | 938 | 562 | 376 |
| South China Region | 1,064 | 686 | 378 |

| Area | December 31, 2020 | December 31, 2019 | Increase/decrease in quantity |
|---|---|---|---|
| North China Region | 920 | 652 | 268 |
| East China Region II | 786 | 478 | 308 |
| Northwest China Region | 411 | 245 | 166 |
| Northeast China Region | 299 | 203 | 96 |
| Total | 7,137 | 4,586 | 2,551 |

**(6) 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. Suning Retail Cloud franchised stores developed rapidly, establishing a leading channel advantage in the tertiary and fourth markets. More and more brand owners chosen to strengthen cooperation with Retail Cloud and develop the lower-tier market. In the reporting period, 3,201 new franchised stores were opened, the management of franchised stores was strengthened and the franchising network was optimized. The total number of stores at the end of the reporting period was 7,137. The Company charged franchisees the franchise fee, brand fee and technical service fee. During the reporting period, the 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 services will also increase.

## II. Significant Changes in Main Assets

### 1. Significant changes in main assets

| Main Assets | Description of Significant Changes |
|---|---|
| Equity asset | As of December 31, 2020, the balance of long-term equity investment showed a decrease of 2.25% compared with that at the beginning of the period, with no major change. |
| Fixed assets | As of December 31, 2020, the balance of fixed assets showed an increase of 1.64% compared with that at the beginning of the period, with no major change. |

| Main Assets | Description of Significant Changes |
|---|---|
| Intangible assets | As of December 31, 2020, the balance of intangible assets showed a decrease of 5.53% compared with that at the beginning of the period, with no major change. |
| Construction in progress | As of December 31, 2020, the balance of construction in progress showed a decrease of 20.27% compared with that at the beginning of the period, with no major change. |

**2. Main foreign assets**

Unit: RMB 1,000

| Specific contents of the assets | Causes | Net asset size as of December 31, 2020 | Location | Operation mode | Control measures for guaranteeing assets security | Earnings | Proportion of net foreign assets in net assets of the Company | Whether there are major impairment risk |
|---|---|---|---|---|---|---|---|---|
| Suning.Com (Hong Kong) Co., Ltd. | Acquisition | 186,244 | Hong Kong | Wholesaling and retail | Not applicable | 7,750,025 | 0.24% | No |
| Others | 1. Subsidiaries of the Company in Hong Kong are mainly engaged in commodity retailing and wholesaling and overseas purchase. They achieved main business revenue of RMB 7.75 billion in 2020, with a YoY growth of 54.03%.<br>2. The Company set an institute in Silicon Valley, mainly engaged in cloud computing, big data and other IT research and development.<br>3. Due to the needs of carrying out business, the Company set subsidiaries overseas, including Great Elite Limited, Shiny Lion Limited, Great Universe Limited, Granda Magic Limited, and Great Horizon Limited, mainly engaged in investment. | | | | | | | |

## 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 Suning, 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 retail 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 commodities 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 brick-and-mortar 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

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

Please refer to “Section III Summary of Company Business” and relevant contents therein for details.

### 1. Changes in operating revenue

Unit: RMB 1,000

| Items | 2020 | 2019 | Increase or decrease rate (%) |
|---|---|---|---|
| Operating revenue | 252,295,666 | 269,228,900 | -6.29% |
| Cost of revenues | 224,577,397 | 230,117,385 | -2.41% |
| Sales cost | 25,676,511 | 33,532,018 | -23.43% |
| Administrative cost | 4,659,720 | 4,945,032 | -5.77% |
| R&D cost | 2,263,933 | 3,267,610 | -30.72% |
| Financial cost | 1,965,424 | 2,237,420 | -12.16% |
| Operating income | -6,863,808 | 14,671,720 | -146.78% |
| Total profit | -6,900,641 | 14,594,597 | -147.28% |
| Net profit | -5,357,866 | 9,319,787 | -157.49% |
| Net profit attributable to the shareholders of listed company | -4,274,696 | 9,842,955 | -143.43% |

In the reporting period, the external business environment of the enterprise was affected by the epidemic. Although the consumption condition rebounded slowly quarter by quarter, the overall development was under pressure. In the face of challenges, the Company actively responded, focused on retail and service businesses, and accelerated opening-up empowerment. In 2020, Suning realized the operating income of RMB 252.296 billion with a YoY decrease of 6.29%. Suning's gross merchandise volume in 2020 is RMB 416.315 billion, with a YoY growth of 9.92%, including an amount of RMB 290.335 billion in online gross merchandise volume, with a YoY growth

of 21.60%. The online gross merchandise volume accounts for almost 70%.

**2. Changes in gross margin**

| Items | 2020 | 2019 | Increase or decrease |
|---|---|---|---|
| Gross margin of main business | 9.01% | 13.03% | -4.02% |
| Gross margin of other business | 2.27% | 1.81% | 0.46% |
| Comprehensive gross margin | 11.28% | 14.84% | -3.56% |

On the one hand, affected by the epidemic, both the sales and proportion of offline business declined, while the proportion of Internet business increased rapidly with fierce price competition and low gross margin, resulting in a decline in the gross margin of main business; on the other hand, in the reporting period, the Company implemented the new revenue standards, according to the new standards, the contract fulfillment cost and transportation cost directly related to the sales order were reclassified to the operating cost, which also had an impact on the gross margin of main business.

In addition, due to the consolidation of Carrefour China's balance sheet, the increase of store related service revenue and sublease revenue, the gross margin of other businesses increased on a year-on-year basis.

In general, the Company's comprehensive gross margin declined in the reporting period.

**3. Changes in expense ratio**

| Items | 2020 | 2019 | Increase or decrease |
|---|---|---|---|
| Sales cost rate | 10.46% | 12.72% | -2.26% |
| Administrative cost rate | 1.90% | 1.88% | 0.02% |
| R&D cost rate | 0.92% | 1.24% | -0.32% |
| Operating cost rate | 13.28% | 15.84% | -2.56% |
| Financial cost rate | 0.80% | 0.85% | -0.05% |
| Total expense rate | 14.08% | 16.69% | -2.61% |

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; and strengthened financial expense control as the financial expense rate has decreased over the same period.

In addition, in the reporting period, the Company implemented the new revenue standards, according to the new standards, the contract fulfillment cost and transportation cost directly related to the sales order were reclassified to the operating cost.

In general, the total expense rate of Suning has a decrease of 2.61% compared with the same period of last year.

Shanghai Suning Financial Service Group Co., Ltd. and Jiangsu Suning Bank Co., Ltd., the joint-stock subsidiaries of the Company, focused on the development of their core businesses, and achieved rapid YoY growth in net profit in the reporting period. In the reporting period, the impact of the Company's non-recurring gain and loss items was RMB 2.532 billion, mainly including the acquisition of five logistics project companies' equity by SCGC - Suning Yunxiang Warehouse Logistics Fund, the change of fair value of trading financial assets held by the Company and the receipt of government subsidies.

In four quarters, the Company conducted asset impairment test for long-term assets formed by TTK Express, department stores, maternal and infant stores, and stores in malls and supermarkets and made accrued impairment reserves, and made prudent assessment of the business development plan of equity participation companies, resulting in some investment losses corresponding to long-term investment. The total impact of the foregoing on the net profit attributable to shareholders of listed companies in the reporting period was RMB 2.138 billion.

If the stock payment expenses brought by employee stock ownership plan, asset depreciation and amortization brought by the Company's investment and merger business, long-term asset impairment loss and corresponding income tax impact were not considered in the reporting period, the Company’s adjusted net profit attributable to shareholders of listed companies after deducting non-recurring gain and loss in 2020 was RMB -4.253 billion, a loss of RMB 4.482 billion compared with the same period last year.

## Ⅱ. Main Business Analysis

### 1. Revenue and cost

### (1) Composition of operating revenue

Unit: RMB 1,000

| | 2020 | | 2019 | | YoY increase or decrease |
|---|---|---|---|---|---|
| | Amount | Proportion in operating revenue | Amount | Proportion in operating revenue | |

| | 2020 | | 2019 | | YoY increase or decrease |
|---|---|---|---|---|---|
| | Amount | Proportion in operating revenue | Amount | Proportion in operating revenue | |
| Total operating revenue | 252,295,666 | 100.00% | 269,228,900 | 100.00% | -6.29% |
| Main business revenue | 245,578,423 | 97.34% | 263,607,719 | 97.91% | -6.84% |
| Other business revenue | 6,717,243 | 2.66% | 5,621,181 | 2.09% | 19.50% |
| Main business by industry | | | | | |
| Retailing (Note) | 238,502,552 | 94.54% | 253,655,530 | 94.22% | -5.97% |
| Service and others | 7,075,871 | 2.80% | 9,952,189 | 3.69% | -28.90% |
| Main business by product | | | | | |
| Communication products | 60,415,816 | 23.95% | 62,013,491 | 23.03% | -2.58% |
| Household supplies | 50,683,648 | 20.09% | 45,570,496 | 16.93% | 11.22% |
| Small appliances | 40,844,302 | 16.19% | 43,824,393 | 16.28% | -6.80% |
| Refrigerator and washing machine | 23,630,351 | 9.37% | 27,879,652 | 10.36% | -15.24% |
| Digital products and computer | 23,586,557 | 9.35% | 25,625,474 | 9.52% | -7.96% |
| Air-conditioner | 20,910,618 | 8.29% | 25,996,285 | 9.66% | -19.56% |
| Brown goods | 18,431,260 | 7.30% | 22,745,739 | 8.44% | -18.97% |
| Delivery service | 3,839,450 | 1.52% | 3,267,308 | 1.21% | 17.51% |
| Installation and maintenance business | 1,937,828 | 0.77% | 1,973,516 | 0.73% | -1.81% |

| | 2020 | | 2019 | | YoY increase or decrease |
|---|---|---|---|---|---|
| | Amount | Proportion in operating revenue | Amount | Proportion in operating revenue | |
| Other revenues (Note) | 1,298,593 | 0.51% | 1,923,500 | 0.71% | -32.49% |
| Financial service (Note) | - | - | 2,787,865 | 1.04% | - |
| Main business by region | | | | | |
| East China Region I | 73,032,819 | 28.95% | 81,783,847 | 30.38% | -10.70% |
| North China Region | 39,951,942 | 15.84% | 37,376,945 | 13.88% | 6.89% |
| East China Region II | 37,575,169 | 14.89% | 42,592,205 | 15.82% | -11.78% |
| South China Region | 36,171,229 | 14.34% | 30,505,272 | 11.33% | 18.57% |
| Southwest China Region | 20,035,554 | 7.94% | 22,836,029 | 8.48% | -12.26% |
| Northeast China Region | 12,370,474 | 4.90% | 10,068,892 | 3.74% | 22.86% |
| Central China Region | 10,209,747 | 4.05% | 16,902,902 | 6.28% | -39.60% |
| Northwest China Region | 8,481,464 | 3.36% | 9,184,769 | 3.40% | -7.66% |
| Hong Kong | 7,750,025 | 3.07% | 5,031,600 | 1.87% | 54.03% |
| Japan (Note) | - | - | 7,325,258 | 2.73% | - |

Note: 1. In the reporting period, the Company achieved operating revenue of RMB 4,978,764,000 by selling commodities to and providing services for related party.

2. Other revenues mainly include the platform service revenue of the third-party platform of Suning.Com, revenue of self-built supporting property, agency revenue of labor service, etc.

3. In the reporting period, Suning Financial Services Group and LAOX were no longer included in the scope of consolidated statements. The financial service revenue in the same period was the main business revenue of Suning Financial Services Group from January to September in 2019, and the revenue in Japan was the main business revenue of LAOX from January to November in 2019.

■ **In terms of products**

➢ **3C and large 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.

➢ **Household supplies**

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 increased rapidly.

➢ **Service and others**

On the one hand, relying on Suning's warehousing and supply chain advantages, the Company's revenue from logistics service maintained a steady growth. On the other hand, for the revenue from information technology service and advertising service related to online revenue, due to the implementation of the new revenue standards in the reporting period, the revenue related to some platforms was listed as net amount, and due to the impact of the Company's sales of supporting properties in the same period last year, other revenue decreased on a year-on-year basis.

■ 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 revenue or profit 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 | Cost of | Gross | Increase and decrease of | Increase and decrease in | Increase and |
|---|---|---|---|---|---|---|

| | revenue | revenues | margin | operating revenue over the same period of last year | cost of revenues over the same period of last year | decrease of gross margin over the same period of last year |
|---|---|---|---|---|---|---|
| By industry | | | | | | |
| Retailing | 238,502,552 | 216,542,992 | 9.21% | -5.97% | -2.49% | -3.24% |
| By product | | | | | | |
| Communication products | 60,415,816 | 58,707,324 | 2.83% | -2.58% | -0.95% | -1.59% |
| Household supplies | 50,683,648 | 43,912,145 | 13.36% | 11.22% | 17.17% | -4.40% |
| Small appliances | 40,844,302 | 35,703,175 | 12.59% | -6.80% | -1.96% | -4.31% |
| Area | | | | | | |
| East China Region I | 73,032,819 | 66,215,776 | 9.33% | -10.70% | -1.54% | -8.44% |
| North China Region | 39,951,942 | 37,103,277 | 7.13% | 6.89% | 7.90% | -0.87% |
| East China Region II | 37,575,169 | 34,205,394 | 8.97% | -11.78% | -12.33% | 0.57% |
| South China Region | 36,171,229 | 33,685,063 | 6.87% | 18.57% | 20.44% | -1.45% |

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

□ Applicable √ Not applicable

**(3) Whether the revenue from the material objects is higher than that from labor service?**

| Industry classification | Items | Unit | 2020 | 2019 | YoY increase or decrease |
|---|---|---|---|---|---|
| Retailing | Sales amount | RMB 1,000 | 238,502,552 | 253,655,530 | -5.97% |

Explanation on why the relevant data showed over 30% YoY change

□ Applicable √ Not applicable

**(4) The fulfillment of major sales contracts signed by the Company till the end of the reporting period**

□ Applicable √ Not applicable

**(5) Composition of cost of revenues**

Product classification

Unit: RMB 1,000

| Product classification | Items | 2020 | | 2019 | | YoY increase or decrease |
|---|---|---|---|---|---|---|
| | | Amount | Proportion accounting for cost of revenues | Amount | Proportion accounting for cost of revenues | |
| Communication products | / | 58,707,324 | 26.14% | 59,272,450 | 25.76% | -0.95% |
| Household supplies | / | 43,912,145 | 19.55% | 37,477,567 | 16.29% | 17.17% |
| Small appliances | / | 35,703,175 | 15.90% | 36,417,902 | 15.83% | -1.96% |
| Digital products and computer | / | 23,232,606 | 10.35% | 25,154,695 | 10.93% | -7.64% |
| Refrigerator and washing machine | / | 20,393,310 | 9.08% | 22,841,556 | 9.93% | -10.72% |

| Product classification | Items | 2020 | | 2019 | | YoY increase or decrease |
|---|---|---|---|---|---|---|
| | | Amount | Proportion accounting for cost of revenues | Amount | Proportion accounting for cost of revenues | |
| Air-conditioner | / | 18,376,915 | 8.18% | 21,828,193 | 9.49% | -15.81% |
| Brown goods | / | 16,217,517 | 7.22% | 19,088,869 | 8.30% | -15.04% |
| Logistics business | / | 4,784,407 | 2.13% | 4,328,896 | 1.88% | 10.52% |
| Installation and maintenance business | / | 1,623,905 | 0.72% | 1,622,973 | 0.71% | 0.06% |
| Other businesses | / | 493,440 | 0.22% | 463,116 | 0.20% | 6.55% |
| Financial service | / | - | - | 774,756 | 0.34% | - |
| Total | / | 223,444,744 | 99.50% | 229,270,973 | 99.66% | -2.54% |

**(6) Whether the consolidation scope is changed within the reporting period?**

In 2020, the Company set up 57 new subsidiaries, including Shenzhen Yunwang Wandian Technology Co., Ltd. and Beijing Suning.Com Information Technology Co., Ltd., and disposed of Zhongshan Suning Logistics Co., Ltd., Shandong Boning Suning.Com Commercial and Trading Co., Ltd., Hubei Suning Logistics Co., Ltd., Tianjin Jinning Yida Logistics Co., Ltd., Xi'an High-tech Zone Suning Yida Logistics and Storage Investment Co., Ltd. and Wenzhou Suning Purchase Co., Ltd. which were no longer included in the scope of consolidation.

In 2019, Suning and subsidiaries finished the enterprise merger of Kakogawa, Wanda Department Store, Carrefour China and six asset management companies, as well as the delivery enterprise merger of TTK Express; Suning Convenience Supermarket, Suning Financial Services Group, LAOX and its subsidiaries will not be incorporated into the consolidated statement of Suning. Besides, Suning set 79 new subsidiaries, including Huizhou Suning.Com Purchasing Co., Ltd., Xiamen Suning.Com Commercial and Trading Co., Ltd., which were incorporated into the consolidated statement; canceled 13 subsidiaries, including Suning Appliance After-sales Service (Zhanjiang) Co., Ltd., Suning Appliance After-sales Service (Ma'anshan) Co., Ltd., Suning Appliance After-sales Service (Fuzhou) Co., Ltd., which were not incorporated into the consolidated statement; disposed 5 logistics companies, including Hunan Suning Yida Logistics and Storage

Investment Co., Ltd., Ningbo Suning Yida Logistics Investment Co., Ltd., etc.

Please refer to the note of financial report “V. Change of Consolidation Scope” for the detailed scope of consolidated statement in 2020.

**(7) Significant change or adjustment of business, product or service of the Company within the reporting period**

□ Applicable √ Not applicable

**(8) Information of major sales clients and suppliers**

Information on main clients of the Company

| | |
|---|---|
| Sales amount of top five clients of the Company in total (RMB 1,000) | 7,772,836 |
| Proportion of the sales amount of top five clients in total accounting for the annual total sales amount | 3.08% |
| Proportion of the sales amount of related parties among top five clients accounting for the annual total sales amount | 0.74% |

Data of the top five clients of the Company

Unit: RMB 1,000

| No. | Client name | Sales amount | Proportion accounting for the annual total sales amount |
|---|---|---|---|
| 1 | Client 1 | 2,637,218 | 1.05% |
| 2 | Client 2 | 1,867,669 | 0.74% |
| 3 | Client 3 | 1,599,818 | 0.63% |
| 4 | Client 4 | 894,382 | 0.35% |
| 5 | Client 5 | 773,749 | 0.31% |
| Total | -- | 7,772,836 | 3.08% |

Other information of major clients: In the reporting period, the Company sold commodities to its related parties Suning CVS and its subsidiaries, and achieved revenue of RMB 1,867,669,000. 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

| | |
|---|---|
| Procurement amount of the top five suppliers of the Company in total (RMB 1,000) | 77,279,866 |
| Proportion of the procurement amount of top five suppliers in total accounting for the annual total purchase amount | 36.01% |
| Proportion of the procurement amount of related parties among top five suppliers accounting for the annual total purchase amount | 0 |

Data of the top five suppliers of the Company

Unit: RMB 1,000

| No. | Supplier name | Purchase amount | Proportion accounting for the annual total purchase amount |
|---|---|---|---|
| 1 | Brand 1 | 38,325,914 | 17.86% |
| 2 | Brand 2 | 15,255,793 | 7.11% |
| 3 | Brand 3 | 9,280,013 | 4.32% |
| 4 | Brand 4 | 7,340,728 | 3.42% |
| 5 | Brand 5 | 7,077,418 | 3.30% |
| Total | -- | 77,279,866 | 36.01% |

Other information of major suppliers: The top five suppliers of the Company were summarized and counted by brand dimension. The top five brands 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.

**2. Expenses**

Unit: RMB 1,000

| | 2020 | | 2019 | | YoY increase or decrease | YoY increase/decrease in expense proportion |
|---|---|---|---|---|---|---|
| | Amount | Proportion in main business revenue | Amount | Proportion in main business revenue | | |
| Sales cost | 25,676,511 | 10.46% | 33,532,018 | 12.72% | -23.43% | -2.26% |
| Administrative cost | 4,659,720 | 1.90% | 4,945,032 | 1.88% | -5.77% | 0.02% |
| R&D cost | 2,263,933 | 0.92% | 3,267,610 | 1.24% | -30.72% | -0.32% |
| Financial cost | 1,965,424 | 0.80% | 2,237,420 | 0.85% | -12.16% | -0.05% |
| Details of sales cost, administrative cost and R&D cost | | | | | | |
| Labor cost | 10,515,453 | 4.28% | 14,303,621 | 5.43% | -26.48% | -1.15% |
| Rental expenses | 6,853,651 | 2.79% | 7,271,078 | 2.76% | -5.74% | 0.03% |
| Advertising cost | 4,291,456 | 1.75% | 6,691,996 | 2.54% | -35.87% | -0.79% |
| Other expenses | 6,711,466 | 2.73% | 6,642,532 | 2.52% | 1.04% | 0.21% |
| Logistics expense | 2,247,610 | 0.92% | 4,751,478 | 1.80% | -52.70% | -0.88% |
| Utility expense | 1,017,821 | 0.41% | 1,056,568 | 0.40% | -3.67% | 0.01% |
| Decoration cost | 962,707 | 0.39% | 1,027,387 | 0.39% | -6.30% | - |
| Total | 32,600,164 | 13.27% | 41,744,660 | 15.84% | -21.91% | -2.57% |

(1) Main reasons for changes in personnel expense

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 1.15% in personnel cost.

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

In the reporting period, the Company accelerated the adjustment of stores, vigorously promoted rent reduction and rent concession, and strictly controlled the store expenses including water, electricity and decoration. As a result, in the case of large sales decline of comparable stores, the expense rate related to stores of the Company remained basically stable.

(3) Main reasons for changes in advertising promotion rate, logistics rate

During the reporting period, as the Company practiced economy and strictly controlled advertising promotion investment; focused on membership marketing; 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 0.79%.

In the reporting period, the Company implemented the new revenue standards, according to the new standards, the contract fulfillment cost and transportation cost directly related to the sales order were reclassified to the operating cost, resulting in a year-on-year decrease in logistics rate.

(4) Main reasons for changes in other expenses

Mainly due to the increase in depreciation and amortization of intangible assets accrued by the Company from the acquisition in 2019.

**3. R&D investment**

The Company continuously reinforced the construction of retail basic capacity and focused on the in-depth satisfaction of user demands, optimization of full-process user experience, promotion of supply chain operation efficiency, implementation of all-scenario operation capability and promotion of internal organization efficiency.

In the reporting period, the R&D investment of the Company was as follows:

Unit: RMB 1,000

| | December 31, 2020/2020 | December 31, 2019/2019 | Change ratio |
|---|---|---|---|
| Number of R&D staff (person) | 6,683 | 8,378 | -20.23% |
| Proportion of R&D staff | 9.63% | 7.12% | 2.51% |
| Amount of R&D investment | 2,414,734 | 4,148,183 | -41.79% |

| | December 31, 2020/2020 | December 31, 2019/2019 | Change ratio |
|---|---|---|---|
| Proportion of R&D investment in operating revenue | 0.96% | 1.54% | -0.58% |
| Amount of capitalized R&D investment | 88,578 | 266,792 | -66.80% |
| Proportion of capitalized R&D investment in R&D investment | 3.67% | 6.43% | -2.76% |

Reason for obvious change in the proportion of total R&D investment to operating revenue over the same period of last year

Due to the decrease in R&D investment caused by the Company's focus on core business, and the impact of continuous consolidation of Suning Financial Services Group in statements in the same period.

Reason for great change in R&D investment capitalization rate and the justification

□ Applicable √ Not applicable

**4. Cash flow**

Unit: RMB 1,000

| Items | 2020 | 2019 | YoY increase or decrease |
|---|---|---|---|
| Sub-total of cash inflows from business activities | 306,813,602 | 300,491,330 | 2.10% |
| Sub-total of cash outflows for business activities | 308,435,448 | 318,355,885 | -3.12% |
| Net cash flows from business activities | -1,621,846 | -17,864,555 | 90.92% |
| Sub-total of cash inflows of investment activity | 43,724,901 | 89,775,860 | -51.30% |
| Sub-total of cash outflows for investment activities | 39,147,631 | 110,646,970 | -64.62% |

| Items | 2020 | 2019 | YoY increase or decrease |
|---|---|---|---|
| Net cash flows from investment activities | 4,577,270 | -20,871,110 | 121.93% |
| Sub-total of cash inflows from financing activities | 69,271,569 | 91,508,874 | -24.30% |
| Sub-total of cash outflows for financing activities | 78,512,637 | 65,307,635 | 20.22% |
| Net cash flows from financing activities | -9,241,068 | 26,201,239 | -135.27% |
| Net increase in cash and cash equivalents | -6,356,030 | -12,300,943 | 48.33% |

1. During the reporting period, as Suning devoted itself to improving the operating fund turnover efficiency, optimizing the accounting period and payment method and strengthening the cooperation with suppliers, the operating cash flow increases year on year.

2. During the reporting period, as Suning strictly controlled the capital expenditure and accelerated the asset revitalization and return, the net cash flow from investing activities increased by 121.93% compared with the same period. During the reporting period, as Suning Financial Services Group adopted the strategic investment in the same period last year, raised fund were in place and financing for business development increased a lot, the net cash flow generated by the financing activities decreased by 135.27% compared with the same period.

## III. Analysis of Non-main Business

Unit: RMB 1,000

| | Amount | Proportion among total profit | Causes | Sustainable or not |
|---|---|---|---|---|
| Investment income | 2,213,662 | -32.08% | Mainly including the investment income from the disposal of trading financial assets, the disposal of subsidiaries, the holding period of trading financial assets and the bond repurchase | No |

| | Amount | Proportion among total profit | Causes | Sustainable or not |
|---|---|---|---|---|
| Gain or loss from fair value changes | 467,280 | -6.77% | Mainly including designation of financial assets measured at their fair values and with the variation included in the current gain or loss and equity investment with changing fair value | No |
| Other income | 839,297 | -12.16% | It mainly referred to government subsidies | No |
| Asset impairment loss | 2,187,961 | -31.71% | Mainly including goodwill impairment loss, impairment loss of intangible assets, inventory depreciation loss | Yes, impairment of financial assets was accrued for inventory according to criteria. |
| Credit impairment loss | 411,638 | -5.97% | Mainly including bad debt loss of accounts receivable, monetary fund and other accounts receivable | Yes |
| Non-operating income | 425,075 | -6.16% | It mainly referred to the liquidated damages and indemnity received by the Company | No |
| Non-operating expenses | 461,908 | -6.69% | It mainly referred to penalty, indemnity and liquidated damages | No |

## IV. Analysis of Assets and Liabilities

### 1. Significant changes of assets

Unit: RMB 1,000

| | December 31, 2020 | | December 31, 2019 | | Increase or decrease of proportion | Description of significant changes |
|---|---|---|---|---|---|---|
| | Amount | Proportion accounting for total assets | Amount | Proportion accounting for total assets | | |
| Trading financial assets | 15,899,648 | 7.50% | 11,970,008 | 5.05% | 2.45% | Mainly due to the impact of the Company's sale of financial products and the investment in trading equity instrument, as well as the reclassification of the Company's investment in Wanda Commercial Management into trading financial assets in the reporting period |
| Notes receivable | 1,696,549 | 0.80% | 4,660,366 | 1.97% | -1.17% | During the reporting period, Suning strengthened the collection of notes receivable |
| Accounts receivable financing | 0 | 0.00% | 497,858 | 0.21% | -0.21% | Decrease in accounts receivable financing business of Suning |
| Long-term unamortized expenses | 1,510,520 | 0.71% | 2,524,836 | 1.07% | -0.36% | Mainly due to the reclassification of deferred extended warranty from |

| | December 31, 2020 | | December 31, 2019 | | Increase or decrease of proportion | Description of significant changes |
|---|---|---|---|---|---|---|
| | Amount | Proportion accounting for total assets | Amount | Proportion accounting for total assets | | |
| | | | | | | long-term unamortized expense to other non-current assets caused by the changes in accounting policies in the reporting period |
| Other non-current financial assets | 1,975,740 | 0.93% | 12,310,358 | 5.20% | -4.27% | Mainly due to the impact of the Company's reclassification of investment in Wanda Commercial Management into trading financial assets in the reporting period |
| Deferred income tax assets | 5,670,490 | 2.67% | 4,130,170 | 1.74% | 0.93% | Mainly due to the increase in deductible temporary differences and deductible losses in the reporting period |
| Accounts payable | 31,051,572 | 14.64% | 44,380,475 | 18.74% | -4.10% | Mainly due to the due payment of Suning's accounts payable during the reporting period |

| | December 31, 2020 | | December 31, 2019 | | Increase or decrease of proportion | Description of significant changes |
|---|---|---|---|---|---|---|
| | Amount | Proportion accounting for total assets | Amount | Proportion accounting for total assets | | |
| Unearned revenue | 286,609 | 0.14% | 7,157,577 | 3.02% | -2.88% | This is mainly because Suning reclassified the unearned 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. |
| Contract liabilities | 11,518,134 | 5.43% | - | 0.00% | 5.43% | |
| Payroll payable | 942,048 | 0.44% | 1,386,161 | 0.59% | -0.15% | During the reporting period, as Suning strengthened organizational optimization and paid attention to employee performance appraisal, the payroll payable to employees |

| | December 31, 2020 | | December 31, 2019 | | Increase or decrease of proportion | Description of significant changes |
|---|---|---|---|---|---|---|
| | Amount | Proportion accounting for total assets | Amount | Proportion accounting for total assets | | |
| | | | | | | decreased |
| Taxes payable | 900,749 | 0.42% | 1,713,287 | 0.72% | -0.30% | Mainly due to the decrease in enterprise income tax payable caused by the loss of the Company and its subsidiaries |
| Non-current liability due within one year | 17,684,600 | 8.34% | 7,662,708 | 3.24% | 5.10% | Mainly due to the repayment of some loans by the Company and the reclassification of loans |
| Bonds payable | 499,777 | 0.24% | 8,488,802 | 3.58% | -3.34% | |
| Long-term loans | - | - | 7,720,895 | 3.26% | -3.26% | |
| Deferred income | 858,156 | 0.40% | 2,231,956 | 0.94% | -0.54% | Mainly due to the reclassification of deferred extended warranty revenue to contract liabilities and other non-current liabilities |
| Other non-current liabilities | 1,410,851 | 0.67% | 3,158 | 0.00% | 0.67% | |
| Other comprehensive income | -1,355,258 | -0.64% | 197,575 | 0.08% | -0.72% | This is mainly due to the changes in the fair value of Suning's equity instrument investment and the changes in the conversion of foreign currency statements during |

| | December 31, 2020 | | December 31, 2019 | | Increase or decrease of proportion | Description of significant changes |
|---|---|---|---|---|---|---|
| | Amount | Proportion accounting for total assets | Amount | Proportion accounting for total assets | | |
| | | | | | | the reporting period |
| Minority equity | -25,644 | -0.01% | -777,102 | -0.33% | 0.32% | This is mainly due to the acquisition of minority equity by Suning 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

Unit: RMB 1,000

| Items | December 31, 2020 | December 31, 2019 | Increase/decrease changes |
|---|---|---|---|
| Short-term loan | 23,745,691 | 18,954,821 | 25.28% |
| Long-term loans | 0 | 7,720,895 | -100.00% |
| Bonds payable | 499,777 | 8,488,802 | -94.11% |
| Non-current liability due within one year (excluding others) | 17,674,288 | 7,644,224 | 131.21% |
| Notes payable | 21,021,224 | 26,158,849 | -19.64% |
| Turnover day of notes payable (day) | 38.01 | 41.92 | -3.91 |
| Accounts payable | 31,051,572 | 44,380,475 | -30.03% |
| Days account payable turnover (day) | 60.77 | 50.42 | 10.35 |

| Items | December 31, 2020 | December 31, 2019 | Increase/decrease changes |
|---|---|---|---|
| Accounts receivable | 7,696,449 | 7,194,464 | 6.98% |

In the reporting period, based on business development and response to changes in market environment, the Company maintained sufficient liquidity-enhanced fund reserves, and controlled the overall scale of interest-bearing liabilities; at the end of the reporting period, the balance of notes payable and accounts payable of the Company decreased compared with that at the beginning of the period, and the Company would continue to optimize the payment method and settlement period.

(2) Analysis on solvency

| Items | December 31, 2020 | December 31, 2019 | Increase/decrease changes |
|---|---|---|---|
| Current ratio | 0.86 | 1.00 | -0.14 |
| Quick ratio | 0.62 | 0.72 | -0.10 |
| Asset-liability ratio | 63.77% | 63.21% | 0.56% |

In the reporting period, the Company reclassified the long-term loan of RMB 8.163 billion due after December 31, 2021 to the long-term loan due within one year. On the date of the financial statements, the Company reasonably expected that this part of the loan would be executed according to the contract. If the impact of this part of reclassification was not considered, The company's current ratio was 0.92 and the quick ratio was 0.66.

(3) Analysis of assets operating ability

| Items | December 31, 2020 | December 31, 2019 | Increase/decrease changes |
|---|---|---|---|
| Days account receivable turnover | 10.91 | 8.61 | 2.30 |
| Days inventory turnover (Note) | 40.41 | 38.24 | 2.17 |
| Turnover day of current assets | 167.3 | 172.42 | -5.12 |
| Turnover day of total assets | 329.05 | 297.94 | 31.11 |

Note: The days inventory turnover are the days inventory commodities turnover, 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**

Unit: RMB 1,000

| Items | Opening balance | Gain or loss from fair value changes in the current period | Cumulative changes of fair value recognized in equity | Impairment reserves accrued 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 | 504,242 | -795,470 | - | 43,680,212 | -49,793,962 | - | 17,875,388 |
| 2. Derivative financial assets | - | - | - | - | - | - | - | - |
| 3. Other debt investment | - | - | - | - | - | - | - | - |
| 4. Other equity instruments investment | 6,619,909 | - | -574,887 | - | - | -255,227 | - | 5,789,795 |
| Subtotal of financial assets | 30,900,275 | 504,242 | -1,370,357 | - | 43,680,212 | -50,049,189 | - | 23,665,183 |
| Investment property | - | - | - | - | - | - | - | - |

| Items | Opening balance | Gain or loss from fair value changes in the current period | Cumulative changes of fair value recognized in equity | Impairment reserves accrued 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 |
|---|---|---|---|---|---|---|---|---|
| Productive biological assets | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - |
| | | | | - | | | - | |
| Total of items abovementioned | 30,900,275 | 504,242 | -1,370,357 | - | 43,680,212 | -50,049,189 | - | 23,665,183 |
| Financial liabilities | 3,383 | 100,379 | - | - | - | - | - | 103,762 |

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 December 31, 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 | Restricted assets value | Restriction reason |
|---|---|---|---|
| 1 | Monetary fund | 14,230,912 | Banker’s acceptance bill deposit, loan pledge and guarantee deposit, L/C deposit, other deposits |
| 2 | Other equity instruments investment (Note) | 2,550,362 | Loan pledge |
| 3 | Inventory | 438,469 | Loan pledge |
| 4 | Fixed assets | 808,032 | Loan mortgage |
| 5 | Intangible assets | 425,049 | Loan mortgage |
| 6 | Trading financial assets | 100,000 | Loan pledge |
| 7 | Equity pledge of Wanda Department Store | 2,700,000 | Loan pledge |
| Total | | 21,252,824 | |

Note : 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.

## 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 |
|---|---|---|
| 30.19 | 193.67 | -84.41% |

(1) During the reporting period, the Company and its subsidiaries invested in the establishment of subsidiaries engaged in retail business and e-commerce, with a total paid-in capital of RMB 574.1555 million.

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

① The Company's subsidiary TTK Express Co., Ltd. completed the acquisition of franchisees such as Taiyuan TTK Express, Qingdao TTK Express, Jinan TTK Express, Guiyang TTK Express, Harbin TTK Express, Chengdu TTK Express and Nanchang TTK Express, and paid the final acquisition payment of RMB 39.759 million in the reporting period.

② 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.

③ In November 2020, in order to complete the restructuring of Yunwang Wandian, the Company acquired 30% minority equity of Jiangsu Suning.Com E-commerce Co., Ltd.

④ In December 2020, the Company invested RMB 100 million to subscribe for the shares of Shenzhen Chunya United Technology Partnership (limited partnership), which held the equity of Shenzhen Zhixin New Information Technology Co., Ltd.

(3) Major equity investment acquired in the reporting period

□ Applicable √ Not applicable

(4) Major non-equity investment undergoing in the reporting period

Unit: RMB 10,000

| Project name | Investment mode | Fixed assets investment or not | Industries involved in investment items | Amount invested in the reporting period | Cumulative amount actually invested as of the reporting period | Capital source | Project schedule | Estimated income | Cumulative earnings achieved as of the reporting period | Causes for not meeting the schedule and the estimated income | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Suning SCGC - Yunxiang Warehouse Logistics Facility Phase I Fund | Others | No | Logistics real estate | 12,783.81 | 233,124.51 | Self-owned funds | During the reporting period, Jiangsu Suning Logistics contributed a capital of RMB 128 million to Suning SCGC-Yunxiang Warehouse Logistics Facility Phase I Fund. | Not applicable | -22,779 | Not applicable | July 07, 2018 | Announcement No. 2018-082 from Cninfo. |
| Shanghai Guotai Junan Innovation Equity Investment | Others | No | Fund investment | 5,000 | 5,000 | Self-owned funds | During the reporting period, the Company contributed RMB 50 million to Shanghai Guotai Junan Innovation Equity | Not applicable | Not applicable | Not applicable | April 30, 2019 | Announcement No. 2019-043 from |

| Project name | Investment mode | Fixed assets investment or not | Industries involved in investment items | Amount invested in the reporting period | Cumulative amount actually invested as of the reporting period | Capital source | Project schedule | Estimated income | Cumulative earnings achieved as of the reporting period | Causes for not meeting the schedule and the estimated income | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fund-of-fund Center (Limited Partnership) | | | | | | | Investment Fund-of-fund Center (Limited Partnership). | | | | | Cninfo. |
| Total | | | | 17,783.81 | 238,124.51 | | | - | -22,779 | | | |

**2. Financial assets investment**

**(1) Securities investment**

Unit: RMB 1,000

| Security type | Security code | Security abbreviation | Initial investment cost | Accounting measurement 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 | Amount purchased in the current period | Amount sold in the current period | Gain or loss in the reporting period | Book value at the end of the period | Accounting items | Capital source |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Domestic and overseas stocks | 601688.SH | Huatai Securities | 4,160,766 | Fair value measurement | 2,705,584 | -157,193 | - | - | -2,548,391 | 209,125 | - | Trading financial assets | Self-owned funds |
| Domestic and overseas stocks | 600050.SH | China Unicom | 4,016,309 | Fair value measurement | 3,161,110 | - | -610,748 | - | - | 35,373 | 2,550,362 | Other equity instruments investment | Self-owned funds |

| Security type | Security code | Security abbreviation | Initial investment cost | Accounting measurement 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 | Amount purchased in the current period | Amount sold in the current period | Gain or loss in the reporting period | Book value at the end of the period | Accounting items | Capital source |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Domestic and overseas stocks | 600919.SH | Bank of Jiangsu | 540,000 | Fair value measurement | 254,394 | -127,900 | - | - | -126,494 | -13,756 | - | Trading financial assets | Self-owned funds |
| Domestic and overseas stocks | 2048.HK | E-House Holdings | 340,193 | Fair value measurement | 186,237 | - | -9,179 | - | -30,650 | 4,067 | 146,408 | Other current assets | Self-owned funds |
| Domestic and overseas stocks | 6806.HK | Shenwan Hongyuan | 348,569 | Fair value measurement | 227,495 | - | 48,462 | - | -190,640 | - | 85,317 | Other current assets | Self-owned funds |
| Domestic and overseas stocks | WSG.O | Wanda Sports | 280,231 | Fair value measurement | 85,459 | 1,728 | -5,626 | - | - | - | 81,561 | Trading financial assets | Self-owned funds |

| Security type | Security code | Security abbreviation | Initial investment cost | Accounting measurement 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 | Amount purchased in the current period | Amount sold in the current period | Gain or loss in the reporting period | Book value at the end of the period | Accounting items | Capital source |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | - | - | 9,686,068 | - | 6,620,279 | -283,365 | -577,091 | - | -2,896,175 | 234,809 | 2,863,648 | - | - |
| Disclosure date of announcement of Board of Directors for approving security investment | The Proposal on Venture Investment with Own Funds reviewed and approved on the 17th meeting of the 6th Board of Directors of Suning was disclosed on March 31, 2018; and the Proposal on Increasing the Amount of Venture Capital Using Its Own Funds reviewed and approved on the 33th meeting of the 6th Board of Directors of Suning was disclosed on December 1, 2018. | | | | | | | | | | | | |
| Disclosure date of announcement of shareholders' meeting for approving security investment (if any) | The *Proposal on Venture Investment with Own Funds* passed by the resolution of annual shareholders' meeting in 2017 was disclosed on May 9, 2018; and the *Proposal on Increasing the Amount of Venture Capital Using Its Own Funds* passed by the resolution of 7th Extraordinary Shareholders' Meeting of 2018 was disclosed on December 13, 2018. | | | | | | | | | | | | |

**(2) Investment on derivatives**

□ Applicable √ Not applicable

There was no derivative investment during the reporting period.

### 3. Use of the raised funds

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

Unit: RMB 1,000

| Year of raise | Method of raise | Total amount of raised funds | Total amount of the raised capital used in the period | Total amount of accumulated used raised funds | Total amount of raised funds for other purposes in the reporting period | Accumulative total amount of raised funds for other purposes | Proportion of accumulative total amount of raised funds for other purposes | Total amount of unused raised funds | Purpose of unused raised funds | Amount of funds raised after idle for more than two years |
|---|---|---|---|---|---|---|---|---|---|---|
| 2016 | Private placement | 29,085,309.4 | 2,544,963.5 | 23,831,903.3 | 4,643,658.0 | 13,550,074.6 | 46.59% | 5,253,406.1 | Unused raised funds of the Company were used for the logistics operation business development project, new regional delivery center construction project (II), new regional delivery center construction project (III), rental store project, purchase store project and repayment project of loans to financial institutions (II). | 0 |

| Year of raise | Method of raise | Total amount of raised funds | Total amount of the raised capital used in the period | Total amount of accumulated used raised funds | Total amount of raised funds for other purposes in the reporting period | Accumulative total amount of raised funds for other purposes | Proportion of accumulative total amount of raised funds for other purposes | Total amount of unused raised funds | Purpose of unused raised funds | Amount of funds raised after idle for more than two years |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | As of December 31, 2020, the Company deposited RMB 3,786,755,600 of unused raised funds in the form of certificates of deposit and notification form, subscribed the bank financial products of commercial banks with an amount of RMB 1,451,550,600, and deposited the remaining amount of RMB 15,099,900 in the form of demand deposits. | |
| Total | -- | 29,085,309.4 | 2,544,963.5 | 23,831,903.3 | 4,643,658.0 | 13,550,074.6 | 46.59% | 5,253,406.1 | -- | |

| Year of raise | Method of raise | Total amount of raised funds | Total amount of the raised capital used in the period | Total amount of accumulated used raised funds | Total amount of raised funds for other purposes in the reporting period | Accumulative total amount of raised funds for other purposes | Proportion of accumulative total amount of raised funds for other purposes | Total amount of unused raised funds | Purpose of unused raised funds | Amount of funds raised after idle for more than two years |
|---|---|---|---|---|---|---|---|---|---|---|
| General utilization of the raised funds | | | | | | | | | | |
| On May 20, 2016, the Company issued 1,926,996,505 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 PwC ZTSZ (2016) No. 573) dated May 21, 2016 issued by the accounting firm.<br><br>The Company used an amount of RMB 21,286,939,800 of raised funds (including an amount of 92,800 paid for bank charges) in the previous years, and actually used an amount of RMB 2,544,963,500 (including an amount of RMB 15,600 paid for bank charges) from January to December 2020, an amount of RMB 23,831,903,300 (including an amount of RMB 108,400 paid for bank charges) used in total.<br><br>As of December 31, 2020, the balance of the Company's raised fund account (including financial management balance of the Company’s raised fund) was RMB 7,155,393,400, including raised funds of RMB 5,253,406,100 and interest income of RMB 1,901,987,300. | | | | | | | | | |

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

Unit: RMB 1,000

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| Committed investment project | | | | | | | | | | |
| Automatic picking center project | Yes | 2,505,120.4 | 935,120.4 | 0.0 | 935,120.4 | 100.0% | 2019 | - | Not applicable (Note 6) | No |
| Regional delivery center construction project | Yes | 2,728,332.8 | 1,128,332.8 | 0.0 | 1,128,332.8 | 100.0% | 2019 | - | | |
| Logistics operation business development project | No | 3,500,000.0 | 1,702,700.8 (Note 1) | 141,512.5 | 1,530,221.7 | 89.9% | 2019 | - | | |
| 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 | 79,265.8 (Note 3) | 0.0 | 79,265.8 | 100.0% | 2021 | - | | No |

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| New regional delivery center construction project (II) | Yes | 0.0 | 2,977,926.6 (Note 4) | 747,962.5 | 1,287,240.4 | 43.2% | 2022 | - | | No |
| Rental store project | Yes | 5,000,000.0 | 1,036,471.4 | 155,244.3 | 976,471.4 | 94.2% | 2019 | -136,757.1 | Not applicable (Note 7) | No |
| Renovation store project | Yes | 1,214,100.0 | 236,173.4 | 0.0 | 236,173.4 | 100.0% | 2019 | -380,683.9 | | |
| Purchase store project | Yes | 3,000,000.0 | 241,510.0 | 0.0 | 55,000.0 | 22.8% | 2019 | 9,938.0 | | |
| 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 | No | 2,500,000.0 | 2,500,000.0 | 0.0 | 2,500,000.0 | 100.0% | 2016 | - | - | No |

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| companies | | | | | | | | | | |
| Supplement of SuningPay capital projects | No | 850,000.0 | 850,000.0 | 0.0 | 850,000.0 | 100.0% | 2016 | - | | |
| Cloud computing projects | No | 1,100,574.0 | 1,100,574.0 | 0.0 | 1,100,438.5 | 100.0% | 2019 | - | Not applicable (Note 9) | No |
| Big data projects | No | 491,023.0 | 491,023.0 | 0.0 | 491,023.0 | 100.0% | 2019 | - | | |
| Smart home project | No | 106,561.9 | 106,561.9 | 0.0 | 106,561.9 | 100.0% | 2019 | - | | |
| 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 |
| Repayment of loans to | Yes | 0.0 | 1,500,000.0 | 1,500,000.0 | 1,500,000.0 | 100.0% | 2020 | | Not | No |

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| financial institutions | | | (Note 11) | | | | | | applicable | |
| New regional delivery center construction project (III) | Yes | 0.0 | 2,143,658.0 (Notes 1 & 3) | 0.0 | 0.0 | 0.0% | 2022 | | Not applicable | No |
| Project of repayment of loans to financial institutions (II) | Yes | 0.0 | 1,000,000.0 (Note 1) | 0.0 | 0.0 | 0.0% | 2021 | | 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 | 2,544,947.9 | 23,831,794.9 | 81.9% | - | -507,503.0 | - | - |

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 | 2,544,947.9 | 23,831,794.9 | 81.9% | - | -507,503.0 | - | - |
| Situations and causes for not meeting the schedule or the estimated income (by specific project) | 1. Rental store project<br>Suning originally planned to establish 331 chain stores in the Northeast, North, Northwest, Central, East, South and Southwest of China in the form of rental stores, with an estimated area of 2.78 million $m^2$ increased. Suning will execute this project by establishing chain stores itself, or by injecting capital to the subsidiaries newly established (wholly owned subsidiary or wholly owned subordinate company) or existing subsidiaries to support them to establish chain stores. After all investment is allocated to this project, the physical store network will be enriched, the competitiveness in the Internet plus | | | | | | | | | |

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| | competitive environment will be enhanced, the integration of online and offline will be realized, thus further improving Suning's profitability.<br><br>A total amount of RMB 5,144.32 million is required to be invested for this project, mainly including fixed assets and related start-up costs and initial working capital. It is planned to use an amount of RMB 5,000 million of raised capital, and the remaining amount will be raised by Suning itself. 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 an amount of RMB 3 billion is planned actually to be invested for this project. On the 54th meeting of the 6th Board of Directors and the 1st extraordinary shareholders' meeting in 2020, Suning reached a resolution to pass the *Proposal on Change of the Use of Partial Raised Funds*, and used RMB 1.5 billion of the raised funds of the project to repay loans to financial institutions. On the 9th meeting of the 7th Board of Directors and the 2nd extraordinary shareholders' meeting in 2020, Suning reached a resolution to pass the *Proposal on Change of the Use of Partial Raised Funds*, and used RMB 463.5286 million of the raised funds of the project to repay loans to financial institutions (II). As of December 31, 2020, the Company invested in opening a total of 238 new Suning.Com Cloud Stores, and invested an amount of RMB 976,471,400 of raising funds for store renovation, fixed assets and related start-up costs.<br><br>Suning.Com Cloud Store, as the most mature type of store operated and managed by the Company, has been given the priority by the Company by optimizing and enriching the commodities, and promoting the operation of users and traffic. The Company mainly promoted the distribution of cloud stores in the core business circle of the primary and secondary markets, and opened 63, 60, 20, 50 and 45 new stores in 2016 and before, 2017, 2018, 2019 and 2020 respectively. In order to effectively respond to market changes, especially the impact of the epidemic on offline retail since this year, the Company actively adjusted its store opening strategy. In the primary and secondary markets, the Company focused on the layout of | | | | | | | | |

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| | "big stores", and covered the primary trading areas by Suning.Com Plaza and Suning.Com Cloud Store; in the tertiary and fourth markets, the Company accelerated the development of Retail Cloud franchised stores, and improved the Company's penetration rate and operational 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 corresponding Suning.Com Cloud Store had slowed down and the degree of capital demand had also decreased. Suning 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 Suning.<br><br>2. Purchase store project<br><br>The relatively weak prosperity of the external market puts forward higher requirements for the improvement of the enterprise's operation ability. Suning 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 Suning to purchase properties. To this end, Suning will prudently review the use of funds for the purchase store project. The implementation of this project will not have any adverse impact on Suning. | | | | | | | | | |
| Statement on significant change in feasibility of the project | None | | | | | | | | | |

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 | Not applicable | | | | | | | | | |
| Upfront investment and replacement of invested projects | After deliberation and approval by the 36th meeting of the 5th Board of Directors, Suning'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 Suning.<br><br>After deliberation and approval by the 37th meeting of the 5th Board of Directors, Suning's sponsor institution, independent | | | | | | | | | |

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 Suning. | | | | | | | | | |
| Temporary supplement for current assets with idle raised funds | Not applicable | | | | | | | | | |
| Amount and reason of balance of raised funds during the project implementation | 1. Renovation store project<br><br>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. Suning planned to invest RMB 1.2141 billion of the raised capital. Suning 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:<br><br>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 brick-and-mortar store, traditional physical retail enterprises have been seeking to make innovation and transformation to meet the new needs and habits of consumers. Suning 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 delivery timeliness and | | | | | | | | | |

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| | improved the consumers' shopping experience. For Brick and Mortar Stores, Suning 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, Suning'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. Suning can complete the store renovation just by adjusting the minor parts of decoration and updating some operating equipment. At the same time, Suning further strengthened the control of economic returns and the operation efficiency of stores through subletting and rent reduction, thus reducing the need for Suning 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.<br><br>The implementation of the store renovation project has certain effects on the improvement of Suning'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, Suning achieved the established goal of the renovation project with input of less raised fund.<br><br>On the 45th meeting of the 6th Board of Directors and the 2nd extraordinary shareholders' meeting in 2019, Suning 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). | | | | | | | | |

| Committed investment projects and use of super-raised funds | 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) | Investment progress by the end of the period (%) (3)=(2)/(1) | Date when the project reaching serviceable condition scheduled | Benefit realized in the reporting period (net profit) | Whether to meet the estimated income | With significant change in feasibility of the project or not |
|---|---|---|---|---|---|---|---|---|---|---|
| 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), new regional delivery center construction project (III), rental store project, repayment of loans from financial institutions (II). 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 *Proposal on Buying Financial Products with Idle Raised Funds with Idle Raised Funds* 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 December 31, 2020, Suning deposited RMB 3,786,755,600 of unused raised funds in the form of certificates of deposit and notification form, subscribed the bank financial products of commercial banks with an amount of RMB 1,451,550,600, and deposited the remaining amount of RMB 15,099,900 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 Suning's actual raised funds is less than the amount planned in the non-public share offering plan 2015. According to the resolution passed on Suning's 3rd interim 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, Suning 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, Suning 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.

The 9th meeting of the 7th Board of Directors of the Company deliberated and the second extraordinary shareholders' meeting in 2020 passed the *Proposal on Change of the Use of Partial Raised Funds*, which agreed to invest partial raised fund of logistics operation business development project of RMB 1.0029238 billion and remaining unused raised fund of logistics transport business development project of RMB 1.1407342 billion into the Company's "new regional delivery center construction project (III)", and partial raised capital of logistics operation business development project of RMB 536.4714 million and partial raised capital of rental store project of RMB 463.5286 million into the "repayment project of loans to financial institutions (II)". The investment amount of raised fund after the change was RMB 1.7027008 billion. See Announcements No. 2020-084 and 2020-086 for details of this change.

Note 2: On the 29th meeting of the 6th Board of Directors and the 6th extraordinary shareholders' meeting in 2018, Suning 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.

The 9th meeting of the 7th Board of Directors of the Company deliberated and the second extraordinary shareholders' meeting in 2020 passed the *Proposal on Change of the Use of Partial Raised Funds*, which agreed to invest partial raised fund of logistics operation business development project of RMB 1.0029238 billion and remaining unused raised fund of logistics transport business development project of RMB 1.1407342 billion into the Company's "new regional delivery center construction project (III)". See Announcements No. 2020-084 and 2020-086 for details of this change.

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, Suning 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), Suning can efficiently allocate and dispatch resources and reduce actual operating costs. In the future, with the socialized operation of logistics, Suning 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 Suning's strategic development direction in the future and displays a good market development prospects and economic benefits. After the completion of the project, Suning's ability to serve clients and platform merchants and logistics response time can be further improved, the logistics operation cost can be effectively reduced, thus improving Suning's competitiveness.

The logistics and transportation business development project will greatly improve the overall transportation and delivery 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 Suning's profitability. The Suning.Com Cloud Store brand promotion project will not generate economic returns, but the consumer recognition, brand value and image of Suning will be greatly enhanced upon the completion of the project.

Note 8: This acquisition of TTK Express is in line with Suning's strategic development direction in the future, and has good market prospects and economic benefits. After the completion of the project, Suning 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 Suning'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, Suning's cloud computing research and development strength will be further enhanced. The investment will provide the technical and platform support for Suning's Internet transformation, and will provide a strong IT technical support for the continuous growth of

Suning's business scale. After the big data project is completed, Suning 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 Suning's Internet transformation, and will provide a strong IT technical guarantee for the continuous growth of Suning's business scale. Through the implementation of the smart home project, on the one hand, Suning will realize the layout of the smart home and share the huge market space in this industry, and on the other hand, Suning can establish a complete ecosystem for manufacturers, retailers and consumers of Suning, thus further improving Suning'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, Suning 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, maternal and infant store, supermarkets to support the development of omni-category business, thus expanding Suning'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

Unit: RMB 1,000

| 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 construction project | Regional delivery center project and automatic picking center project | 1,950,000.0 | 228.6 | 1,949,954.3 | 99.9% | 2020 | Not applicable | Not applicable | No |
| Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects) | 1. Reasons for change<br>The Company, in consideration of the actual demand on business development and project construction plan, invested raised funds orderly and advanced continuously the construction of automatic picking center and regional delivery center projects, and has completed, delivered and put into operation part of the automatic picking center and regional delivery center. During the project implementation, the Company implemented project cost management actively and project construction by batches in consideration of the storage and transport capacity 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 | | | | | | | | |

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| | | | 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.<br><br>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.<br><br>2. Decision-making procedure<br><br>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 Use of Partial Raised Funds*, and independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment project.<br><br>3. Description on information disclosure condition<br><br>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. | | | | | |

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| Situations and causes for not meeting the schedule or the estimated income (by specific project) | | | None | | | | | | |
| Statement on significant change in feasibility of the changed project | | | None | | | | | | |

② Part of the raised funds for automatic picking center project are changed into that for logistics transport business development project

Unit: RMB 1,000

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| Logistics transport business | Automatic picking center | 79,265.8 (Note) | 0.0 | 79,265.8 | 100.0% | 2021 | Not applicable | Not applicable | No |

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| development project | project | | | | | | | | |
| Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects) | 1. Reasons for change<br>The Company, in consideration of the actual demand on business development and project construction plan, invested raised funds orderly and advanced continuously the construction of automatic picking center and regional delivery center projects, and has completed, delivered and put into operation part of the automatic picking center and regional delivery center. During the project implementation, the Company implemented project cost management actively and project construction by batches in consideration of the storage and transport capacity 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.<br>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.<br>2. Decision-making procedure<br>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 Use of Partial Raised Funds*, and independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity | | | | | | | | |

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| | | | investment project.<br>3. Description on information disclosure condition<br>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 feasibility of the changed project | | | None | | | | | | |

Note: The ninth meeting of the seventh Board of Directors of the Company deliberated and the second extraordinary shareholders' meeting in 2020 passed the *Proposal on Change of the Use of Partial Raised Funds*, which agreed to invest partial raised fund of logistics operation business development project of RMB 1.0029238 billion and remaining unused raised fund of logistics transport business development project of RMB 1.1407342 billion into the Company's "new regional delivery center construction project (III)".

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)

Unit: RMB 1,000

| 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 construction project (II) | Renovation store project and rental store project | 2,977,926.6 | 747,962.5 | 1,287,240.4 | 43.2% | 2022 | Not applicable | Not applicable | No |
| Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects) | 1. Reasons for change<br>The Company, in consideration of the actual demand on business development and project construction plan, invested orderly the raised funds for the rental store project and renovation store project and advanced the construction and renovation of Internet stores Suning.Com Cloud Store, and, by renovating and upgrading 202 stores and applying Internet, IoT, artificial intelligence (AI) and other technologies, promotes furthermore the fusion of online and offline scenes in the Company, and thus improving the stores' scale profitability. Moreover, the Company established cloud stores by centering on the core commercial sphere across China to strengthen their customer acquisition capabilities and improve the network layout of brick-and-mortar stores. Up to May 31, 2019, 143 new cloud stores were opened from the investment of the raised funds for rental store project. Impacted by industrial development changes, the Company, during the project development, better controlled the fund investment scale of above projects by rational planning and design; also due to rare store resources, location and layout of business circle, the speed for establishing rental stores was reduced, and the Company would advance the establishment of cloud stores orderly in combination with the store establishment plan. To improve 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 | | | | | | | | |

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| | | | 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.<br><br>2. Decision-making procedure<br><br>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 independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment project.<br><br>3. Description on information disclosure condition<br><br>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) | | | None | | | | | | |
| 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

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| Repayment of loans to financial institutions | Rental store project | 1,500,000.0 | 1,500,000.0 | 1,500,000.0 | 100.0% | 2020 | Not applicable | Not applicable | No |
| Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects) | | | 1. Reasons for change<br>Due to the impact of industrial development changes and the adjustment of the Company's development strategy, the speed for establishing rental stores was reduced, and the Company will advance the establishment of cloud stores orderly in combination with the store establishment plan in the future. In order to further improve the utilization efficiency of the Company's raised funds and reduce the idle raised funds, the Company plans to use part of the raised funds to repay loans to financial institutions, which will help to reduce the Company's financing scale, improve the structure of assets and liabilities, and enhance the Company's profitability.<br>2. Decision-making procedure<br>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 independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment 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 |
|---|---|---|---|---|---|---|---|---|---|
| | | | 3. Description on information disclosure condition<br>The Company disclosed the *Announcement on Change of the Use of Partial Raised Funds* (2020-007) and *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) | | | None | | | | | | |
| Statement on significant change in feasibility of the changed project | | | None | | | | | | |

⑤ Partial raised fund of logistics operation business development project and remaining unused raised fund of logistics transport business development project were changed into new regional delivery center construction project (III)

Unit: RMB 1,000

| 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 construction project (III) | Logistics operation business development project, logistics transport business development project | 2,143,658.0 | 0.0 | 0.0 | 0.0% | 2022 | Not applicable | Not applicable | No |
| Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects) | 1. Reasons for change<br>According to the actual needs of business development and project implementation planning, the Company orderly carried out raised fund investment, and continuously promoted the Company's logistics operation business development project and logistics transport business development project. In the process of project development, the Company strengthened project management, reasonably planned the use of funds, and put the raised fund into the projects orderly and preferentially in combination with the logistics business development planning. Therefore, this time, partial raised fund of logistics operation business development project and remaining fund of logistics transport business development project were preferentially invested in the new regional delivery center construction project (III), which would help to speed up the construction of logistics base and provide logistics infrastructure support for the Company's retail business. | | | | | | | | |

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| | | | The raised funds after the change would still be used for supporting the development of the Company's main business.<br>2. Decision-making procedure<br>On the 9th meeting of the 7th Board of Directors and the 2nd extraordinary shareholders' meeting in 2020, the Company reached a resolution to pass the *Proposal on Change of the Use of Partial Raised Funds*, and independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment project.<br>3. Description on information disclosure condition<br>The Company disclosed the *Announcement on Change of the Use of Partial Raised Funds* (2020-086) and *Announcement on Resolutions of the 2nd Extraordinary Shareholders' Meeting in 2020* (2020-096) on Cninfo, Securities Daily, Securities Times, Shanghai Securities News and China Securities Journal respectively on December 5 and December 24, 2020. | | | | | | |
| Situations and causes for not meeting the schedule or the estimated income (by specific project) | | | None | | | | | | |
| Statement on significant change in feasibility of the changed project | | | None | | | | | | |

⑥ Partial raised funds of logistics operation business development project and rental store project were changed into repayment project of loans to financial institutions (II)

Unit: RMB 1,000

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| Project of repayment of loans to financial institutions (II) | Logistics operation business development project and rental store project | 1,000,000.0 | 0.0 | 0.0 | 0.0% | 2021 | Not applicable | Not applicable | No |
| Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects) | 1. Reasons for change<br>According to the actual needs of business development and project construction planning, the Company orderly arranged the raised fund investment of rental store project. As of December 31, 2020, the rental store project has invested 238 new Suning.Com Cloud Stores, accounting for 71.90% of the expected store opening plan. Due to the impact of the epidemic on brick and mortar stores this year and the active adjustment of the Company's development strategy, the store opening speed of rental store project slowed down, and the degree of fund demand also decreased. In order to further improve the utilization efficiency of the Company's raised funds and reduce the idle raised funds, the Company plans to use part of the raised funds of the rental store project to repay loans to financial institutions, which will help to reduce the Company's financing scale, improve the structure of assets and liabilities, and enhance the Company's | | | | | | | | |

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| | | | profitability.<br>2. Decision-making procedure<br>On the 9th meeting of the 7th Board of Directors and the 2nd extraordinary shareholders' meeting in 2020, the Company reached a resolution to pass the *Proposal on Change of the Use of Partial Raised Funds*, and independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment project.<br>3. Description on information disclosure condition<br>The Company disclosed the *Announcement on Change of the Use of Partial Raised Funds* (2020-086) and *Announcement on Resolutions of the 2nd Extraordinary Shareholders' Meeting in 2020* (2020-096) on Cninfo, Securities Daily, Securities Times, Shanghai Securities News and China Securities Journal respectively on December 5 and December 24, 2020. | | | | | |
| Situations and causes for not meeting the schedule or the estimated income (by specific project) | | | None | | | | | | |
| Statement on significant change in feasibility of the changed project | | | None | | | | | | |

### (4) Financial management of raised funds

The *Proposal on Buying Financial Products with Idle Raised Funds* was deliberated and passed on the second 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).

During January - December, 2020, the Company bought bank financial products with cumulative idle raised funds (including interest) of RMB 18,150,400,000, and received a financing income from raised funds of RMB 168,663,400 in the reporting period.

Up to December 31, 2020, the financial management balance of the Company's raised fund account was RMB 1,718,000,000, including raised funds of RMB 1,451,550,600 and interest income of RMB 266,449,400. The details are as follows:

Unit: RMB 1,000

| Bank of deposit of raised funds | New financial management amount incurred in current period | Ending balance | |
|---|---|---|---|
| | | Raised funds | Interest revenue |
| CITIC Bank Branch in Nanjing Longjiang | 9,189,400.0 | 868,000.0 | - |
| Business Department of Nanjing Branch of China Everbright Bank Co., Ltd. | 4,250,000.0 | 583,550.6 | 266,449.4 |
| Business Department of Nanjing Branch of Huaxia Bank Co., Ltd. | 4,200,000.0 | - | - |
| Xinjiekou Sub-branch, Nanjing Branch of China Minsheng Bank | 450,000.0 | - | - |
| Nanjing Zhongyang Road Sub-branch of Industrial Bank Co., Ltd. | 61,000.0 | - | - |
| Total | 18,150,400.0 | 1,451,550.6 | 266,449.4 |

## VI. Significant Assets and Equity Sales

### 1. Significant assets offering

□ Applicable √ Not applicable

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

### 2. Significant equity sales

□ Applicable √ Not applicable

## 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 | Company type | Main Business | Registered capital | Total assets | Net assets | Operating revenue | Operating income | Net profit |
|---|---|---|---|---|---|---|---|---|
| Jiangsu Suning.Com E-commerce Co., Ltd. | Subsidiary | Internet platform | 200,000 | 6,815,886 | -6,123,726 | 2,795,569 | -3,444,425 | -2,423,961 |
| TTK Express Co., Ltd. | Subsidiary | Logistics business | 150,726 | 4,623,215 | -2,704,275 | 2,444,300 | -1,598,134 | -1,225,774 |
| Suning International Group Co., Ltd. | Subsidiary | Investment business | 7,514,752 | 31,232,263 | 11,638,181 | - | 1,124,231 | 1,124,231 |
| Carrefour China Holdings N.V. | Subsidiary | Retail business | 1,153,437 | 14,110,008 | 690,056 | 25,574,327 | -940,316 | -795,099 |
| Shanghai Suning Financial Service Group Co., Ltd. | Joint stock company, holding | Financial technology services business | 1,356,349 | 48,491,151 | 27,594,359 | 6,901,752 | 2,068,299 | 1,573,850 |

| Company name | Company type | Main Business | Registered capital | Total assets | Net assets | Operating revenue | Operating income | Net profit |
|---|---|---|---|---|---|---|---|---|
| | 41.15% of shares | | | | | | | |
| Shenzhen Hengning Business Development Co., Ltd. | Joint stock company, holding 49% of shares | Commercial real estate business | 20,000,000 | 23,322,878 | 22,174,429 | 1,513,569 | 1,502,678 | 1,127,009 |
| Suning SmartLife Holding Limited | Joint stock company, holding 35% of shares | Retail business | 5,174,400 | 9,077,605 | -1,558,398 | 2,681,730 | -4,365,455 | -4,370,569 |

1. Jiangsu Suning.Com E-commerce Co., Ltd. engaged in the operation of online platform. In the reporting period, it focused on the improvement of user experience, the increase of new users and the enhancement of sales transformation. In particular, it increased the investment in user operating subsidies and commodity operating subsidies in four quarters, resulting in losses in the reporting period.

2. TTK Express mainly engaged in express business. In the second half of 2020, it began to adjust external business with low value and high loss, and promoted the integration with Suning express network, which achieved certain results. If the combined impact of TTK Express' assessment amortization and asset impairment of RMB 524 million was not considered, TTK Express achieved a net profit of RMB -702 million in 2020.

3. Suning International Group Co., Ltd. was mainly affected by changes in the fair value of invested companies.

4. Chongqing Maoning Electronic Commerce Co., Ltd. mainly engaged in commodity procurement business, and was affected by commodity subsidies.

5. In the reporting period, Carrefour China's net profit affected by value-added amortization was RMB 640 million. If the impact of this part was not considered, Carrefour China achieved a net profit

of RMB -155 million in 2020.

Acquisition and disposal of subsidiaries within the reporting period

| Company name | Method for acquisition and disposal of subsidiaries within the reporting period | Influence on overall production and performance |
|---|---|---|
| Zhongshan Suning Logistics Co., Ltd. | Sale | See Section XII Notes to Financial Statements "V. Change of Consolidation Scope" for more details. |
| Wenzhou Suning Purchase Co., Ltd. | Sale | |
| Shandong Boning Suning.Com Commercial and Trading Co., Ltd. | Sale | |
| Hubei Suning Logistics Co., Ltd. | Sale | |
| Xi'an High-tech Zone Yida Logistics and Storage Investment Co., Ltd. | Sale | |
| Tianjin Jinning Yida Logistics Co., Ltd. | Sale | |

For details of other conditions for acquired and for disposal of subsidiaries in the reporting period, see Section XII Notes to Financial Statements "V. Change of Consolidation Scope".

## VIII. Structured Entity Controlled by the Company

□ Applicable √ Not applicable

## IX. Prospect on Future Development

In 2021, at the fourth decade of development, 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.

From the perspective of national development orientation, it is necessary to fully grasp the major development opportunities of the construction of dual circulation pattern. The construction of the new dual circulation development pattern is a major opportunity for the retail industry. In particular, in terms of internal circulation, the upgrading of consumption and service quality, the coordinated development of urban and rural areas and a series of policy orientation are the core foothold and

main battlefield of Suning.Com's business development, and are good opportunities for Suning.Com's development.

From the perspective of industry development trend, it is necessary to fully grasp the opportunities of Internet development in upstream and downstream industries. At present, all industries are stepping into a new stage of industrial Internet at an accelerated pace. On the one hand, the all-scenario era of downstream e-commerce is accelerating, users are fragmented, traffic is socialized, a large number of online Internet platforms are seeking the establishment of e-commerce operation ability, a wide range of small, medium and micro-sized retail enterprises are facing the transformation and upgrading, and the development space of "retail service providers" is being opened; on the other hand, upstream manufacturers accelerate the transformation to intelligent manufacturing, flexible production, C2M and other modes are becoming more and more common, and the role of retail as a production leader is increasingly prominent.

From the perspective of enterprise management, it is necessary to fully grasp the development orientation of industrial development from fiction to reality. Enterprises should return to the essence of the industry, cultivate core competence and focus on value and benefit. In 2021, the Company will grasp the two main development keynote of "focusing" and "creating value", realize the transformation from business model to profit model, and upgrade from retailer to retail service provider. The specific work development is as follows:

■ Retail business

Continue to gather retail business development, accelerate opening-up empowerment, focus on the development of supply chain and Yunwang Wandian, and stimulate strong aggregation effect to realize all-scenario retail network and all-encompassing user access, and improve user's mind.

➢ Channel operation

In terms of offline business, on the one hand, the Company will speed up the construction of big stores, create the industry-leading format through continuous scenario and store model optimization, form the core support of regional operation, and realize the output of supply chain and service capacity with the help of big stores; on the other hand, the Company will adjust the business model of small and medium-sized stores, optimize the partnership mechanism, speed up the coverage of the partnership mechanism, build Retail Cloud model, penetrate the market segments through the asset-light model,

focus on the development of Retail Cloud, continue to drive the overall scale growth, vigorously promote exogenous growth, accelerate the speed of store construction, speed up the coverage of rural Retail Cloud to urban Retail Cloud to achieve the goal of 4,000 stores throughout the year; continue to optimize the endogenous growth, accelerate the construction of store Internet, promote the adjustment of commodity structure, and help Retail Cloud stores obtain traffic through Internet operation and commodity operation.

In terms of online business, the Company will improve the top-level design of the development of Yunwang Wandian, and accelerate the construction of opening-up empowerment mode and basic capacity. On the one hand, the Company will integrate the supply chain, channel operation, logistics and technical capabilities, and output integrated retail solutions to realize the comprehensive

empowerment for B-end merchants; on the other hand, based on the ability to face B-end, the Company will promote Suning's C-end business to further realize localization and social development on both online and offline channels, reduce operating cost, improve precision service ability.

Focus on the construction of main station of Suning.Com, strengthen refined customer expansion and operation, and enhance the value of users through commodity richness, user experience and value rights and interests; promote the scaled growth third-party platforms, optimize and improve the preferential policies and technology empowerment means for third-party stores, and unswervingly develop and expand third-party platforms; strengthen the development of segmentation category, focus on the research of supply chain and customer group in the segmentation field, and realize accurate customer acquisition operation.

- Construction of supply chain

Accelerate the coordination and integration of large FMCG supply chains. The Company will, first, strengthen the unified planning of single products, customized exclusive sales and independent products; second, accelerate the core brand group strategy; third, realize intensive sharing in warehouse performance; fourth, promote the further integration of the underlying system.

Improve the gross merchandise volume of omni-category independent products. In terms of home appliances, the Company will select one or two brands as the strategic emphasis, and copy and extend to other categories after success; constantly expand the proportion of high gross margin commodity sales including independent products. In terms of FMCGs, the Company will speed up the development of independent products, focus on core categories and core single products, create hot products and form economies of scale; in addition, explore the platform-based operation of customized products by relying on Suning JIWU and Suning Group Purchase.

- Logistics business

Suning Logistics, as an important cornerstone of the strategic upgrading of Suning retail service providers, should focus on service, be the pioneer of high-quality delivery, and speed up the output of solutions to the industry through word-of-mouth construction.

Promote the restructuring of the logistics network. The Company will give full play to the ability advantages of integrated warehouse and distribution service for large parts, focus on the business development of large parts, expand around Suning's self-owned stores, ecological circle and socialized business, open the source, and provide comprehensive supporting around the organization, personnel, incentive and system.

## X. Activities of Investigation Reception, Communication, and Interview

### 1. Registration form for investigation reception, communication and interview in the reporting period

| Date | Place | Reception type | Visitor type | Visitor | Main content for discussion and materials provided | Basic information index of investigation |
|---|---|---|---|---|---|---|
| January 09, 2020 | Meeting room of headquarters | Field investigation | Organization | Shanxi Securities | Suning's future development plan, basic condition of Retail Cloud, Suning Group Purchase and FMCG business and future strategy | No. 20200109 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on January 10, 2020 from Cninfo |
| January 10, 2020 | Meeting room of headquarters | Field investigation | Organization | CMB Securities, Industrial Securities | Carrefour team and supply chain integration, logistics business, lower-tier market strategy and future business planning | No. 20200110 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on January 13, 2020 from Cninfo |

| Date | Place | Reception type | Visitor type | Visitor | Main content for discussion and materials provided | Basic information index of investigation |
|---|---|---|---|---|---|---|
| January 15, 2020 | Meeting room of headquarters | Field investigation | Organization | Avanda Investment Management Company | Omni-channel layout, integration of Wanda Department Store and Carrefour after acquisition, lower-tier market strategy and store opening situation, business situation of Redbaby stores, logistics development of Suning, etc. | No. 20200115 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on January 15, 2020 from Cninfo |
| February 25, 2020 | Headquarters Office Zone | Telephone communication | Organization | Institutional investors at home and abroad | Carrefour's business situation, future key work, store transformation direction, and private brand planning | No. 20200225 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on February 25, 2020 from Cninfo |

| Date | Place | Reception type | Visitor type | Visitor | Main content for discussion and materials provided | Basic information index of investigation |
|---|---|---|---|---|---|---|
| March 16, 2020 | Headquarters Office Zone | Telephone communication | Organization | SCHONFELD | Online and offline integration, and positioning, key work and other contents of Carrefour | No. 20200316 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on March 17, 2020 from Cninfo |
| March 17, 2020 | Headquarters Office Zone | Telephone communication | Organization | BERNSTEIN | Integration strategy of online and offline, Carrefour integration, lower-tier city development, logistics development, etc. | No. 20200317 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on March 18, 2020 from Cninfo |
| March 19, 2020 | Headquarters Office Zone | Telephone communication | Organization | Macquarie Securities | Development condition of Retail Cloud business and Carrefour business, Suning's future strategic planning, etc. | No. 20200319 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on March 23/, 2020 from Cninfo |

| Date | Place | Reception type | Visitor type | Visitor | Main content for discussion and materials provided | Basic information index of investigation |
|---|---|---|---|---|---|---|
| March 23, 2020 | Headquarters Office Zone | Telephone communication | Organization | Dongteng Innovation Investment | Development condition of the online and offline, Retail Cloud, Carrefour, and Suning Logistics, Suning's future strategic planning, etc. | No. 20200323 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on March 24, 2020 from Cninfo |
| May 14, 2020 | Wujiaochang Suning Store in Shanghai | Field investigation | Organization | CITIC Securities, Maxwealth Fund, Lubao Investment, and An Zhong Investment | The store's transformation and business changes, category structure, promotion activities, customer volume recovery, etc. in recent years | No. 20200514 Investor Relations Activities Record Table of Suning.Com Co., Ltd. On May 17, 2020 from Cninfo |

| Date | Place | Reception type | Visitor type | Visitor | Main content for discussion and materials provided | Basic information index of investigation |
|---|---|---|---|---|---|---|
| May 28, 2020 | Xinjiekou Store in Nanjing, and Retail Cloud Featured Stores in Chunhua, Nanjing | Field investigation | Organization | CJ Securities | 1. Xinjiekou Store in Nanjing, know the store's transformation and business changes, category structure, customer volume recovery, etc.<br>2. Retail Cloud Featured Stores in Chunhua, Nanjing, know advantages of Retail Cloud stores, recovery of epidemic situation, 618 promotion activities, operation of members and community, etc. | No. 20200528 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on June 1, 2020 from Cninfo |

| Date | Place | Reception type | Visitor type | Visitor | Main content for discussion and materials provided | Basic information index of investigation |
|---|---|---|---|---|---|---|
| August 18, 2020 | Carrefour Gubei Store in Shanghai | Field investigation | Organization | CITIC Securities | Carrefour store integration, store home business development, store Internet and digital situation | No. 20200818 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on August 20, 2020 from Cninfo |
| September 02, 2020 | Headquarters Office Zone | Telephone communication | Organization | HSBC Qianhai Security | Development planning of Retail Cloud, third-party platform, Carrefour, and logistics | No. 20200902 Investor Relations Activities Record Table of Suning.Com Co., Ltd. on September 4, 2020 from Cninfo |

# Section V Important Matters

## I. Profit Distribution of the Company's Common Shares and Issued Capital Increase by Transferring of Additional Paid-in Capital

Preparation, implementation, or adjustment of policy for distribution of common share earnings, especially policy of cash dividends within the reporting period

According to *Regulatory Guidelines for Listed Companies No. 3 - Cash Dividends of Listed Companies* issued by CSRC and other relevant provisions, the Company has formulated clear profit distribution policy in the *Articles of Association* and also *Plan for Shareholders' Returns in the Next Three Years (2018-2020) of Suning.Com Co., Ltd.* to clarify the rational return on investment for shareholders and maintain shareholders' interests.

The Company deliberated and passed the *Profit Distribution Plan in 2019* on the annual shareholders' meeting in 2019, with the details as: with 9,157,545,816 shares (after deducting the repurchased shares (152,493,839 shares have been repurchased in the special security account for repurchase) from the total issued capital) on the equity registration date (July 3, 2020) when the profit distribution plan was implemented as the base number, the Company would distribute cash RMB 0.50 (tax inclusive) and 0 bonus share for every 10 shares to all shareholders, and would convert no accumulation fund into issued capital, and shares in the special security account for repurchase would not be included in the profit distribution hereby. The Company implemented and completed the profit distribution on July 06, 2020.

| Special Explanation on Cash Dividends Policy | |
|---|---|
| Whether it complied with provisions of Articles of Association or resolution of shareholders' meeting: | Yes |
| Whether the standard and proportion are specific and clear: | Yes |
| Whether relevant decision-making procedures and mechanism are completed: | Yes |
| Whether the independent directors performed his/her responsibilities or not: | Yes |
| Whether the minority shareholders fully raised their opinions and demands, and whether their lawful rights and interests were protected fully; | Yes |
| Whether the conditions and procedures for adjusting or changing cash dividends policy are compliant and transparent; | Yes |

Scheme or plan on distribution of common share earnings or conversion of additional

paid-in capital into issued capital of the Company during the last three years (including the reporting period):

1. 2020

(1) According to *Regulatory Guidelines for Listed Companies No. 3 - Cash Dividends of Listed Companies* and *Articles of Association*, and in consideration of the net profit loss of the Company in 2020, the Board of Directors drawn up the profit distribution plan for 2020 as follows: no cash dividends, no bonus shares, no conversion of additional paid-in capital into share capital.

(2) Shares repurchased by the Company in the reporting period

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). Suning 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 Company implemented and completed the share repurchase hereby on August 6, 2020, and repurchased 101,482,037 share in accumulation by special security account for repurchase in the form of collective trading through bidding, with the total amount paid of RMB 1,010.5820 million (excluding transaction costs). The Company paid the repurchase share amount of RMB 700.7399 million (excluding transaction costs) from January 1, 2020 to August 5, 2020.

According to Article 7 of *Rules for the Implementation of Share Repurchase by Listed Companies in Shenzhen Stock Exchange*, if a listed company repurchases shares by means of offer and centralized bidding with cash as consideration, the amount of repurchase shares implemented in the current year shall be regarded as amount of cash dividends, and shall be included in the relevant proportion of cash bonus in the current year. Therefore, the total cash dividend amount of the Company in 2020 was RMB 700.7399 million.

2. 2019

(1) With 9,157,545,816 shares (after deducting the repurchased shares (152,493,839 shares have been repurchased in the special security account for repurchase) from the total issued capital) on the equity registration date as the base number, the Company distributed cash RMB 0.50 (tax inclusive) and 0 bonus share for every 10 shares to all shareholders, and converted no accumulation fund into issued capital.

(2) Shares repurchased by the Company in the reporting period

① In 2019, the Company repurchased 84,006,415 shares by special security account for repurchase in the form of centralized bidding, with the total amount paid of RMB 998.5955 million (excluding transaction costs).

② In 2019, the Company repurchased 29,703,906 shares by special security account for repurchase in the form of centralized bidding, with the total amount paid of RMB 309.842

million (excluding transaction costs).

3. 2018

(1) With 9,253,033,954 shares (after deducting the repurchased shares (57,005,701 shares have been repurchased in the special security account for repurchase) from the total issued capital) on the equity registration date as the base number, the Company distributed cash RMB 1.20 (tax inclusive) and 0 bonus share for every 10 shares to all shareholders, and converted no accumulation fund into issued capital.

(2) In 2018, the Company repurchased 73,070,874 shares by special security account for repurchase in the form of centralized bidding, with the total amount paid of RMB 999.9883 million (excluding transaction costs).

Cash dividends of common shares of the Company in the last three years (including the reporting period)

Unit: RMB 1,000

| Dividend year | Amount of cash dividends (tax inclusive) | Net profits attributable to common shareholders of the Company in the consolidated statements of dividend year | Proportion of cash dividends in net profit in consolidated statements, attributable to the common shareholders of the listed company | Amount of cash dividends in other manners (e.g. repurchasing shares) | Ratio of amount of cash dividends in other manners to net profit in consolidated statements, attributable to shareholders for common share of the listed company | Total amount of cash dividends (including that in other manners) | Proportion of total cash dividends (including other ways) in net profit in consolidated statements, attributable to the common shareholders of the listed company |
|---|---|---|---|---|---|---|---|
| 2020 | 0 | -4,274,696 | 0 | 700,740 | -16.39% | 700,740 | -16.39% |
| 2019 | 457,877 | 9,842,955 | 4.65% | 1,308,438 | 13.29% | 1,766,315 | 17.94% |
| 2018 | 1,110,364 | 13,327,559 | 8.33% | 999,988 | 7.50% | 2,110,352 | 15.83% |

According to *Regulatory Guidelines for Listed Companies No. 3 - Cash Dividends of Listed Companies* and *Articles of Association*, the Company shall meet the following conditions at the same time when implementing cash dividends:

1. The distributable profit ((i.e. the after-tax profit remained after making up of the Company's loss and accrual of the accumulation fund) of the current year is positive, cash flow is abundant and cash dividends will not affect the subsequent sustainable operation of the Company;

2. Standard audit report without reserved opinions to the annual financial report of the Company is issued by audit agency;

3. The Company is free from major investment plan or cash outflow (except investment project by raising funds).

Major investment plan or major or cash outflow means that the cumulative expenditure in proposed external investment, acquisition of assets or equipment procurement within the next 12 months will reach or exceed the 20% (including 20%) of total net asset after deliberation of the Company in the current period.

4. There is no case that the principal and interest of the bond cannot be paid on time or that the due principal and interest of the bond cannot be paid on time.

As the net profit of the Company's audited consolidated statements in 2020 was negative, the distributable profit realized in 2020 was negative. Therefore, the Board of Directors drawn up the profit distribution plan for 2020 as follows: no cash dividends, no bonus shares, no conversion of additional paid-in capital into share capital.

In 2020, although the Company's offline business was greatly affected by the epidemic, it accelerated the development of Internet business, third-party platform business and retail cloud business. In general, the operating profit was at a loss. Based on this, the Company did not implement profit distribution in 2020 to further focus on capital resources to strengthen the construction of commodity supply chain and the development of logistics business, and was committed to opening-up empowerment to continuously improve the Company's core competitiveness. In the future, the Company will, in accordance with the relevant laws and regulations and the *Articles of Association*, comprehensively consider various factors related to profit distribution, strictly implement the relevant profit distribution system from the perspective of benefiting the development of the Company and the return of investors, and share the achievements of the Company with investors.

At the same time, 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 Company implemented and completed the share repurchase hereby on August 6, 2020, and repurchased

101,482,037 share in accumulation by special security account for repurchase in the form of collective trading through bidding, with the total amount paid of RMB 1,010.5820 million (excluding transaction costs). The Company paid the repurchase share amount of RMB 700.7399 million (excluding transaction costs) from January 1, 2020 to August 5, 2020. According to Article 7 of *Rules for the Implementation of Share Repurchase by Listed Companies in Shenzhen Stock Exchange*, if a listed company repurchases shares by means of offer and centralized bidding with cash as consideration, the amount of repurchase shares implemented in the current year shall be regarded as amount of cash dividends, and shall be included in the relevant proportion of cash bonus in the current year. Therefore, the total cash dividend amount of the Company in 2020 was RMB 700.7399 million.

According to the *Articles of Association*, the Company shall maintain the continuity and stability of the profit distribution policy. When meeting the conditions of cash dividends, in principle, the profit distributed in cash shall not be less than 10% of the distributable profit realized in the current year (calculated according to the smaller of the distributable profit realized in the consolidated statements and the distributable profit of the parent company), and the accumulated profit distributed in cash in three consecutive years shall not be less than 30% of the average annual distributable profit realized in the last three years.

The proportion of the Company's total amount of cash dividends from 2018 to 2020 was as follows:

Unit: RMB 1,000

| Dividend year | Amount of cash dividends (tax inclusive) | Amount of cash dividends in other manners (e.g. repurchasing shares) | Total amount of cash dividends (including that in other manners) | Distributable profit realized in the current year (calculated according to the smaller of the distributable profit realized in the consolidated statements and the distributable profit of the parent company) | Proportion of the total amount of cash dividends (including other ways) to the amount of distributable profit realized in the current year |
|---|---|---|---|---|---|
| 2020 | 0 | 700,740 | 700,740 | 288,741 | 243% |
| 2019 | 457,877 | 1,308,438 | 1,766,315 | 276,600 | 639% |
| 2018 | 1,110,364 | 999,988 | 2,110,352 | 681,005 | 310% |

Note: 1. The amount of distributable profit realized by the parent company in the current

year = net profit - making up of the losses of previous years - accrual 10% of the profit to the Company's legal accumulation fund - accrual optional accumulation fund - paying shareholders' dividends. The amount of distributable profit realized in the current year stated in the consolidated statement = net profit attributable to shareholders of Suning - making up of the losses of previous years - accrual 10% of the profit to the Company's legal accumulation fund - accrual optional accumulation fund - paying shareholders' dividends.

2. Considering that the distributable profit in 2020 consolidated statement was negative, the amount of distributable profit realized in 2020 was filled in according to the profit available for distribution of the parent company.

To sum up, the proportion of cash dividends of the Company in recent three years meets the requirements of the *Articles of Association*.

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

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

## III. Performance of the Commitment

**1. 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 | Type | Content | Time | Period | Performance |
|---|---|---|---|---|---|---|
| Commitment of shares reform | Original non-circulation shareholders of the Company | Commitments to reduction of holding stocks | Commitment of original non-circulation shareholders of the Company in non-tradable equity reform till to the reporting period: when the number of shares traded and sold by listing in stock exchanges is | June 17, 2005 | Infinite | In the reporting period, the original non-circulation shareholders of the Company fulfilled their commitment. |

| Commitment | Committed by | Type | Content | Time | Period | Performance |
|---|---|---|---|---|---|---|
| | | | 1% of the total number of shares in the Company, announcement would be made within two working days since the date of occurrence. | | | |
| Commitment made in the report of acquisition or report in changes in equity | - | - | - | - | - | - |
| Commitment made during assets reorganization | - | - | - | - | - | - |
| Commitment 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. | Commitment on horizontal competition | 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 | 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 |

| Commitment | Committed by | Type | Content | Time | Period | Performance |
|---|---|---|---|---|---|---|
| | | | Jinfeng and Ms. Zhao Bei of Suning Appliance Group Co., Ltd. respectively issued *Non-competitive Commitment* 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 addition to that for normal business. | | | Group Co., Ltd. fulfilled their commitment. |
| Commitment on stock-based compensation | - | - | - | - | - | - |
| Other commitments to minority shareholders of the | Suning Holdings Group Co., Ltd. (hereinafter | Commitment on share lock-up | The Suning Holdings Group transfers 61,056,374 | January 18, 2019 | From January 18, 2019 to | In the reporting period, Suning Holdings |

| Commitment | Committed by | Type | Content | Time | Period | Performance |
|---|---|---|---|---|---|---|
| Company | referred to as "Suning Holdings Group") | | 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 17, 2022 | Group fulfilled its commitment. |
| Whether the commitment is performed on time? | | | Yes | | | |
| In case failing to fulfill the commitment completely within the period specified, specify the reason and the work plan next. | | | None | | | |

**2. There is profit forecast for corporate assets or projects, and the forecast still lasts in the reporting period, so the Company makes an explanation on whether the original profit forecast for assets or project has been reached and the reasons**

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

## V. Statement on "Non-standard Audit Report" of Accounting Firms from the Board of Directors, the Board of Supervisors and Independent Directors (if any) in the Reporting Period

□ Applicable √ Not applicable

## VI. Description of Any Changes of the Accounting Policy, Estimate and Method Compared with Those in the Financial Report of the Last Year

At the 4th meeting of the 7th Board of Directors, *Proposal on Changes in Accounting Policies* was deliberated and passed. Changes to the accounting policy hereby are unnecessary to be submitted to the shareholders' meeting for deliberation. The details are as follows:

1. Overview of changes in accounting policies

(1) Change reason of accounting policy

On July 5, 2017, the Ministry of Finance issued *Notice on Revising and Issuing of the Accounting Standards for Business Enterprises No. 14 - Income* (CK [2017] No. 22) (hereinafter referred to as “new revenue standards”), which requires that enterprises listed both at home and abroad as well as enterprises listed abroad that use the International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial statements shall implement the new revenue standards from January 1, 2018, and other enterprises listed at home shall implement the new revenue standards from January 1, 2020.

(2) Change date of accounting policy

The Company implemented the above accounting policies according to the starting date specified in the above documents issued by the Ministry of Finance.

(3) Accounting policies adopted by the Company prior to change

Prior to the change, Suning implemented the *Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance and various specific standards, Guidelines for the Application of Accounting Standards for Business

Enterprises, Interpretation Announcement of Accounting Standards for Business Enterprises and other related rules.

(4) Accounting policies adopted by the Company after the change

After the change, the Company implemented the relevant provisions of the new revenue standards issued by the Ministry of Finance. The Company implemented the *Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance and various specific accounting standards, Guidelines for the Application of Accounting Standards for Business Enterprises, Interpretation Announcement of Accounting Standards for Business Enterprises and other related rules for other parts unchanged.

2. The impact of the accounting policy change on Suning

The Company implemented the new revenue standards from January 1, 2020 according to the provision of new revenue standards. According to the convergence provisions of new revenue standards, the Company adjusted the amount of retained earnings and other related items in the financial statements at the beginning of the year when the new revenue standards were first implemented according to the cumulative influence number of the first implementation of the new revenue standards, and did not adjust the information in the comparable period. It was expected that the implementation of the new revenue standards would not have a significant impact on the financial situation, operating result and cash flow of the Company.

**VII. Description of Corrections of Significant Accounting Errors in the Reporting Period Which Are Required to be Subject to Retroactive Restatement**

□ Applicable √ Not applicable

No corrections of significant accounting errors which are required to be subject to retroactive restatement have been made in the reporting period.

## VIII. Description of Any Changes of the Scope of the Consolidated Statement Compared with That in the Financial Report of the Last Year

In 2020, the Company set up 57 new subsidiaries, including Shenzhen Yunwang Wandian Technology Co., Ltd. and Beijing Suning.Com Information Technology Co., Ltd., and disposed of Zhongshan Suning Logistics Co., Ltd., Shandong Boning Suning.Com Commercial and Trading Co., Ltd., Hubei Suning Logistics Co., Ltd., Tianjin Jinning Yida Logistics Co., Ltd., Xi'an High-tech Zone Suning Yida Logistics and Storage Investment Co., Ltd. and Wenzhou Suning Purchase Co., Ltd. which were no longer included in the scope of consolidation.

In 2019, Suning and subsidiaries finished the enterprise merger of Kakogawa, Wanda Department Store, Carrefour China and six asset management companies, as well as the delivery enterprise merger of TTK Express; Suning Convenience Supermarket, Suning Financial Services Group, LAOX and its subsidiaries will not be incorporated into the consolidated statement of Suning. Besides, Suning set 79 new subsidiaries,

including Huizhou Suning.Com Purchasing Co., Ltd., Xiamen Suning.Com Commercial and Trading Co., Ltd., which were incorporated into the consolidated statement; canceled 13 subsidiaries, including Suning Appliance After-sales Service (Zhanjiang) Co., Ltd., Suning Appliance After-sales Service (Ma'anshan) Co., Ltd., Suning Appliance After-sales Service (Fuzhou) Co., Ltd., which were not incorporated into the consolidated statement; disposed 5 logistics companies, including Hunan Suning Yida Logistics and Storage Investment Co., Ltd., Ningbo Suning Yida Logistics Investment Co., Ltd., etc.

Please refer to the note of financial report "V. Change of Consolidation Scope" for the detailed scope of consolidated statement in 2020.

## IX. Employment and Decruitment of Accounting Firms

Currently employed accounting firm

| | |
|---|---|
| Name of domestic accounting firms | PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. (Special General Partnership) |
| Remuneration for domestic accounting firm (RMB 10,000) | 1,850 |
| Consecutive years for domestic accounting firms to provide audit service | 14 |
| Name of CPA of the domestic accounting firms | Qian Jin, Zhuang Beibei |
| Consecutive years for domestic accounting firms to provide CPA audit service | Mr. Qian Jin: 3 years; Ms. Zhuang Beibei: 1 year |
| Name of overseas accounting firms (if any) | - |
| Remuneration for overseas accounting firm (RMB 10,000) (if any) | - |
| Consecutive years for overseas accounting firms to provide audit service (if any) | - |
| Name of CPA of the overseas accounting firms (if any) | - |
| Consecutive years for overseas accounting firms to provide CPA audit service (if any) | - |

Whether the accounting firm will be dismissed in the current period

□ Yes √ No

Employment of accounting firm for audit of internal controls, financial consultant, or sponsor

√ Applicable □ Not applicable

In this year, Suning hired PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. (Special General Partnership) as the internal control audit accounting firm due to the internal control audit work in 2020, with audit expenses of RMB 2 million.

## X. Delisting Conditions after Disclosure of the Annual Report

□ Applicable √ Not applicable

## XI. Bankruptcy and Reorganization Matters

□ Applicable √ Not applicable

There is no bankruptcy or reorganization in the reporting period.

## XII. Major Lawsuit or Arbitration

□ Applicable √ Not applicable

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

Suning summarizes and discloses the total amount involved and estimated total liabilities of other lawsuits that fail to meet the disclosure standards of major lawsuits:

| Basic information on the lawsuit (arbitration) | Amount involved (RMB 10,000) | Weather to form estimated liabilities | Progress on the lawsuit (arbitration) | Trial outcome and effect of the lawsuit (arbitration) | Implementation of litigation (arbitration) judgment | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|
| In the reporting period, the lawsuit matters involved in Suning mainly include lease contracts, commodity sales contracts, and road freight transport disputes related to the daily operations of Suning | 12,425.1 | Yes, the estimated liability amount formed in 2020 is RMB 26.146 million | Relevant matters involving lawsuit shall be executed by Suning's legal department and external law firm. The company involving lawsuit shall promote according to relevant procedures as of the end of the reporting period | It can be seen from the case involved that it does not have a significant influence on Suning | In progress | Not applicable | Not applicable |

## XIII. Punishments and Rectifications

□ Applicable √ Not applicable

There is no punishment and rectification in the reporting period.

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

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.

## XV. Implementation of Suning's Stock-based Compensation Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

### (I) Employee stock ownership plan (phase II)

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 December 31, 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.

In the fourth quarter, 38 employees of Suning meet the above conditions, involving 7.12 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*. During the reporting period, as Essence Securities, the management organization of the employee stock ownership plan, sets new wholly-owned securities asset management subsidiary “Essence Securities Asset Management Co., Ltd.” (hereinafter referred to as “Essence Securities Asset Management”), Essence Securities no longer has the qualification of asset management business, and needs to inherit all the asset management plans it manages to Essence Securities Asset Management. As a result, Essence Securities Asset Management becomes the management organization of the employee stock ownership plan.

**(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

As of December 31, 2020, the shares held by employee stock ownership plan is 24,121,216, accounting for 0.26% of Suning's total issued capital.

If Suning's performance appraisal indicators specified in the items of the employee stock ownership plan have not been reached, that is, the growth rate of Suning'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 shall reach 100% of the total number of initial shares held.

According to the *Audit Report* (PwC ZTSZ (2019) No. 10072) issued by PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. (Special General Partnership), Suning's operating revenue in 2018 was RMB 244,957 million, a YoY increase of 30.35%. Suning's performance appraisal indicators under the employee stock ownership plan were reached.

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.

In the fourth quarter, 29 employees of Suning meet the above conditions, involving 1.4685 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

In 2020, Suning's current employee stock ownership plan recognized the amount of management cost during the waiting period of RMB 88 million.

# XVI. Significant Related Party Transaction

## 1. Transaction related to daily operation

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

Unit: RMB 10,000

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Suning Real Estate Group Co., Ltd. and its subsidiaries | Holding subsidiaries of related shareholders of Suning | Receive services from related parties | Suning.Com's self-built stores and logistics bases of Suning and its subsidiaries provide agent engineering construction services | The agent construction cost shall be determined by both parties through consultation according to the relevant cost input and the reference market price | Since 2018, the total construction area of the agent construction project of the logistics base project is less than 50,000 $m^2$ (inclusive), with the agent construction rate of 3.2%; the total construction area of the project is less than 50,000-100,000 $m^2$ (inclusive), with the agent construction rate of 2.10%; the total construction area of the project is less than 100,000-150,000 $m^2$ (inclusive), with the agent construction rate of 1.70%; the total construction area of the project is less than 150,000-200,000 $m^2$ (inclusive), | 1,712.08 | 0.12% | 46,000 | No | Settlement according to contract. | - | March 31, 2018 | 2018-034 *Announcement on Forecast of Daily Related Transactions* from Cninfo |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | with the agent construction rate of 1.50%; the total construction area of the project is more than 200,000 $m^2$ (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. | | | | | | | | |
| Jiangsu Yinhe Property Management Co., Ltd. | Subsidiaries of Suning Real Estate Group | Receive services 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 | ① 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/$m^2$/month-RMB 5/$m^2$/month; ② 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 | 29,259.45 | 2.02% | 47,000 | Yes | Settlement according to contract. | - | March 31, 2018 | 2018-034 *Announcement on Forecast of Daily Related Transactions* from Cninfo |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 5/$m^2$/month-RMB 10/$m^2$/month; ③ property service price of logistics base: based on the comprehensive 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/$m^2$/month-RMB 3.50/$m^2$/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/$m^2$/month-RMB 12.00/$m^2$/month). | | | | | | | | |
| Jiangsu Suning Sports Goods Co., | Subsidiaries of Suning Holdings | Receive services | Suning.Com entrusts its sport and outdoor | Market price | ① During the term of the agreement, the brand owner shall pay a commission to Jiangsu Suning.Com according | 0 | 0.00% | 16,000 | No | Settlement according to | - | March 31, 2018 | 2018-034 *Announcement on Forecast* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ltd. | Group | from related parties | category to Jiangsu Suning Sports for exclusive agency operation | | 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 Sports Agency shall reach more than 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 | | | | | contract. | | | *of Daily Related Transactions from Cninfo* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | proportional expenses of promotion initiated by Jiangsu Suning Sports; Jiangsu Suning.Com is responsible for the platform cloud diamond (point) redeem expenses, handling expenses, etc. | | | | | | | | |
| Jiangsu Tongshi Mingtai Digital Technology Co., Ltd. and other companies | Subsidiaries of Suning Holdings Group | Purchase of commodities from related parties | Purchase PPTV and other intelligent hardware products | Market price | Market price | 38,530.83 | 2.66% | 100,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |
| Subordinate sports and video company of Suning Holdings | Subsidiaries of Suning Holdings Group | Purchase of commodities | Purchase sports members and video members | Market price | Market price | 1,231.32 | 0.08% | 11,500 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Group | | from related parties | | | | | | | | | | | *Transaction from Cninfo in 2020* |
| Subordinate sports goods company of Suning Holdings Group | Subsidiaries of Suning Holdings Group | Purchase of commodities from related parties | Purchase sports goods | Market price | Market price | 204.67 | 0.01% | 10,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |
| Alibaba Group | Ultimate holding company of institutional shareholders | Purchase of commodities from relate | Purchase Tmall Genie, Tmall Magic Box and other commodities | Market price | Market price | 9,579.89 | 0.66% | 12,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | holding more than 5% of Suning's shares and its subsidiaries | d parties | | | | | | | | | | | *Cninfo in 2020* |
| Suning Holdings Group and its subsidiaries | Under the control of the same actual controller as Suning | Sale of commodities to related parties | Sale of commodities | Market price | Market price | 18,342.83 | 1.26% | 25,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |
| Suning Real Estate Group and its | Holding subsidiaries of related sharehol | Sale of commodities to | Sale of commodities | Market price | Market price | 18,800.43 | 1.30% | 50,000 | No | Settlement according to | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| subsidiaries | ders of Suning | related parties | | | | | | | | contract. | | | *Related Transaction from Cninfo in 2020* |
| Jiangsu Tongshi Mingtai Digital Technology Co., Ltd. | Subsidiaries of Suning Holdings Group | Labor provided to affiliated party | Provide commodity storage, trunk line allocation, after-sales maintenance and other services | Market price | Market price | 1,767.77 | 0.12% | 15,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |
| Suning Sports and Cultural Media (Beijing) Co., Ltd./Shanghai Juli Media | Subsidiaries of Suning Holdings Group | Labor provided to affiliated party | Provide advertising, advertising agency and other marketing services | Market price | Market price | 4,452.12 | 0.31% | 40,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Technology Co., Ltd. | | | | | | | | | | | | | *2020* |
| Suning Cinema Investment (Beijing) Co., Ltd. | Subsidiaries of Suning Holdings Group | Labor provided to affiliated party | Provide property leasing service for Suning Cinema | Market price | Market price | 504.05 | 0.03% | 3,500 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |
| Alibaba Group | Ultimate holding company of institutional shareholders holding | Labor provided to affiliated party | Suning's subsidiaries provide services such as commodity storage, warehouse operation management, | Market price | Market price | 42,739.43 | 2.95% | 65,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | more than 5% of Suning's shares and its subsidiaries | | logistics and delivery for Cainiao Network of Alibaba Group. | | | | | | | | | | *2020* |
| Alibaba Group | Ultimate holding company of institutional shareholders holding more than 5% of Suning's shares and its subsidiaries | Labor provided to affiliated party | Promotion service support | Market price | Market price | 52,899.73 | 3.65% | 10,000 | Yes | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Shanghai Juli Media Technology Co., Ltd. | Subsidiaries of Suning Holdings Group | Receive services from related parties | PP video and other resources provide advertising services for Suning and its subsidiaries | Market price | Market price | 8,323.73 | 0.57% | 1,000 | Yes | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |
| Jiangsu Suning Football Club Co., Ltd., F.C. INTERNAZIONALE MILANO S.P.A. | Subsidiary of Suning Real Estate Group, subsidiary of Suning Holdings Group | Receive services from related parties | Provide advertising services for Suning and its subsidiaries | Market price | Market price | 11,411.26 | 0.79% | 25,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |
| Suning Sports and | Subsidiaries of | Receive | PP sports and other | Market price | Market price | 18,591. | 1.28 | 30,000 | No | Settlement | - | March 28, | 2020-028 *Announc* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cultural Media (Beijing) Co., Ltd. | Suning Holdings Group | services from related parties | resources provide advertising services for Suning and its subsidiaries | | | 97 | % | | | according to contract. | | 2020 | *ement on Forecast of Daily Related Transaction from Cninfo in 2020* |
| Suning Real Estate Group Co., Ltd. | Holding subsidiaries of related shareholders of Suning | Receive services 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 according to 1.5 times of | Market price | 2,431.73 | 0.17 % | 3,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | the average monthly rent (including property fee) | | | | | | | | | |
| Suning Real Estate Group Co., Ltd. and its subsidiaries | Holding subsidiaries of related shareholders of Suning | Receive services from related parties | Self-built stores, logistics bases, etc. provide building engineering design services. | Market price | Market price | 2,391.28 | 0.16% | 8,200 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |
| Suning Rundong Equity Investment Management Co., Ltd. | Subsidiaries of Suning Holdings Group | Receive services from related parties | Provide consulting services for Suning's foreign investment and financing projects | Market price | Market price | 192.00 | 0.01% | 3,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | *2020* |
| Alibaba Group | Ultimate holding company of institutional shareholders holding more than 5% of Suning's shares and its subsidiaries | Receive services 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 | 157,558.40 | 10.86% | 160,000 | No | Settlement according to contract. | - | March 28, 2020 | 2020-028 *Announcement on Forecast of Daily Related Transaction from Cninfo in 2020* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Suning AI Solutions Co., Limited and its subsidiaries | The actual controller is a member of Mr. Zhang Jindong's family. | Sale of commodities to related parties | Sale of commodities | Market price | Market price | 211,046.58 | 14.55% | 4,000,000 | No | Settlement according to contract. | - | June 29, 2019 | 2019-064 *Announcement on Forecast of Daily Related Transactions* |
| Suning AI Solutions Co., Limited and its subsidiaries | The actual controller is a member of Mr. Zhang Jindong's family. | Labor provided to affiliated party | CVS provides goods delivery service for goods sold online | Market price | Market price | 5,823.77 | 0.40% | 80,000 | No | Settlement according to contract. | - | June 29, 2019 | 2019-064 *Announcement on Forecast of Daily Related Transactions* |
| Suning AI Solutions Co., Limited and its | The actual controller is a member | Labor provided to affilia | The physical stores of CVS provide installation and | Market price | Market price | 7,238.81 | 0.50% | 18,000 | No | Settlement according to | - | June 29, 2019 | 2019-064 *Announcement on Forecast of Daily* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| subsidiaries | of Mr. Zhang Jindong's family. | ted party | after-sales services for refrigerators, air conditioners and other equipment and facilities | | | | | | | contract. | | | *Related Transactions* |
| Suning AI Solutions Co., Limited and its subsidiaries | The actual controller is a member of Mr. Zhang Jindong's family. | Labor provided to affiliated party | Provide information technology service | Market price | Market price | 9,294.18 | 0.64% | 11,000 | Yes | Settlement according to contract. | - | June 29, 2019 | 2019-064 *Announcement on Forecast of Daily Related Transactions* |
| Suning AI Solutions Co., Limited and its subsidiaries | The actual controller is a member of Mr. Zhang | Labor provided to affiliated | Provide property lease contract | Market price | Market price | 1,726.80 | 0.12% | 17,000 | No | Settlement according to contract. | - | June 29, 2019 | 2019-064 *Announcement on Forecast of Daily Related Transacti* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jindong's family. | party | | | | | | | | | | | *ons* |
| Suning AI Solutions Co., Limited and its subsidiaries | The actual controller is a member of Mr. Zhang Jindong's family. | Receive services from related parties | Provide information services, marketing and other services | Market price | Market price | 3,184.83 | 0.22% | 65,000 | No | Settlement according to contract. | - | June 29, 2019 | 2019-064 *Announcement on Forecast of Daily Related Transactions* |
| Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries | Subsidiaries of Suning Holdings Group | Labor provided to affiliated party | Provide information technology and data services | Market price | Market price | 10,361.47 | 0.71% | 45,320 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transactions* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries | Subsidiaries of Suning Holdings Group | Labor provided to affiliated party | Provide property leasing service | Market price | Market price | 946.22 | 0.07% | 2,200 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transactions* |
| Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries | Subsidiaries of Suning Holdings Group | Labor provided to affiliated party | Provide agency account service | Market price | Market price | 26.90 | 0.00% | 1,650 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transactions* |
| Shanghai Suning Financial Service Group Co., Ltd. and its | Subsidiaries of Suning Holdings Group | Labor provided to affiliated | Provide marketing service | Market price | Market price | 320.85 | 0.02% | 33,000 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transacti* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| subsidiaries | | party | | | | | | | | | | | *ons* |
| Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries | Subsidiaries of Suning Holdings Group | Receive services from related parties | Provide issuance, consultation and promotion services of prepaid phone card | Market price | Market price | 2,562.55 | 0.18% | 8,800 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transactions* |
| Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries | Subsidiaries of Suning Holdings Group | Receive services from related parties | Provide third party payment service | Market price | Market price | 51,291.83 | 3.54% | 121,000 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transactions* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries | Subsidiaries of Suning Holdings Group | Receive services from related parties | Sell warranty extension products | Market price | Market price | 17,604.64 | 1.21% | 66,000 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transactions* |
| Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries | Subsidiaries of Suning Holdings Group | Receive services from related parties | Suning Financial Services Group and Suning jointly launch interest-free and interest-reduction installment shopping promotions. | Market price | Market price | 1,377.47 | 0.09% | 33,000 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transactions* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries | Subsidiaries of Suning Holdings Group | Labor provided to affiliated party | Provide after-sales maintenance services for warranty extension products of Suning Financial Services Group | Market price | Market price | 5,368.35 | 0.37% | 9,900 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transactions* |
| Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries | Subsidiaries of Suning Holdings Group | Suning Financial Services Group cooperates with Suning | Suning cooperates with Suning Financial Services Group to provide supply chain finance business. Suning's suppliers, | Market price | Market price | 530,990.67 | 36.60% | 1,500,000 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transactions* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | g to develop supply chain finance business | carriers and other eco-circle users apply to Suning Financial Services Group for factoring financing services based on Suning.Com accounts payable. | | | | | | | | | | |
| Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries | Subsidiaries of Suning Holdings Group | Suning Financial Services Group cooperate | Suning Financial Services Group provides factoring financing services for Suning and its subsidiaries. | Market price | Market price | 131,796.20 | 9.08% | 400,000 | No | Settlement according to contract. | - | September 28, 2019 | 2019-102 *Announcement on Forecast of Daily Related Transactions* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | s with Suning to develop supply chain finance business | | | | | | | | | | | |
| Japan LAOX | Subsidiaries of Suning Appliance Group Co., Ltd. | Purchase of commodities | Purchase of commodities | Market price | Market price | 38,818.41 | 2.68% | 100,000 | No | Settlement according to contract. | - | December 14, 2019 | 2019-120 *Announcement on Forecast of Daily Related Transactions* |
| Total | | | | -- | -- | 1,450,705.49 | - | 7,193,070 | | | | | -- |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Details of large sales returns | | None | | | | | | | | | | | |
| The actual performance of daily related party transaction classified by types that would happen within the reporting period and would be anticipated in terms of total amount | | In the reporting period, Suning's daily related party transaction is executed in accordance with the agreement. | | | | | | | | | | | |
| The reason of large differences for trading price and market reference price | | Not applicable | | | | | | | | | | | |

Notes: 1. The amount criteria of related party transaction shall be filled out (tax inclusive) according to the book value recognized 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 party 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 Transactions with Related Parties*, which was adopted by the

resolution of the second extraordinary shareholders' meeting in 2019. The amount of Suning and Suning AI Solutions Co., Limited in terms of commodity procurement, logistics services, information services, promotion and promotion is the amount of daily related party 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.

5. The 53rd meeting of the 6th Board of Directors of Suning reviewed and passed the Proposal on the Forecast of Daily Related Transactions. The Company has been establishing close cooperation with LAOX in terms of commodities and services, and the Company and its subsidiaries have paid LAOX no more than RMB 1 billion (tax inclusive) for goods purchase from the delivery date to the end of 2020.

## (2) Property rental

Unit: RMB 10,000

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Suning Plaza Shopping Branch | Branches of subsidiaries of | Property leasing and | Rent 1st to 4th floors of No.8, North Section of Tianfu Avenue in south of Chengdu Hi-Tech Industrial Development Zone, | Market price | The rental expense adopts the method of "base plus commission", and the | 1,306.01 | 1.65% | The rental expense is calculated at 3.2% of | No | The minimum rental | - | January 07, 201 | 2011-003 Announcement on Related |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| of Chengdu Hongye Real Estate Co., Ltd. | Suning Holdings Group | services | covering a total area of about 10,973 $m^2$. The lease term is from January 11, 2011 to January 10, 2031. In January 2014, a subsidiary of Suning withdrew its lease of some operating areas, with a lease area of 9,342 $m^2$ after the surrender of tenancy. In February 2015, a subsidiary of Suning signed a service contract with Chengdu Hongye Real Estate, entrusting it to provide property services for the store, with the service period from October 11, 2014 to January 10, 2021. In July 2017, a subsidiary of Suning signed a Supplementary Agreement with Chengdu Hongye Real Estate, which reduced the minimum rental expense and property management expenses from October 11, 2017 to October 10, 2018 to RMB 7.2195 million and | | rental expense is paid at 3.2% of the total sales (tax inclusive) every year, and the rental unit price is not lower than RMB 70/month/$m^2$, i.e. the annual minimum rental expense is RMB 7.84728 million; property service expense is RMB 16.5/$m^2$/month. From October 11, 2019 to October 10, 2020, the minimum rental expense is reduced to RMB 7.0722 million. | | | the store's annual revenue (tax inclusive), but the unit price per square meter is not lower than RMB 70/month; property service expense is RMB 16.5/$m^2$/month | | expense is paid in advance quarterly by the way of "pay before usage"; the contingent rental expense is settled after the end of each year by means of using before | | 1 | Transaction in Property Leasing from Cninfo |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | RMB 1.70174 million. In August 2019, Sichuan Suning and 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. | | | | | | | payment. | | | |
| Xuanwu Suning Yinhe Novotel of Nanjing Xuanwu Suning Real Estate Co., Ltd. | Branches of subsidiaries of Suning Real Estate Group | Rental property | Lease out the 1st to 7th floors, the underground mezzanine and the B1 of Suning headquarters building 7 and 8 in Xuzhuang Software Park, Nanjing City for the development of hotel operations. The leased property covers an area of about 45,000 $m^2$ and has a lease term of March 20, 2011 to March 19, 2026. | Market price | From the first year to the fifth year, the related party transaction price is RMB 1.2/$m^2$/day, which increases by 5% on the basis of the previous year every two years from the sixth year | 1,493.96 | 1.88% | 32,240.14 | No | Pay quarterly | - | March 16, 2011 | 2011-010 Announcement on Related Transaction for Leasing Properties to Related Parties from Cninfo |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Qingdao Suning Commercial Co., Ltd. | Subsidiaries of Suning Real Estate Group | Property rental | Rent the 1st to 3rd floors of the property located at 22-42 Jingkou Road, 1-29 Guzhen Road and 1-11 Shuyuan Road in Licang District of Qingdao for store operation. The total building area of the leased property is about 14,120 $m^2$. The lease term is from April 19, 2011 to April 18, 2021. In December 2018, a subsidiary of Suning signed a Supplementary Agreement with Qingdao Suning Real Estate. Qingdao Suning rented 26,069.8 $m^2$ of area from January 1, 2019 due to the need of store operation. The lease term is extended to April 18, 2029. During the lease term, the rental expense is calculated by the method of "base plus commission". The amount calculated by 3% of the total sales (tax inclusive) is taken as | Market price | The rental expense is calculated by the method of "base plus commission". The amount calculated by 3% of the total sales (tax inclusive) is taken as the rental expense, and the unit price per square meter is not lower than RMB 2.5/day, i.e. the minimum annual rental expense is RMB 12.8845 million. From January 1, 2019, the minimum annual rental expense is adjusted to RMB 11.5 million. | 0 | 0.00% | The rental expense is calculated at 3.0% of the store's annual revenue (tax inclusive), but the unit price per square meter is not lower than RMB 2.5/day | No | The minimum rental expense is paid in advance quarterly by the way of pay before usage; the contingent rental expense is settled after the end | - | April 19, 2011 | 2011-020 Announcement on Related Transaction in Property Leasing from Cninfo |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | the rental expense, and the minimum annual rental expense is RMB 11.5 million. In August 2019, a subsidiary of Suning signed a *Supplementary Agreement* with Qingdao Suning Commercial, and the rental expense was changed to RMB 9.8147 million from October 1, 2019 to September 30, 2020. | | | | | | | of each year by means of using before payment. | | | |
| Suning Real Estate Group Co., Ltd. | Holding subsidiaries of related shareholders of Suning | Property rental | Rent the 1st to 6th floors of Suning Plaza, 68 Huaihai Road in Nanjing City for store operation. The total building area of the leased property is 18,611 $m^2$ and the lease term is from December 28, 2012 to December 27, 2022. From December 28, 2014, the rental area of the store has increased by 5,023.01 $m^2$. From April 1, 2016, the rental area of the store has adjusted to 17,405.09 $m^2$, | Market price | For the first lease year, the rental expense is RMB 5.5/$m^2$/day, which increases by 3% on the basis of the previous year every two years from the third year. | 1,898.57 | 2.39% | 39,671.54 | No | Pay quarterly in advance | - | December 28, 2012 | 2012-057 Announcement on Related Transaction for Leasing Properties to Related Parties from Cninfo |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | and from December 28, 2016, the rental area of the store is 15,885.09 $m^2$. | | | | | | | | | | |
| Wuxi Suning Business Management Co., Ltd | Subsidiaries of Suning Appliance Group Co., Ltd. | Property leasing and services | Rent the 1st to 5th floors of Wuxi Suning Plaza Building, 111 Renmin Middle Road in Wuxi City for store operation, with a lease area of 19,217.40 $m^2$ and a lease term from September 30, 2013 to September 29, 2028. In August 2014, a subsidiary of Suning signed a supplementary agreement with Wuxi Suning Business Management to withdraw its lease of some leased areas. The actual leased area of Suning is 18,945.49 $m^2$ 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 | Market price | The rental expense is calculated at RMB 3.50/$m^2$/day, increasing by 3% every three years starting from the third year; property service expense is RMB 15/month/$m^2$. | 2,094.43 | 2.64% | 45,831.11 | No | Pay quarterly | - | September 28, 2013 | 2013-043 Announcement on Related Transaction for Leasing Properties to Related Parties from Cninfo |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | lease of some leased areas, with a leased area of 18,704.93 $m^2$. | | | | | | | | | | |
| Taijiang Branch of Fuzhou Suning Real Estate Co., Ltd. | Branches of subsidiaries of Suning Real Estate Group | Property leasing and services | Rent the 1st to 5th floors of Fuzhou Suning Plaza, 233 Industrial Road in Fuzhou City for store operation, with a lease area of 16,132 $m^2$ and a lease term from October 1, 2013 to September 30, 2028. In May 2015, a subsidiary of Suning signed a Supplementary Agreement with Fuzhou Suning Real Estate Co., Ltd. Suning withdrew its lease of some operating areas and readjusted its store area. The actual leased area of the Suning is 14,047.66 $m^2$ from July 1, 2015. On March 31, 2020, through friendly negotiation, the Company terminated the lease of the | Market price | The rental unit price per square meter for the first three years from the first rental year is RMB 2/day, and the rental unit price per square meter from the fourth rental year is RMB 2.5/day, with an increase of 5% every two years thereafter. | 327.10 | 0.41% | 22,969.53 | No | Pay quarterly | - | December 25, 2013 | 2013-063 Announcement on Related Transaction for Leasing Properties to Related Parties from Cninfo |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | premises for store operation. | | | | | | | | | | |
| Suqian Suning Property Co., Ltd. Suning Plaza | A branch of Suning Real Estate | Property rental | Rent the 1st-4th floor of Suqian Suning Plaza, Xingfu Road, and Suqian City for store operation, with a rental area of 10,020 $m^2$ and a rental period from December 28, 2013 to | Market price | The unit price of rent per square meter is RMB 1.80/day for the first two years from the first rental year, and increases by 3% | 353.73 | 0.45 % | 10,733.68 | No | Pay quarterly | - | January 25, 2014 | 2014-007 Announcement on Related Transaction for |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Branch | Group subsidiary | | December 27, 2028. In December 2016, Suqian Suning signed a *Supplementary Agreement* with Suqian Suning Property. Due to business needs, Suning adjusted the rental area of some stores, with the adjusted rental area of 6,826 $m^2$ and the rental period from December 28, 2016 to December 27, 2028. The adjusted rental amount was RMB 61.9866 million. | | every two years thereafter. | | | | | | | | Leasing Properties to Related Parties from Cninfo |
| Huai'an Suning Property Co., Ltd. | Subsidiaries of Suning Real Estate Group | Property rental | Rent the 1st-5th floor of Suning Life Square, 158 East Huaihai Road, Huai'an City for store operation, with a rental area of 12,391.9 $m^2$ and a rental period from April 26, 2014 to April 25, 2024. In July 2018, a subsidiary of Suning signed a *Supplementary Agreement* with Huai'an Suning Property. Since | Market price | The unit price of rent per square meter is RMB 1.6/day for the first two years from the first rental year, and increases by 3% from the third year. From July 26, 2019 to July 25, 2020, the rental expense is | 228.16 | 0.29 % | 9,944.40 | No | Pay quarterly | - | April 15, 2014 | 2014-028 Announcement on Related Transaction for Leasing Properties to Related |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | July 26, 2018, Suning threw a lease for part of the rental area, with an adjusted rental area of 8,152.20 $m^2$. 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. | | reduced to RMB 5,613,300. | | | | | | | | Parties from Cninfo |
| Suning Appliance Group Co., Ltd. has 14 subsidiaries | Subsidiaries of Suning Appliance Group Co., Ltd. | Property rental | From June 29, 2018, the 14 sales subsidiaries of Suning paid the total rental expenses of RMB 1,665.79 million and the property service expenses of RMB 433.2154 million to the 14 subsidiaries of Suning Appliance Group Co., Ltd. according to the lease contract and the property service contract. | Market price | The rental expense for the first year is determined according to the market-oriented rental level. From the second year to the sixth year, the rental expense for each rental year increases by 3% from the previous year. Starting from the seventh year, the rent | 34,928.55 | 44.03% | 293,828.22 | No | Pay quarterly | - | June 30, 2018 | 2018-076 Announcement on Related Transaction for Leasing Properties to Related Parties from Cninfo |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | will be recognized again 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 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 | | | | | | | | |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | recognized again 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 Appliance Group Co., Ltd. has 11 subsidiaries | Subsidiaries of Suning Appliance Group Co., Ltd. | Property rental | According to the stipulations in *the Lease Contract*, *the Supplementary Agreement to the Lease Contract* and *the Property Service Contract*, during the remaining rental period starting from November 21, 2018, Suning's sales subsidiaries paid the project company the total rental expenses of RMB 2,389.3075 million and the total property service expenses of RMB | Market price | The lease term is from December 1, 2014 to November 30, 2026. The rental expense for the first year is determined according to the market-oriented rental level. From the second year to the sixth year, the rental expense for each rental year increases | 36,693.77 | 46.26% | 302,80.42 | No | Pay quarterly | - | November 26, 2018 | CNINF 2018-146 *Announcement on Confirmation of Renting Properties from Related Parties* |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 638.7267 million. | | by 3% from the previous year. Starting from the seventh year, the rent will be recognized again 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 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 | | | | | | | | |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | expenses in each rental year increases by 3% from the previous year. Starting from the seventh year, the property service expenses shall be recognized again 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. | | | | | | | | |
| Total | | | | -- | -- | 79,324.28 | -- | - | -- | -- | -- | -- | -- |
| Details of large sales returns | | | | Not applicable | | | | | | | | | |

| Party of related party transaction | Connected relation | Type of related party transaction | Contents of related party transaction | Pricing principle for related party transaction | Price of related party transaction | Amount of related party transaction (tax inclusive, RMB 10,000) | Proportion to the total amount of similar transaction | Approved transaction limit | Whether beyond the approved limit | Settlement method of related party transaction | Available market price for similar transaction | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| The actual performance of daily related party transaction classified by types that would happen within the reporting period and would be anticipated in terms of total amount (if any) | | | | In the reporting period, Suning and related parties shall perform the property rent in accordance with the contract. | | | | | | | | | |
| Reasons for large differences between trading price and market reference price (if applicable) | | | | Not 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 party transaction from asset or equity acquisition and sale**

□ Applicable √ Not applicable

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

**3. Related party transaction of joint foreign investment**

□ Applicable √ Not applicable

There is no related party 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 party 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 "蘇寧" series registered trademarks (traditional Chinese) and some "苏宁" (simplified Chinese) and "NS" series registered trademarks. 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 business 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 business activities, Suning may apply for registration on its behalf and license its use.

Suning Appliance Group Co., Ltd. paid trademark license expenses of RMB 2 million in 2020 in the reporting period.

On April 22, 2016, the 2015 annual shareholders' meeting of Suning deliberated and passed *the Proposal on Related Party Transactions 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)+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 Suning's main business scope, Suning agrees that Suning Holdings Group can register and use them.

Suning Holdings Group paid trademark license expenses of RMB 2 million in 2020 in the reporting period.

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

| Title of announcement | Disclosure date | Disclosure website |
|---|---|---|
| *Announcement on Related Party Transactions 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 Party Transactions on Trademark Use License* | February 28, 2009 | Cninfo |
| Announcement on the Resolutions of Annual Shareholders' Meeting of 2008 | April 01, 2009 | Cninfo |

## XVII. Major Contracts and Their Performance

### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

□ Applicable √ Not applicable

There is no trusteeship in the reporting period.

#### (2) Contracting

□ Applicable √ 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

□ Applicable √ 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

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| Shanghai Suning Financial Service Group Co., Ltd. | 2019/9/28 | 87,295.57 | 2019/1/9 | 87,295.57 | Joint liability guarantee | 2019/1/9-2022/1/5 | No | Yes |
| Shanghai Suning Financial Service Group Co., Ltd. | 2019/9/28 | 60,140.21 | 2019/1/9 | 60,140.21 | Joint liability guarantee | 2019/1/9-2022/1/5 | No | Yes |
| Shanghai Suning Financial Service Group Co., Ltd. | 2019/9/28 | 16,647.23 | 2019/2/21 | 16,647.23 | Joint liability guarantee | 2019/2/21-2022/1/5 | No | Yes |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| Shanghai Suning Financial Service Group Co., Ltd. | 2019/9/28 | 100,000.00 | 2019/6/28 | 55,000.00 | Joint liability guarantee | 2019/6/28-2021/6/28 | No | Yes |
| Shanghai Suning Financial Service Group Co., Ltd. | 2019/9/28 | 25,005.00 | 2019/7/10 | 25,005.00 | Joint liability guarantee | 2019/7/10-2020/6/30 | Yes | Yes |
| Shanghai Suning Financial Service Group Co., Ltd. | 2019/9/28 | 4,641.77 | 2019/7/31 | 4,641.77 | Joint liability guarantee | 2019/7/31-2020/7/30 | Yes | Yes |
| Shanghai Suning Financial Service Group Co., Ltd. | 2019/9/28 | 74,390.09 | 2019/9/22 | 74,390.09 | Joint liability guarantee | 2019/9/27-2022/9/23 | No | Yes |
| Suning Commercial Factoring Co., Ltd. | 2019/9/28 | 30,060.00 | 2019/1/31 | 30,060.00 | Joint liability guarantee | 2019/1/31-2020/1/30 | Yes | Yes |
| Suning Commercial | 2019/9/28 | 5,010.00 | 2019/2/19 | 5,010.00 | Joint liability | 2019/2/19-2020/2/1 | Yes | Yes |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| Factoring Co., Ltd. | | | | | guarantee | 8 | | |
| Suning Commercial Factoring Co., Ltd. | 2019/9/28 | 15,030.00 | 2019/5/17 | 15,030.00 | Joint liability guarantee | 2019/5/17-2020/5/16 | Yes | Yes |
| Suning Commercial Factoring Co., Ltd. | 2019/9/28 | 15,030.00 | 2019/6/4 | 15,030.00 | Joint liability guarantee | 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 guarantee | 2019/7/11-2020/7/10 | Yes | Yes |
| Suning Commercial Factoring Co., Ltd. | 2019/9/28 | 6,626.48 | 2019/7/29 | 6,626.48 | Joint liability guarantee | 2019/7/29-2020/1/25 | Yes | Yes |
| Suning Commercial Factoring Co., Ltd. | 2019/9/28 | 2,891.41 | 2019/7/31 | 2,891.41 | Joint liability guarantee | 2019/7/31-2020/1/27 | Yes | Yes |
| Total external guarantee limit approved within the reporting period (A1) | | | 0 | Total actual external guarantee limit approved within the | | | 405,997.76 | |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| | | | | reporting period (A2) | | | | |
| Total external guarantee limit approved at the end of reporting period (A3) | | 450,997.76 | | Total actual external guarantee limit approved at the end of reporting period (A4) | | 293,473.10 | | |
| Suning's guarantee to its subsidiaries | | | | | | | | |
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| Chongqing Maoning Electronic Commerce Co., Ltd. | 2018/7/7 | 100,000.00 | 2018/8/28 | 15,300.00 | Joint liability guarantee | 2018/8/28-2019/8/27 | Yes | No |
| Chongqing Maoning Electronic Commerce Co., Ltd. | 2018/7/7 | 100,000.00 | 2018/10/18 | 4,590.00 | Joint liability guarantee | 2018/10/18-2019/4/18 | Yes | No |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| Chongqing Maoning Electronic Commerce Co., Ltd. | 2018/7/7 | 100,000.00 | 2018/10/26 | 4,590.00 | Joint liability guarantee | 2018/10/26-2019/4/26 | Yes | No |
| Chongqing Maoning Electronic Commerce Co., Ltd. | 2018/7/7 | 100,000.00 | 2019/5/24 | 6,120.00 | Joint liability guarantee | 2019/5/24-2019/6/24 | Yes | No |
| Chongqing Maoning Electronic Commerce Co., Ltd. | 2018/7/7 | 100,000.00 | 2019/6/27 | 8,981.10 | Joint liability guarantee | 2019/6/27-2019/7/27 | Yes | No |
| Chongqing Maoning Electronic Commerce Co., Ltd. | 2018/7/7 | 100,000.00 | 2019/6/27 | 198.90 | Joint liability guarantee | 2019/6/27-2019/12/27 | Yes | No |
| Chongqing Maoning Electronic Commerce Co., Ltd. | 2018/7/7 | 100,000.00 | 2019/8/2 | 8,965.80 | Joint liability guarantee | 2019/8/2-2019/9/2 | Yes | No |
| Suning | 2018/12/13 | 100,000.0 | 2018/12/1 | 51,934.75 | Joint | 2018/12/1 | Yes | No |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| International Group Co., Ltd. | | 0 | 4 | | liability guarantee | 4-2019/3/14 | | |
| Suning International Group Co., Ltd. | 2019/8/16 | 421,608.00 | 2019/9/20 | 235,650.10 | Joint liability guarantee | 2019/9/20-2022/9/25 | No | No |
| Suning International Group Co., Ltd. | 2019/8/16 | 421,608.00 | 2019/10/21 | 67,278.60 | Joint liability guarantee | 2019/10/21-2022/9/26 | No | No |
| Suning International Group Co., Ltd. | 2019/8/16 | 421,608.00 | 2019/10/28 | 33,680.30 | Joint liability guarantee | 2019/10/28-2022/9/26 | No | No |
| Nanjing Suning Department Store Co., Ltd. | 2019/8/31 | 162,000.00 | 2019/9/27 | 62,000.00 | Joint liability guarantee | 2019/9/27-2024/9/26 | No | No |
| Nanjing Suning Department Store Co., Ltd. | 2019/8/31 | 162,000.00 | 2019/10/21 | 70,000.00 | Joint liability guarantee | 2019/10/21-2024/9/26 | No | No |
| Hong Kong Suning.Com, Hong Kong | 2019/9/23 | 55,000.00 | 2019/9/26 | 10,378.41 | Joint liability guaran | 2019/9/26-2020/9/3 | Yes | No |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| Suning Purchase | | | | | tee | 0 | | |
| Hong Kong Suning.Com, Hong Kong Suning Purchase | 2019/9/23 | 55,000.00 | 2020/2/18 | 6,966.55 | Joint liability guarantee | 2020/2/18-2020/11/27 | Yes | No |
| Hong Kong Suning.Com, Hong Kong Suning Purchase | 2019/9/23 | 55,000.00 | 2020/3/6 | 1,427.44 | Joint liability guarantee | 2020/3/6-2020/11/22 | Yes | No |
| Hong Kong Suning.Com, Hong Kong Suning Purchase | 2019/9/23 | 55,000.00 | 2020/3/12 | 9,749.74 | Joint liability guarantee | 2020/3/12-2021/3/12 | No | No |
| Hong Kong Suning.Com, Hong Kong Suning Purchase | 2019/9/23 | 55,000.00 | 2020/9/30 | 10,105.28 | Joint liability guarantee | 2020/9/30-2021/9/21 | No | No |
| Suning International Group Co., Ltd. | 2019/9/27 | 120,000.00 | 2019/9/26 | 120,000.00 | Joint liability guarantee | 2019/9/26-2022/9/25 | No | No |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| Nanjing Suning E-commerce Co., Ltd. | 2019/10/15 | 300,000.00 | 2019/10/14 | 300,000.00 | Joint liability guarantee | 2019/10/14-2020/8/31 | Yes | No |
| Qingdao Carrefour Commercial Co., Ltd. | 2020/2/22 | 5,000.00 | 2020/4/9 | 653.60 | Joint liability guarantee | 2020/4/9-2020/12/9 | Yes | No |
| Qingdao Carrefour Commercial Co., Ltd. | 2020/2/22 | 5,000.00 | 2020/4/27 | 798.00 | Joint liability guarantee | 2020/4/27-2020/12/9 | Yes | No |
| Qingdao Carrefour Commercial Co., Ltd. | 2020/2/22 | 5,000.00 | 2020/5/26 | 585.20 | Joint liability guarantee | 2020/5/26-2020/12/9 | Yes | No |
| Qingdao Carrefour Commercial Co., Ltd. | 2020/2/22 | 5,000.00 | 2020/7/21 | 608.00 | Joint liability guarantee | 2020/7/21-2020/12/9 | Yes | No |
| Qingdao Carrefour Commercial Co., Ltd. | 2020/2/22 | 5,000.00 | 2020/8/25 | 1,155.20 | Joint liability guarantee | 2020/8/25-2020/12/9 | Yes | No |
| Chongqing | 2020/2/22 | 10,000.00 | 2020/4/15 | 2,600.00 | Joint | 2020/4/15 | No | No |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| Carrefour Commercial Co., Ltd. | | | | | liability guarantee | -2021/4/13 | | |
| Chongqing Carrefour Commercial Co., Ltd. | 2020/2/22 | 10,000.00 | 2020/6/10 | 936.00 | Joint liability guarantee | 2020/6/10 -2021/4/13 | No | No |
| Chongqing Carrefour Commercial Co., Ltd. | 2020/2/22 | 10,000.00 | 2020/6/24 | 468.00 | Joint liability guarantee | 2020/6/24 -2021/4/13 | No | No |
| Chongqing Carrefour Commercial Co., Ltd. | 2020/2/22 | 10,000.00 | 2020/7/23 | 676.00 | Joint liability guarantee | 2020/7/23 -2021/4/13 | No | No |
| Chongqing Carrefour Commercial Co., Ltd. | 2020/2/22 | 10,000.00 | 2020/9/25 | 520.00 | Joint liability guarantee | 2020/9/25 -2021/4/13 | No | No |
| Haikou Carrefour Commercial Co., Ltd. | 2020/2/22 | 5,000.00 | 2020/4/9 | 1,064.00 | Joint liability guarantee | 2020/4/9-2020/12/21 | Yes | No |
| Haikou Carrefour Commercial | 2020/2/22 | 5,000.00 | 2020/4/27 | 1,416.00 | Joint liability guaran | 2020/4/27 -2020/12/ | Yes | No |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| Co., Ltd. | | | | | tee | 21 | | |
| Haikou Carrefour Commercial Co., Ltd. | 2020/2/22 | 5,000.00 | 2020/7/20 | 1,520.00 | Joint liability guarantee | 2020/7/20-2020/12/21 | Yes | No |
| Hong Kong Suning Purchase Co., Ltd. | 2020/12/5 | 55,000.00 | - | - | - | - | - | - |
| Chongqing Suning.Com Sales Co., Ltd. | 2020/12/5 | 30,000.00 | - | - | - | - | - | - |
| Total guarantee limit for subsidiaries approved within the reporting period (B1) | | 105,000.00 | | Total amount guaranteed provided on behalf of subsidiaries and actually incurred during the reporting period (B2) | | 940,236.42 | | |
| Total guarantee limits provided on behalf of subsidiaries approved at the end of the reporting period (B3) | | 1,063,608.00 | | Total amount of subsidiary guarantee actually incurred as at the end of the reporting period (B4) | | 613,664.02 | | |
| Suning's guarantee to its subsidiaries) | | | | | | | | |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| - | - | - | - | - | - | - | - | - |

| | | | |
|---|---|---|---|
| Total guarantee limit for subsidiaries approved within the reporting period (C1) | 0 | Total amount guaranteed provided on behalf of subsidiaries and actually incurred during the reporting period (C2) | 0 |
| Total guarantee limits provided on behalf of subsidiaries approved at the end of the reporting period (C3) | 0 | Total amount of subsidiary guarantee actually incurred as at the end of the reporting period (C4) | 0 |

| Total amount guaranteed by Suning (sum of the aforesaid three categories) | | | |
|---|---|---|---|
| Total guarantee limit approved within the reporting period (A1+B1+C1) | 105,000.00 | Total actual guarantee amount incurred within the | 1,346,234.18 |

| Suning's and its subsidiaries' external guarantee (excluding guarantee for subsidiaries) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Guaranteed party | Disclosure date for announcement related to guarantee limit | Guarantee limit | Actual date of occurrence | Actual amount guaranteed | Guarantee type | Guarantee period | Completed or not | Guarantee for related party or not |
| | | | | reporting period (A2+B2+C2) | | | | |
| Total guarantee limit approved at the end of the reporting period (A3+B3+C3) | | 1,514,605.76 | | Total actual balance of guarantee at the end of reporting period (A4+B4+C4) | | 907,137.12 | | |
| Proportion of actual total amount guaranteed (namely A4+B4+C4) accounting for net assets of Suning | | | | 11.80% | | | | |
| Including: | | | | | | | | |
| The balance of guarantee for the shareholders, actual controllers and related parties (D) | | | | 293,473.10 | | | | |
| The balance of guarantee directly or indirectly provided for the guaranteed party whose asset-liability ratio is more than 70% (E) | | | | 0 | | | | |
| The amount with total amount guaranteed more than 50% of net assets (F) | | | | 0 | | | | |
| Total amount guaranteed of three items above (D+E+F) | | | | 293,473.10 | | | | |
| 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 | | | | |

Notes: 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 Finance 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 December 31, 2020, the Company has provided guarantee balance of RMB 2.934731 billion for Suning Financial Services Group and RMB 0 ten-thousand for Suning Factoring.

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

□ Applicable √ Not applicable

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

**3. Entrusting others for cash assets management**

**(1) 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 | 694,909.06 | 203,016.20 | 0 |
| Trust financial products | Self-owned funds | - | 48,325.00 | 0 |
| Financial products of securities companies | Self-owned funds and raised funds | 65,821.25 | 85,026.60 | 0 |
| Others | Self-owned funds | 20,454.91 | 34,384.91 | 0 |
| Total | | 781,185.22 | 370,752.71 | 0 |

Notes: 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 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 organization (or name of trustee) | Type of trustee organization | Type | Amount | Capital source | Starting and ending dates | | Funds investment | Remuneration determination way | Reference annual yield rate | Prospective yield (if any) | Actual amount of gain or loss in the reporting period | Actual recovery of gain or loss in the reporting period | Amount of accrued impairment reserves | Passing legal procedures or not | Entrusted financing plan or not in future | Summary of events and relevant query indexes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CSI Global Markets Limited | Asset management company | Structured note | 80,496.60 (Note) | Self-owned funds | 2020/9/21 | 2021/9/20 | Credit instruments | Floating income | 6.00% | None | 0 | 0 | 0 | Yes | Not applicable | Not applicable |
| Total | | | 80,496.60 | -- | -- | -- | -- | -- | -- | -- | 0 | -- | 0 | -- | -- | -- |

Note: As of December 31, 2020, Suning purchased CSI Global Markets Limited's wealth management products with idle self-owned capital of USD 123.3683 million, which was converted into RMB 804.966 million at the exchange rate of USD 1 to RMB 6.5249 on December 31, 2020.

Circumstances that entrusted financial management is not expected to recover the principal or other circumstances that may lead to impairment

□ Applicable √ Not applicable

**(2) Entrusted loans**

□ Applicable √ Not applicable

There is no entrusted loan in the reporting period.

### 4. Major contracts involving daily operation

□ Applicable √ Not applicable

### 5. Other significant contracts

□ Applicable √ Not applicable

There is no other significant contract in the reporting period.

## XVIII. Social Responsibility

### 1. Fulfillment of social responsibility

Although the epidemic was still spreading all over the world, and the downward pressure on macro-economy was increasing in 2020, Suning has bucked the trend and entered in the year of thirty by overcoming all difficulties under the background of great uncertainty in internal and external environment. The Company has comprehensively promoted the transformation and upgrading from a "retailer" to a "retail service provider", and committed to releasing greater value for society.

For details, please refer to the full text of Corporate Social Responsibility Report 2020 disclosed by Cninfo on April 24, 2021.

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

#### (1) Planning of targeted poverty alleviation

The Company earnestly implemented the call of the CPC Central Committee on "resolutely winning the tough fight against poverty alleviation", thoroughly implemented the "four helps for poverty alleviation" strategy of "consumption poverty alleviation, employment poverty alleviation, education poverty alleviation and donation poverty alleviation", practiced the "521 plan for rural revitalization", promoted the "combination of blood transfusion and hematopoiesis", and helped farmers get out of poverty step by step and improved people's livelihood by carrying out actions, such as "poverty alleviation cooperation between the East and the West" and "ten thousand enterprises to help ten thousand villages".

#### (2) Summary of targeted poverty alleviation in this year

① Carry out the targeted poverty alleviation action of "ten thousand enterprises to help ten thousand villages"

The Company focused on donating money to build an industrial base in economically weak areas of Jiangsu, and donating money to build Chengzihu Suning Shrimp Industrial Base and Xuyi Suning Agricultural Training Demonstration Base to carry out all-round targeted poverty alleviation and poverty alleviation donations to Funing, Jianhu and other places in Yancheng, concerning the local vulnerable groups, and playing a "combination boxing" to targeted poverty alleviation.

② Help consumer poverty alleviation by digital upgrade

Consumption poverty alleviation is an important way for social forces to participate in the tough fight against poverty alleviation. Suning actively promoted the digital upgrading of consumption poverty alleviation, and participated in consumption poverty alleviation through online and offline deep

integration and its own retail channels, so as to drive the sales of characteristic agricultural and sideline products in poverty-stricken areas, broaden the channels for poor households to increase their income, and push the industrial development in poverty-stricken areas into the domestic "big cycle" system. Chinese specialty stores, Suning Group Purchase, Suning Carrefour and other online and offline system under Suning.Com quickly went online in the "Suning Consumer Poverty Alleviation Zone" in just two days at the end of August 2020.

③ Help rural revitalization through industrial poverty alleviation

Suning will combine its own development experience to explore a way to help farmers get rid of poverty through industry. First, promote the upgrading of agricultural industry through digital technology, and through the data analysis of front-end market demand, reversely promote the industrialization development of agricultural products, handicrafts and other manufacture, and strive to cultivate various characteristic production bases that meet market demand; second, promote the brand development of agricultural products through the Internet platform, and create agricultural trade fairs by opening up various online and offline platforms for agricultural products sales to achieve the upgrading of agricultural products brands; third, promote the rural consumption upgrade through the new format, and export the retail capacity of the whole link to the rural market.

④ Suning.Com poverty alleviation training shop

Suning.Com poverty alleviation training shop is a poverty alleviation model of “combination of blood transfusion and hematopoiesis” that Suning innovated and developed at the end of 2017, aiming at the pain points and difficulties of poverty alleviation by making full use of its own industry and resource advantages. It has realized the effective combination of education poverty alleviation, employment poverty alleviation, industry poverty alleviation and donation poverty alleviation. Each training shop focuses on the local poor households for whom files and cards are set up to provide training and practice opportunities for them, while learning e-commerce knowledge and business skills in the shop, they can obtain job training subsidies, we not only solve the urgent needs of poor households, but also provide technical support for their long-term poverty alleviation. After the training, Suning helped poor households to find jobs and start businesses, and realized the formation of a long-term mechanism for poverty alleviation.

**(3) Performance of targeted poverty alleviation**

| Indicator | Measurement unit | Quantity / development status |
|---|---|---|
| I. General Condition | —— | —— |
| Including: 1. Fund | RMB 10,000 | 476.78 |
| 2. Materials converted into cash | RMB 10,000 | |

| Indicator | Measurement unit | Quantity / development status |
|---|---|---|
| 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 | |

| Indicator | Measurement unit | Quantity / development status |
|---|---|---|
| 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 | - |

| Indicator | Measurement unit | Quantity / development status |
|---|---|---|
| 9. Other items | —— | —— |
| Including: 9.1. Project number | Nos. | |
| 9.2 Investment amount | RMB 10,000 | 476.78 |
| 9.3. Number of registered workers overcoming poverty with help | Person | |
| III, Awards (content, level) | —— | —— |
| Honorary Award for Excellent Cases of Internet Poverty Alleviation in Jiangsu Province - *Poverty Alleviation for Training Shop Project* | — | Jiangsu Provincial Committee Network Information Office, Jiangsu Development and Reform Commission, Jiangsu Poverty Alleviation Office, Jiangsu Provincial Department of Industry and Information Technology, and Jiangsu Communications Administration |
| Top Ten Cases of Online Poverty Alleviation in 2020 - *Suning Public Welfare Project for Targeted Poverty Alleviation in Rural Areas* | — | Guided by the Information Development Bureau of Office of Central Cyberspace Affairs Commission, and sponsored by China Federation of Internet Societies |

**(4) Subsequent targeted poverty alleviation plan**

Poverty alleviation is a systematic and long-term project. In recent years, the Company has organically combined the business of county and town markets with targeted poverty alleviation, laying a solid foundation for further promoting rural revitalization. In 2020, it was the 30th anniversary of Suning's founding; the Company launched a new ten-year public welfare strategy on the basis of targeted poverty alleviation actions, i.e. the "521 plan for rural revitalization". Based on this, Suning will make full use of internal and external resources, and promote the effective connection of targeted poverty alleviation and rural revitalization in combination with social forces. Through the advantages of online and offline channel resources, such as poverty alleviation for training shop, Chinese specialty stores and Suning Group Purchase, the Company will create a

three-dimensional poverty alleviation model, fully promote the upstream marketing of agricultural products in poverty-stricken areas, drive the upgrading of rural industries, promote the development of rural service industries, provide more support for entrepreneurship and employment of local rural youth and young people who returns home, and contribute Suning's strength in rural revitalization.

**3. Conditions related to environment protection**

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

□ Yes √ No

The Company regards environmental protection as an important link in the sustainable development strategy of the enterprise, pays attention to performing the responsibility of environmental protection of the enterprise, and strictly implements the relevant provisions of the *Environmental Protection Law of the People's Republic of China*. The Company's main business is retail services. It sells 3C household appliances, maternal and infant products, various general merchandise and other commodities through offline stores and online shopping malls. It does not belong to the key pollution discharge units announced by the Ministry of Environmental Protection. As of December 31, 2020, no major environmental violations had occurred. The Company has been strictly implementing the environmental impact evaluation and related systems, and constantly strengthening the supervision and management of environmental protection to ensure that the business operation meets the relevant requirements.

## XIX. Instructions on Other Important Matters

□ Applicable √ Not applicable

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

## XX. Important Matters of Subsidiaries

During the reporting period, major issues of the Company's subsidiaries have been disclosed as interim reports on designated websites. The specific index and disclosure date are as follows:

| Proposal name | Disclosure date of the interim report | Disclosure website of the interim report |
|---|---|---|
| Announcement on introduction of strategic investors into holding subsidiaries | December 01, 2020 | Cninfo, *Announcement on introduction of strategic investors into holding subsidiaries* (No. 2020-082) |

# Section VI Equity Change and Shareholders

## I. Equity changes

### 1. Equity changes

Unit: share

| | Before this change | | Increase or decrease in this change (+, -) | | | | | After this change | |
|---|---|---|---|---|---|---|---|---|---|
| | 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% | | | | 1,017,676 | 1,017,676 | 1,535,868,058 | 16.50% |
| 1. State holding | | | | | | | | | |
| 2. State-owned corporate holding | | | | | | | | | |
| 3. Others domestic capital holding | 1,534,850,382 | 16.49% | | | | 1,017,676 | 1,017,676 | 1,535,868,058 | 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% | | | | 1,017,676 | 1,017,676 | 1,474,811,684 | 15.84% |

| | Before this change | | Increase or decrease in this change (+, -) | | | | | After this change | |
|---|---|---|---|---|---|---|---|---|---|
| | Quantity | Proportion | Newly issued shares | Donated shares | Shares transferred from additional paid-in capital | Others | Subtotal | Quantity | Proportion |
| 4. Foreign capital holding | | | | | | | | | |
| Including: Foreign corporate holding | | | | | | | | | |
| Foreign natural person holding | | | | | | | | | |
| II. Restricted shares - repurchase shares | 113,710,321 | 1.22% | | | | 71,778,131 | 71,778,131 | 185,488,452 | 1.99% |
| III. Unrestricted shares | 7,661,478,952 | 82.29% | | | | -72,795,807 | -72,795,807 | 7,588,683,145 | 81.51% |
| 1. RMB common shares | 7,661,478,952 | 82.29% | | | | -72,795,807 | -72,795,807 | 7,588,683,145 | 81.51% |
| 2. Foreign share listed domestically | | | | | | | | | |
| 3. Foreign share listed overseas | | | | | | | | | |

| | Before this change | | Increase or decrease in this change (+, -) | | | | | After this change | |
|---|---|---|---|---|---|---|---|---|---|
| | Quantity | Proportion | Newly issued shares | Donated shares | Shares transferred from additional paid-in capital | Others | Subtotal | Quantity | Proportion |
| 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 (refer to the Company's announcement No. 2020-048 for details), with the number of restricted shares for increased corporate stock of 1,017,676 shares as of December 31, 2020.

(2) Approval for equity change

□ Applicable √ Not applicable

(3) Transfer of equity change

□ Applicable √ 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. 2019-078, 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.

Suning published the *Announcement on Expiration of Buyback Period and Implementation Completion of Buyback Program in the Company* (Announcement No. 2020-063) on August 18, 2020, and repurchased 101,482,037 shares in cumulation 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 1,010.582 million (excluding transaction costs).

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

□ Applicable √ 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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

Unit: share

| Shareholders' name | Shares subject to the restrictions on sales at the beginning of the period | Shares subject to the restrictions on sales increased in the current period | Shares released from restrictions on sales 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 |
|---|---|---|---|---|---|---|
| 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. | January 18, 2022 |
| 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 | 158,175 | - | 3,605,398 | Locked up shares by senior management | - |
| Meng Xiangsheng | 3,035,961 | 131,776 | - | 3,167,737 | Locked up shares by senior management | - |
| Hou Enlong | - | 157,950 | - | 157,950 | Locked up shares by senior management | - |
| Yao Kai | - | 131,700 | - | 131,700 | Locked up shares by senior management | - |
| Gu Wei | - | 131,550 | - | 131,550 | Locked up shares by senior management | - |
| Gong Zhenyu | - | 131,475 | - | 131,475 | Locked up shares by senior | - |

| Shareholders' name | Shares subject to the restrictions on sales at the beginning of the period | Shares subject to the restrictions on sales increased in the current period | Shares released from restrictions on sales 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 |
|---|---|---|---|---|---|---|
| | | | | | management | |
| Tian Rui | - | 131,100 | - | 131,100 | Locked up shares by senior management | - |
| Huang Wei | - | 43,950 | - | 43,950 | Locked up shares by senior management | - |
| Total | 1,534,850,382 | 1,017,676 | - | 1,535,868,058 | -- | -- |

## II. Securities Issuance and Listing

### 1. Securities issuance (not including preferred stock) in the reporting period

□ Applicable √ Not applicable

### 2. Change of total shares of the Company and shareholders structure, and change of the Company's structure of assets and liabilities

□ Applicable √ Not applicable

### 3. Existing internal employee shares

□ Applicable √ Not applicable

## III. Shareholder and Actual Controller

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

Unit: share

| Total number of common shareholders at the end of reporting period | 313,676 | Total number of common shareholders at the end of one month prior to the issuing date of the annual report | 308,732 | Total number of preferred shareholders with voting right recovered at the end of reporting period (if any) | 0 | Total number of preferred shareholders with voting right recovered at the end of last month prior to disclosure of annual report (if any) | 0 |
|---|---|---|---|---|---|---|---|

Shareholders with over 5% of shares or top ten shareholders

| Shareholders' name | Nature of shareholder | Share holding ratio | Number of holding shares at the end of the reporting period | Increase or decrease within the reporting period | Number of restricted shares | Number of holding shares without restriction for sale | Pledge or freezing conditions | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Share status | Quantity |
| Zhang Jindong | Domestic natural person | 20.96% | 1,951,811,430 | - | 1,463,858,572 | 487,952,858 | Pledge | 300,000,000 |
| Taobao (China) Software Co., Ltd. | Domestic non-state-owned legal person | 19.99% | 1,861,076,927 | - | - | 1,861,076,927 | - | - |
| Suning Appliance Group Co., Ltd. | Domestic non-state-owned legal person | 19.98% | 1,859,824,485 | -1,252,494 | - | 1,859,824,485 | Pledge | 756,500,000 |
| Suning Holdings Group Co., Ltd. | Domestic non-state-owned legal person | 3.98% | 370,786,925 | - | 61,056,374 | 309,730,551 | - | - |
| Li Songqiang | Domestic natural person | 1.88% | 175,272,218 | 175,272,218 | - | 175,272,218 | - | - |
| Hong Kong Securities Clearing Company Ltd. | Overseas legal person | 1.69% | 157,628,206 | 23,405,694 | - | 157,628,206 | - | - |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Chen Jinfeng | Domestic natural person | 1.61% | 150,108,259 | -34,019,450 | - | 150,108,259 | Pledge | 100,650,000 |
| Jin Ming | Domestic natural person | 1.34% | 125,001,165 | - | - | 125,001,165 | Pledge | 120,000,000 |
| Lin Yiling | Domestic natural person | 0.82% | 76,305,911 | 76,305,911 | - | 76,305,911 | - | - |
| Central Huijin Asset Management Co., Ltd. | State-owned legal person | 0.79% | 73,231,900 | - | - | 73,231,900 | - | - |
| Placement of new shares to any strategic investor or ordinary legal persons, turning them into one of top 10 shareholders (if any) (see Note 3) | None | | | | | | | |
| Particulars about connected relation or concerted action among the shareholders mentioned above | 1. Mr. Zhang Jindong, Mr. Steven Zhang and Nanjing Runxian Enterprise Management Center (limited partnership) respectively hold 51%, 39% and 10% equity in Suning Holdings Group Co., Ltd. Mr. Steven Zhang is the child of Mr. Zhang Jindong, and Mr. Zhang Jindong and Suning Holdings Group Co., Ltd. form persons acting in concert relationship.<br>2. Mr. Zhang Jindong holds 50% equity of Suning Appliance Group Co., Ltd. Mr. Zhang Jindong and Suning Appliance Group Co., Ltd. form an associated relationship<br>3. Suning Appliance Group Co., Ltd. holds a total of 1,859,824,485 shares, accounting for 19.98% of Suning's total issued capital. Suning Appliance Group Co., Ltd. holds 88,085,105 shares of Suning, accounting for 0.95% of the total issued capital of Suning through the "Tibet Trust Corporation Limited - Tibet Trust - Shunjing 34 Collective Funds Trust Plan"; holds 85,856,961 shares of Suning, accounting for 0.92% of the total issued capital of Suning through the "Tibet Trust Corporation Limited - Tibet Trust - Levo 6 Collective Funds Trust Plan"; holds 83,406,598 shares of Suning, accounting for 0.90% of the total issued capital of Suning through the "Tibet Trust Corporation Limited - Tibet Trust - Shunjing 53 Collective Funds Trust Plan"; holds 38,038,122 shares of Suning, accounting for 0.41% of the total issued capital of Suning through the "Tibet Trust Corporation Limited - Tibet Trust - Levo 10 Collective Funds Trust Plan".<br>In addition to the above-mentioned relationships, it is unknown whether there are other relationships between the top 10 major shareholders of Suning and the top 10 shareholders with unlimited selling conditions, and whether there are any persons acting in concert stipulated in the *Measures for the Administration of the Takeover of Listed Companies*. | | | | | | | |
| Shareholding of top 10 shareholders not subject to restrictions on sales | | | | | | | | |

| Shareholders' name | Number of held shares without restriction for sale at the end of the reporting period | Share type | |
|---|---|---|---|
| | | Share type | Quantity |
| Taobao (China) Software Co., Ltd. | 1,861,076,927 | RMB common shares | 1,861,076,927 |
| Suning Appliance Group Co., Ltd. | 1,859,824,485 | RMB common shares | 1,859,824,485 |
| 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 |
| Li Songqiang | 175,272,218 | RMB common shares | 175,272,218 |
| Hong Kong Securities Clearing Company Ltd. | 157,628,206 | RMB common shares | 157,628,206 |
| Chen Jinfeng | 150,108,259 | RMB common shares | 150,108,259 |
| Jin Ming | 125,001,165 | RMB common shares | 125,001,165 |
| Lin Yiling | 76,305,911 | RMB common shares | 76,305,911 |
| Central Huijin Asset Management Co., Ltd. | 73,231,900 | RMB common shares | 73,231,900 |
| Relations or acts in concert among top 10 shareholders holding shares without restriction for sale and between them and top 10 shareholders | Refer to "Particulars about connected relation or concerted action among the shareholders mentioned above" for details. | | |
| Explanation for the top 10 shareholders participating in the margin trading business (if any) | The shareholder Suning Appliance Group Co., Ltd. holds 1,689,824,485 corporate shares through common securities account and 170,000,000 corporate shares via credit securities account.<br>The shareholder Li Songqiang holds 2,465,699 corporate shares through common securities account and 172,806,519 corporate shares via credit securities account;<br>The shareholder Lin Yiling holds 268,800 corporate shares through common securities account and 76,037,111 corporate shares via credit securities account. | | |

Note: the number of shares held in the repurchased securities account of the Company was not counted for the above shareholders' shareholding situation. As of December 31, 2020, the number of shares held in the repurchased securities account of the Company was 185,488,452 shares.

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

□ Yes √ No

Top 10 shareholders and top 10 common shareholders holding shares without restriction for sale did not agree for repurchase transaction in the reporting period

**2. Controlling shareholder of the Company**

Nature of controlling shareholder: natural person controlling

Type of controlling shareholder: natural person

| Name of controlling shareholder | Citizenship | Whether to obtain the right of abode in other countries or regions |
|---|---|---|
| Zhang Jindong | China | No |
| Major occupations and positions | Chairman of Suning Holdings Group Co., Ltd., representative of the 13th National People's Congress, Vice Chairman of the All-China Federation of Industry and Commerce, and Vice Chairman of the China Association for Public Companies. | |
| Equity of other domestic and foreign listed companies holding and sharing stocks during Reporting period | None | |

Change of controlling shareholder in the reporting period

□ Applicable √ Not applicable

There is no change of controlling shareholder in the reporting period

**3. The Company's actual controller and its person acting in concert**

Nature of actual controller: domestic natural person

Type of actual controller: natural person

| Name of actual controller | Relation with actual controller | Citizenship | Whether to obtain the right of abode in other countries or regions |
|---|---|---|---|
| Zhang Jindong | Oneself | China | No |
| Major occupations and | Chairman of Suning Holdings Group Co., Ltd., representative of the 13th National People's Congress, Vice Chairman of the All-China Federation of | | |

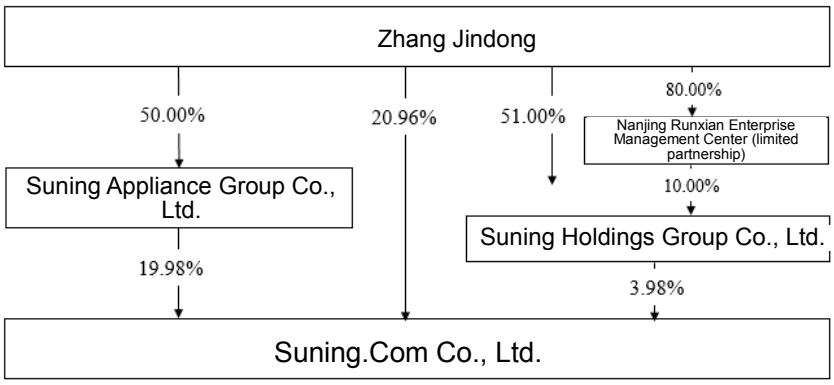
| Name of actual controller | Relation with actual controller | Citizenship | Whether to obtain the right of abode in other countries or regions |
|---|---|---|---|
| positions | Industry and Commerce, and Vice Chairman of the China Association for Public Companies. | | |
| Information on domestic and overseas listed companies that have held shares in the past 10 years | None | | |

Change of actual controller in the reporting period

□ Applicable √ Not applicable

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

Block diagram showing the property and control relations between the Company and the actual controller




Actual controller controls the Company by means of trust or other ways of assets management

□ Applicable √ Not applicable

**4. Other institutional shareholders holding over 10% of shares**

| Name of institutional shareholder | Legal representative / company principal | Date of establishment | Registered capital | Main businesses or management activities |
|---|---|---|---|---|
| Taobao (China) Software Co., | Zhang Yong | December 07, 2004 | USD 375 million | Research and development of computer software and hardware, network technology products, multimedia products; design, |

| Name of institutional shareholder | Legal representative / company principal | Date of establishment | Registered capital | Main businesses or management activities |
|---|---|---|---|---|
| Ltd. | | | | commissioning and maintenance of system integration; selling products developed by itself; provision of computer technical advice, services, and e-commerce platform support; economic information consultation (including commodity intermediary) (excluding the business prohibited and restricted by the State or restricted by the operating license) |
| Suning Appliance Group Co., Ltd. | Bu Yang | November 24, 1999 | RMB 1,714.29 million | Manufacturing, sales and after-sales service of household appliances and accessories, processing and manufacturing of special lighting appliances, electronic components, electrical equipment and electrical signaling equipment for automobiles, rental and maintenance of houses, property management, interior decoration, landscaping, economic information consultation, industrial investment, hotel management, car rental; fitness service, ticketing service, parking lot service, sales of general merchandise, gold, jewelry and jade articles, arts and crafts, flowers, domestic and imported cosmetics, elevators, mechanical and electrical products, construction engineering equipment, computer equipment and office equipment, laundry services, counter and venue rental, domestic merchandise display services, corporate image planning, personnel training, self-management and agency of import and export of various commodities and technologies, computer software development, sales, system integration, enterprise management services, conference services, Chinese and western food production and sales, audio and video products retail tea stands, cigarettes, tobacco shreds and cigars retail, domestic books and periodicals retail, prepackaged food and bulk food wholesaling and retail, accommodation, bars, bathing, |

| Name of institutional shareholder | Legal representative / company principal | Date of establishment | Registered capital | Main businesses or management activities |
|---|---|---|---|---|
| | | | | swimming, telecommunications services. (Operating activities can only be carried out after approval by relevant departments for projects subject to approval according to laws.) |

**5. Restriction and reduction of state-owned shares by controlling shareholders, actual controllers, regrouping parties and other promises**

□ Applicable √ Not applicable

# Section VII Particulars about Preferred Stocks

□ Applicable √ Not applicable

The Company has no preferred stocks in the reporting period.

# Section VIII Relevant Information on Convertible Corporate Bonds

□ Applicable √ Not applicable

There are no convertible corporate bonds in the Company during the reporting period.

# Section IX Directors, Supervisors, Senior Management and Employees

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

| Name | Position | Post-holding | Gender | Age | Starting date of term of office | Ending date of term of office | Shareholding at the beginning of the period (share) | Shareholding increased in the current period (share) | Shareholdig decreased in the current period (share) | Other increase or decrease (share) | Shareholding at the end of the period (share) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Zhang Jindong | Chairman | Incumbent | Male | 58 | June 12, 2004 | March 08, 2023 | 1,951,811,430 | - | - | - | 1,951,811,430 |
| Sun Weimin | Director, Vice Chairman | Incumbent | Male | 58 | June 12, 2004 | March 08, 2023 | 4,603,003 | - | - | - | 4,603,003 |
| Ren Jun | Director | Incumbent | Male | 44 | June 12, 2004 | March 08, 2023 | 4,596,297 | 210,900 | - | - | 4,807,197 |
| Meng Xiangsheng | Director, Senior Vice President | Incumbent | Male | 49 | December 22, 2004 | March 08, 2023 | 4,047,949 | 175,700 | - | - | 4,223,649 |
| Yang Guang | Director | Incumbent | Male | 44 | March 02, 2017 | March 08, 2023 | - | - | - | - | - |
| Xu Hong | Director | Incumbent | Male | 48 | May 08, 2019 | March 08, 2023 | - | - | - | - | - |
| Liu Shiping | Independent Director | Incumbent | Female | 53 | March 02, 2017 | March 08, 2023 | - | - | - | - | - |
| Fang Xianming | Independent Directo | Incumbent | Male | 52 | March 02, 2017 | March 08, 2023 | - | - | - | - | - |

| Name | Position | Post-holding | Gender | Age | Starting date of term of office | Ending date of term of office | Shareholding at the beginning of the period (share) | Shareholding increased in the current period (share) | Shareholding decreased in the current period (share) | Other increase or decrease (share) | Shareholding at the end of the period (share) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | r | | | | | | | | | | |
| Chen Zhenyu | Independent director | Incumbent | Male | 43 | March 09, 2020 | March 08, 2023 | - | - | - | - | - |
| Wang Xiaoling | Chairman of the Board of Supervisors | Incumbent | Female | 48 | July 13, 2007 | March 08, 2023 | - | - | - | - | - |
| Li Jianying | Supervisor | Incumbent | Female | 53 | June 12, 2004 | March 08, 2023 | - | - | - | - | - |
| Hua Zhisong | Supervisor | Incumbent | Male | 40 | December 16, 2013 | March 08, 2023 | - | - | - | - | - |
| Hou Enlong | President of business line | Incumbent | Male | 53 | March 02, 2017 | March 08, 2023 | - | 210,600 | - | - | 210,600 |
| Yao Kai | President of business line | Incumbent | Male | 46 | March 09, 2020 | March 08, 2023 | - | 175,600 | - | - | 175,600 |
| Tian Rui | Vice President | Incumbent | Male | 46 | March 02, 2017 | March 08, 2023 | - | 174,800 | - | - | 174,800 |
| Gu Wei | Vice President | Incumbent | Male | 42 | March 02, 2017 | March 08, 2023 | - | 175,400 | - | - | 175,400 |
| Gong Zhenyu | Vice President | Incumbent | Male | 50 | March 09, 2020 | March 08, 2023 | - | 175,300 | - | - | 175,300 |

| Name | Position | Post-holding | Gender | Age | Starting date of term of office | Ending date of term of office | Shareholding at the beginning of the period (share) | Shareholding increased in the current period (share) | Shareholdig decreased in the current period (share) | Other increase or decrease (share) | Shareholding at the end of the period (share) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Huang Wei | Financial director | Incumbent | Female | 38 | March 09, 2020 | March 08, 2023 | - | 58,600 | - | - | 58,600 |
| Huang Wei | Secretary general of the executive committee and secretary of the Board of Directors | Incumbent | Female | 38 | March 02, 2017 | March 08, 2023 | - | - | - | - | - |
| Shen Houcai | Independent director | Former | Male | 57 | December 16, 2013 | March 09, 2020 | - | - | - | - | - |
| Xiao Zhongxiang | Financial director | Former | Male | 50 | December 16, 2013 | March 09, 2020 | - | - | - | - | - |
| Huang Jinlao | President of business line | Former | Male | 49 | March 02, 2017 | March 09, 2020 | - | - | - | - | - |
| Total | -- | -- | -- | -- | -- | -- | 1,965,058,679 | 1,356,900 | - | - | 1,966,415,579 |

Note: The 1st appointment date for re-election shall be counted from the date of listing of the Company.

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

| Name | Post | Type | Date | Reason |
|---|---|---|---|---|
| Shen Houcai | Independent director | Leaving after expiration of appointment | March 09, 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 *Guidelines for the Establishment of Independent Director System of Listed Companies*, 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. Mr. Shen Houcai will not hold any position in the Company after his resignation. |
| Huang Jinlao | President of business line | Leaving after expiration of appointment | March 09, 2020 | Leaving after expiration of appointment |
| Xiao Zhongxiang | Financial director | Leaving after expiration of appointment | March 09, 2020 | Leaving after expiration of appointment |
| Chen Zhenyu | Independent director | Elected | March 09, 2020 | The 1st extraordinary shareholders' meeting of Suning in 2020 passed the *Proposal on the General Election of the* |

| Name | Post | Type | Date | Reason |
|---|---|---|---|---|
| | | | | *Board of Directors of Sunning and Nominating Candidates for Independent Directors of the 7th Board of Directors*, and elected Chen Zhenyu as an independent director of the 7th Board of Directors of Suning. |
| Yao Kai | President of business line | Engaged | March 09, 2020 | Suning deliberated and passed the *Proposal on Appointment of Senior Management of Suning on* 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 09, 2020 | Suning deliberated and passed the *Proposal on Appointment of Senior Management of Suning on* the 1st Meeting of the 7th Board of Directors, and agreed to appoint him as the vice president. |
| Huang Wei | Financial director | Engaged | March 09, 2020 | Suning deliberated and passed the *Proposal on Appointment of Senior Management of Suning on* the 1st Meeting of the 7th Board of Directors, and agreed to appoint him as the financial director. |

## III. Status of Post Holding

Educational background, main working experience and major responsibilities of existing directors, supervisors, and senior management of the Company

### 1. Director

Mr. Zhang Jindong: Chinese nationality, born in 1963, Han nationality, bachelor degree, senior economist, controlling shareholder and actual controller of Suning Holdings Group Co., Ltd. He once served as the Chairman and General Manager of Suning Domestic Appliance Co., Ltd. and a member of the 10th, 11th and 12th National Committees of the Chinese People's Political Consultative Conference. He is currently the Chairman of Suning Holdings Group Co., Ltd., representative of the 13th National People's Congress, Vice Chairman of the All-China Federation of Industry and Commerce, and Vice Chairman of the China Association for Public Companies.

Mr. Sun Weimin: Chinese nationality, born in 1963, Han nationality, master degree. He taught at Nanjing University of Science and Technology and joined Suning in 1998. He was Vice President and President of Suning Holdings Group Co., Ltd. and now is Vice Chairman, Executive Director,

General Manager and legal representative of Jiangsu Suning Commercial Investment Co., Ltd., a subsidiary of the Company, and supervisor of Shaoguan Suning.Com Sales Co., Ltd.

Mr. Ren Jun: Chinese nationality, born in 1977, Han nationality, bachelor degree. He is currently Chairman and director of executive committee of the Company.

Mr. Meng Xiangsheng: Chinese nationality, born in 1972, Han nationality, bachelor degree. He once served as a manager of Zhejiang Marketing Department of Haier Pharmaceutical Co., Ltd. and a management consultant of Nanjing Orient Consulting Co., Ltd. and is currently a director and a Senior Vice President of the Company.

Mr. Xu Hong: Chinese nationality, born in 1973, graduated from the department of physics of Fudan University, with bachelor degree in science, and member of the Chinese Institute of Certified Public Accountants. Mr. Xu Hong worked for PricewaterhouseCoopers and became a partner of PricewaterhouseCoopers in July 2007. Currently, he is the Vice President of Finance of Alibaba Group, a director of DSM Grup Danişmanlik Iletişim Ve Satiş Ticaret Anonim Şirketi, a director of C2 Capital Partners GP Limited, a director of Shanghai Yike New Retail Network Technology Co., Ltd., a non-executive director of Lianhua Supermarket Holdings Co., Ltd., a non-executive director of Alibaba Health Information Technology Limited, a non-executive director of MACALLINE, a director of Meinian Onehealth Healthcare Holdings Co., Ltd., a non-executive director of Alibaba Pictures Group Limited and a director of the Company.

Mr. Yang Guang: Chinese nationality, born in 1977, Han nationality. Mr. Yang Guang has experienced Internet operation and is currently Vice President of Alibaba Group and Tmall Business Group and director of the Company.

Ms. Liu Shiping: Chinese nationality, born in 1968, Han nationality, master degree. She serves as an associate professor of the accounting department of the College of Economics and Management of Nanjing University of Science and Technology, a tutor of master degree in accounting, a Chinese Certified Public Accountant, concurrently a principal of the accounting major of Zijin College of Nanjing University of Science and Technology, and a Vice Chairman of the 1st professional committee of independent directors of Jiangsu association of listed companies. Up to now, she is an independent director of Suning, concurrently an independent director of Nanjing Chixia Development Co., Ltd., Luculent Smart Technologies Co., Ltd. and Kangping Technology (Suzhou) Co., Ltd.

Mr. Fang Xianming: Chinese nationality, born in 1969, Han nationality, doctoral degree/doctoral degree in management, leaving the post-doctoral mobile station in theoretical economics of Nanjing University. He is a professor of Business School of Nanjing University and a doctorial tutor of finance. He has studied in the School of Mathematics of Lakehead University in Canada and the Department of Finance of Florida State University in the United States. His main academic research direction is financial theory and policy, financial market and investment. He has presided over and participated in more than 20 national, provincial and ministerial level and social service topics. He has published nearly 100 academic papers in professional academic journals at home and abroad. Now he is an anonymous reviewer of various journals. Up to now, he is an independent director of Suning and concurrently serves as an independent director of Jiangsu Pacific Quartz Co., Ltd., an

independent director of Suzhou New District High-tech Industry Co., Ltd. and an independent director of Zking Property & Casualty Insurance Co., Ltd.

Mr. Chen Zhenyu: Chinese nationality, born in 1978, Han nationality, doctoral degree/doctoral degree in science. He is a professor and doctorial tutor in the School of Software of Nanjing University. He is mainly engaged in the research of intelligent software engineering. He is the founder of MOOCTEST and the initiator of the National College Students Software Test Contest. He has presided over one national key research and development project, one national natural science fund key project, two invention patent transfer projects and one invention patent license project. He has published more than 100 papers in authoritative international conferences and journals on software engineering, applied for more than 60 invention patents (28 have been authorized), and some patent achievements have been transformed in well-known software companies such as Baidu, Alibaba and Huawei. He has long been committed to the integration of production, teaching and research in the software field.

**2. Supervisor**

Ms. Wang Xiaoling: Chinese nationality, born in 1973, Han nationality, bachelor degree. She was a director of the office of Nanjing News Development Company, a director of the Budget Center of the Company's Financial Management Center, a supervisor of the 4th and 5th Board of Supervisors, and the chairman of the 6th Board of Supervisors. She is currently the assistant to the executive president of the Company's financial management headquarters and the chairman of the 7th Board of Supervisors.

Ms. Li Jianying: Chinese nationality, born in 1968, Han nationality, bachelor degree. She once worked in Nanjing Zijin Wireless Power Plant, and was the director of the Settlement Management Center of Suning Appliance Co., Ltd., the chairman of the 4th and 5th Board of Supervisors, and a supervisor of the 6th Board of Supervisors, and now is the director of the Audit Management Center of Logistics Group and a supervisor of the 7th Board of Supervisors.

Mr. Hua Zhisong: Chinese nationality, born in 1981, bachelor degree. He joined the Company in 2004. He successively served as the planning commissioner of the Company's President Office, director of the finance headquarters office, manager of the Finance and Accounting Department, and an employee representative supervisor of the 5th and 6th Board of Supervisors, and is currently the executive vice-president of the Company's financial management headquarters and an employee representative supervisor of the 7th Board of Supervisors.

**3. Senior management**

The resume of Mr. Meng Xiangsheng, Senior Vice President of the Company, is shown in the above introduction to directors.

Mr. Hou Enlong: Chinese nationality, born in 1968, Han nationality, bachelor degree. Mr. Hou Enlong worked successively in the Company's subsidiaries and Suning Logistics Group, and is currently the President of Suning.Com retail business line. Mr. Hou Enlong performs the duties of president of the Company. He does not work for the Company's shareholders, actual controllers and other units.

Mr. Yao Kai: Chinese nationality, born in 1975, Han nationality, college degree. Mr. Yao Kai worked

in Suning's subsidiaries and Suning Logistics Group, and is currently the President of Suning.Com logistics business line. He does not work for the Company's shareholders, actual controllers and other units.

Mr. Gu Wei: Chinese nationality, born in 1979, Han nationality, bachelor degree. Mr. Gu Wei worked successively in the Company's subsidiaries and the marketing headquarters and is currently the Vice President of the Company. He does not work for the Company's shareholders, actual controllers and other units.

Mr. Gong Zhenyu: Chinese nationality, born in 1971, Han nationality, bachelor degree. Mr. Gong Zhenyu worked in the Company's subsidiaries and the marketing headquarters and is currently the Vice President of the Company. He does not work for the Company's shareholders, actual controllers and other units.

Mr. Tian Rui: Chinese nationality, born in 1975, Han nationality, bachelor degree. Mr. Tian Rui worked successively in the Company's subsidiaries and the Marketing Management Center. He is currently the Vice President of the Company and CEO of Carrefour China. He does not work for the Company's shareholders, actual controllers and other units.

Ms. Huang Wei: Chinese nationality, born in 1983, Han nationality, bachelor degree. Ms. Huang Wei served as the securities affairs assistant in the office of the secretary of the Board of Directors of the Company and deputy director in the Office of the Secretary of the Board of Directors of Suning. She is currently the secretary of the Board of Directors of the Company, the secretary general of the executive committee and the financial director of the Company. She is fully responsible for the financial management of the Company. She does not work for the Company's shareholders, actual controllers and other units.

Employment in shareholders' company

| Name of staff | Name of shareholder entity | Position at shareholder entity | Starting date of term of office | Ending date of term of office | Receive remuneration allowance from shareholder unit or not |
|---|---|---|---|---|---|
| Xu Hong | Alibaba Group | Vice President of Finance of Group | July 02, 2018 | - | Yes |
| Yang Guang | Alibaba Group | Vice President of Alibaba Group and Tmall Business Group | March 04, 2020 | - | Yes |
| Description for employment in shareholders' company | Taobao (China) Software Co., Ltd., a shareholder holding more than 5% of the Company's shares, is a wholly owned subsidiary of Alibaba Group. | | | | |

Positions of current directors, supervisors and senior management of the Company in other units

| Name of staff | Name of other entity | Position at other units | Starting date of term of office | Ending date of term of office | Receive remuneration allowance from other entity or not |
|---|---|---|---|---|---|
| Zhang Jindong | SUNING SPORTS GROUP LIMITED | Director | April 13, 2018 | — | No |
| Ren Jun | SUNING SPORTS GROUP LIMITED | Director | April 13, 2018 | — | No |
| Ren Jun | Suning Consumer Finance Co., Ltd. | Director | May 14, 2015 | December 15, 2020 | No |
| Ren Jun | Shanghai Suning Financial Service Group Co., Ltd. | Director | September 27, 2019 | September 26, 2022 | No |
| Ren Jun | F.C. INTERNAZIONALE MILANO S.P.A. | Director | February 18, 2019 | — | No |
| Xu Hong | Lianhua Supermarket Holdings Co., Ltd. | Non-executive director | August 28, 2018 | — | No |
| Xu Hong | Alibaba Health Information Technology Limited | Non-executive director | June 09, 2019 | — | No |
| Xu Hong | MACALLINE | Non-executive director | December 30, 2019 | December 29, 2022 | No |
| Xu Hong | Meinian Onehealth Healthcare Holdings Co., Ltd. | Director | December 25, 2019 | October 15, 2021 | No |
| Xu Hong | Alibaba Pictures Group Limited | Non-executive director | January 17, 2020 | — | No |
| Fang Xianming | Huangshan Taiping Rural Commercial Bank Co., Ltd. | Independent director | March 31, 2016 | March 31, 2021 | Yes |
| Fang | Jiangsu Pacific Quartz Co., | Independent | December 02, | December 01, | Yes |

| Name of staff | Name of other entity | Position at other units | Starting date of term of office | Ending date of term of office | Receive remuneration allowance from other entity or not |
|---|---|---|---|---|---|
| Xianming | Ltd. | director | 2019 | 2022 | |
| Fang Xianming | Zking Property & Casualty Insurance Co., Ltd. | Independent director | January 18, 2020 | January 17, 2023 | Yes |
| Fang Xianming | Suzhou New District High-tech Industry Co., Ltd. | Independent director | September 15, 2020 | April 18, 2022 | Yes |
| Liu Shiping | Nanjing Chixia Development Co., Ltd. | Independent director | October 10, 2018 | October 09, 2021 | Yes |
| Liu Shiping | Luculent Smart Technologies Co., Ltd. | Independent director | December 13, 2019 | December 12, 2022 | Yes |
| Liu Shiping | Kangping Technology (Suzhou) Co., Ltd. | Independent director | December 11, 2020 | December 11, 2023 | Yes |
| Hua Zhisong | Jiangsu Suning Bank Co., Ltd. | Director | May 15, 2020 | May 14, 2023 | No |
| Hua Zhisong | Shanghai Suning Financial Service Group Co., Ltd. | Supervisor | September 27, 2019 | September 26, 2022 | No |
| Hua Zhisong | Maruetsu (Wuxi) Commercial and Trading Co., Ltd. | Supervisor | April 16, 2018 | April 16, 2021 | No |
| Huang Wei | Shanghai Suning Financial Service Group Co., Ltd. | Director | September 27, 2019 | September 26, 2022 | No |
| Huang Wei | Suning Consumer Finance Co., Ltd. | Director | December 15, 2020 | December 14, 2023 | No |
| Post-holding in other entities | None | | | | |

Punishment of securities regulator for the present and off-post director, supervisor and senior management during the reporting period in the company in the last three years

□ Applicable √ Not applicable

## IV. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures, confirmation basis, and actual payment of remuneration for directors, supervisors, and senior management:

The 17th meeting of the 6th Board of Directors deliberated and the 2017 annual shareholders' meeting passed the *Remuneration Scheme for Directors, Supervisors and Senior Management of Suning.Com Co., Ltd.,* which started from the date of approval at the 2017 annual shareholders' meeting (May 8, 2018) until the date of adoption of the new compensation scheme.

Remuneration for directors, supervisors, and senior management in the reporting period of 2020:

Unit: RMB 10,000

| Name | Position | Gender | Age | Post-holding | Total amount of remuneration with tax received from the Company | Whether the remuneration is paid by the related party of the Company |
|---|---|---|---|---|---|---|
| Zhang Jindong | Chairman | Male | 58 | Incumbent | 200 | No |
| Sun Weimin | Vice Chairman | Male | 58 | Incumbent | 180 | No |
| Ren Jun | Director | Male | 44 | Incumbent | 180 | No |
| Meng Xiangsheng | Director, Senior Vice President | Male | 49 | Incumbent | 150 | No |
| Yang Guang | Director | Male | 44 | Incumbent | 0 | Yes |
| Xu Hong | Director | Male | 48 | Incumbent | 0 | Yes |
| Liu Shiping | Independent Director | Female | 53 | Incumbent | 12 | No |
| Fang Xianming | Independent Director | Male | 52 | Incumbent | 12 | No |
| Chen Zhenyu | Independent Director | Male | 43 | Appointment | 8.74 | No |

| Name | Position | Gender | Age | Post-holding | Total amount of remuneration with tax received from the Company | Whether the remuneration is paid by the related party of the Company |
|---|---|---|---|---|---|---|
| Wang Xiaoling | Chairman of the Board of Supervisors | Female | 48 | Incumbent | 60 | No |
| Li Jianying | Supervisor | Female | 53 | Incumbent | 50 | No |
| Hua Zhisong | Supervisor | Male | 40 | Incumbent | 50 | No |
| Hou Enlong | President of business line | Male | 53 | Incumbent | 180 | No |
| Yao Kai | President of business line | Male | 46 | Appointment | 115 | No |
| Tian Rui | Vice President | Male | 46 | Incumbent | 180 | No |
| Gu Wei | Vice President | Male | 42 | Incumbent | 180 | No |
| Gong Zhenyu | Vice President | Male | 50 | Appointment | 116 | No |
| Huang Wei | Secretary general of the executive committee, secretary of the Board of Directors and financial director | Female | 38 | Incumbent | 50 | No |
| Shen Houcai | Independent Director | Male | 57 | Former | 3.26 | No |
| Xiao Zhongxiang | Financial Director | Male | 50 | Former | 20 | No |

| Name | Position | Gender | Age | Post-holding | Total amount of remuneration with tax received from the Company | Whether the remuneration is paid by the related party of the Company |
|---|---|---|---|---|---|---|
| Huang Jinlao | President of business line | Male | 49 | Former | 90 | No |
| Total | -- | -- | -- | -- | 1,837 | -- |

1. Based on the compensation appraisal system, the Company paid annual performance bonuses of RMB 300,000 and RMB 300,000 to Tian Rui and Gu Wei respectively; and the Company also paid annual performance bonuses of RMB 310,000 and RMB 320,000 to Yao Kai and Gong Zhenyu respectively.

2. Chen Zhenyu, the independent director, shall be paid from the commencement date (March 9, 2020); Shen Houcai, the independent director, Xiao Zhongxiang, financial director, and Huang Jinlao, president of business line, received the total pre-tax remuneration from the Company from January 1, 2020 to March 9, 2020.

Stock-based compensation awarded to the directors and senior management in reporting period

□ Applicable √ Not applicable

## V. Company Staff

### 1. Number of employees, specialty component and degree of education

| | |
|---|---|
| Number of in-service employees in parent company (person) | 16,447 |
| Number of in-service employees in main subsidiaries (person) | 29,151 |
| Total number of in-service employees (person) | 45,598 |
| Total number of paid employees in the current period (person) | 71,158 |
| Number of retired employees whose payment was borne by parent company and main subsidiaries (person) | 0 |

| Specialty component | |
|---|---|
| Category of specialty component | Number of specialty component (person) |
| Retail system personnel | 14,124 |
| Logistics system personnel | 1,644 |
| IT system personnel | 6,683 |
| Functional system personnel | 3,191 |
| Terminal operator | 19,956 |
| Total | 45,598 |
| Education background | |
| Type of education background | Quantity (person) |
| Bachelor’s degree and above | 16,391 |
| College degree | 10,397 |
| Technical secondary school/high school | 12,209 |
| Others | 6,601 |
| Total | 45,598 |

**2. Compensation policy**

Suning has established a "Five in One" incentive system including salary, welfare, short-term incentive, long-term incentive and employee development, which can realize long-acting incentive for employees.

The compensation provided by Suning for employees included salary, bonus, allowance and subsidy, holiday welfare, holiday gift, resident foreign welfare, etc. Suning continuously optimized the compensation management mechanism, paid the employees labor remuneration in full and on time, and encouraged outstanding employees who contributed to Suning's development with a fairer and more scientific compensation and welfare system.

Innovation is an important source of creativity and vitality in the process of enterprise development. Focusing on innovation and efficiency, Suning launched the "Smart Retail Innovation Plan". According to the contribution to operation and management, and the value and influence of project

innovation, innovation projects were divided into excellent innovation, outstanding innovation and micro innovation, which were rewarded to promote the enthusiasm of employees.

In order to strengthen the incentive to employees, to further arouse the enthusiasm of the team, to improve cohesion and competitiveness, to unify the interests of employees, Suning and shareholders, and to promote Suning's long-term and healthy development, Suning regards the employee stock ownership plan as institutional incentive and establishes long-term incentive mechanism.

**3. Training plan**

Human capital is more important than monetary capital; thus, Suning has always adhered to the construction of talent supply chain that it independently cultivated. By adhering to the "career manager" training concept from Suning, the Company opened a variety of online and offline learning platforms and extensive training courses to further establish and improve unique talent training system in the Company based on the work position, personal characteristics and development needs of employees.

Under the background of digital age, Suning was committed to building a learning organization and an enabling organization; therefore, the E-learning platform has been continuously upgraded and Internet learning products have been continuously enriched. On the one hand, for different employees in multiple scenarios, whether they are college students entering the workplace or middle and senior managers, the Company has designed a systematic training path to match rich learning resources and help employees grow and develop in all directions; on the other hand, based on Suning's development strategy, the Company has also increased the empowerment of the smart retail ecological chain, provided all-round learning resources for franchisees and partners in different formats, empowered them with core business capabilities, and truly empowered them to master the retail core business capabilities.

On the whole, Suning set up a three-dimensional training mode covering online learning, headquarters training and regional training bases. According to the actual needs of different formats and different groups, Suning strengthened the building of training systems and the development of courses; established a fragmented knowledge acquisition system, further improved the mobile learning platform, and pushed knowledge content at high frequency through various forms of carriers such as doing exercises, live broadcast and recorded broadcast, and micro-classes; further improved the external empowerment training system to help merchants grow together on Suning platform. In addition to the systematic training of basic knowledge and skills, more emphasis was placed on fragmented and socialized knowledge acquisition, and the scenario-based training was promoted.

**4. Labor outsourcing**

| | |
|---|---|
| Total number of hours of labor outsourcing (hours) | Not applicable |
| Total remuneration paid for labor outsourcing (RMB 100 million) | 22.65 |

Note: Suning's labor outsourcing mainly occurs in the logistics, after-sales and customer service systems. Remuneration is settled according to the operation mode signed with the labor service company. The total remuneration paid by Suning for labor outsourcing in 2020 was RMB 2.265 billion.

# Section X Corporate Governance

## I. Basic Status of Company Governance

There is no significant difference between the actual situation of corporate governance and the normative documents issued by CSRC on governance of listed companies

1. With respect to the shareholders and shareholders' meeting

Suning established interaction with shareholders through road shows, irm.cninfo.com.cn of Shenzhen Stock Exchange, telephone calls, e-mails, investor exchanges and other means. Suning held an online explanation meeting for the 2019 annual report, held three shareholders' meetings, and deliberated and approved all the proposals during the reporting period.

2. Directors and Board of Directors

During the reporting period, all directors performed their duties diligently, the Board of Directors and the special committees operated efficiently and deliberated and approved various proposals, ensuring Suning's standardized operation.

3. With respect to the supervisor and Board of Supervisors

During the reporting period, all supervisors performed their duties diligently, gave full play to the duties of the Board of Supervisors, supervised Suning's finance and the legality and compliance of directors and senior management in performing their duties, and safeguarded the legitimate rights and interests of Suning and its shareholders.

During the reporting period, Suning's supervisors attended the shareholders' meeting and the board meeting as nonvoting delegates, listened to the reports of Suning's management and financial directors on the contents of Suning's 2019 annual report and 2020 semi-annual report, and expressed compliance opinions on Suning's investment and financial management, related party transactions, raised funds and other important matters.

4. With respect to performance evaluation and incentive restriction mechanism

Suning promoted the improvement of management performance by establishing fair and transparent performance evaluation standards and incentive and restraint mechanisms for directors, supervisors and senior management and setting up competitive post performance assessment mechanisms. Suning's Compensation and Appraisal Committee of the Board of Directors is responsible for organizing and implementing the performance evaluation of Suning's directors and senior management, and evaluating Suning's supervisors according to Suning's internal management performance in combination with their posts in Suning.

5. Stakeholders

Suning can fully respect and safeguard the legitimate rights and interests of stakeholders, actively cooperate with stakeholders, strengthen communication and exchange with all parties, and realize the balance of interests of shareholders, employees, society and other parties, so as to promote Suning's sustainable, stable and healthy development.

6. About information disclosure and transparency

Suning strengthened the standardization of information disclosure in strict accordance with the requirements of the *Information Disclosure Management System* and the *Investor Relation Management System*. The secretary of Suning's Board of Directors is responsible for information disclosure, and receiving investors' visits and consultations. In strict accordance with relevant regulations, Suning disclosed relevant information in a true, accurate, complete and timely manner to ensure that Suning's all shareholders can obtain information with equal opportunities. The Company's information disclosure assessment result for 2019 is A. Suning.Com has been rated "A" or "Excellent" in the information disclosure assessment results of listed companies on the Shenzhen Stock Exchange for 15 consecutive years.

## II. Independence of the Company from Controlling Shareholder in Business, Personnel, Assets, Organization and Finance

Since Suning's controlling shareholder is a natural person, there were no problems in business, personnel, assets, institutions, etc. between Suning and the controlling shareholder. Meanwhile, Suning's controlling shareholder and its affiliated companies did not occupy Suning's monetary funds or other assets in any non-operating form. Suning was completely separated from the controlling shareholder and its affiliated companies in business, personnel, assets, institutions, finance, etc. and had independent and complete business and independent operation capability. Related party transactions between Suning and the affiliated legal person of the controlling shareholder were priced fairly and reasonably, and the examination and approval procedures complied with the provisions of relevant laws, regulations and Suning's *Articles of Association*.

## III. Horizontal Competition

□ Applicable √ Not applicable

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 *Non-competitive Commitment* 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 addition to that for normal business.

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

### 1. Shareholders' meeting in reporting period

| Session | Meeting type | Participation ratio of investors | Convening date | Disclosure date | Disclosure index |
|---|---|---|---|---|---|
| 1st extraordinary shareholder | Extraordinary shareholders' meeting | 70.87% | March 09, 2020 | March 10, 2020 | www.cninfo.com.cn: No. 2020-019 *Announcement on Resolution of 1st* |

| Session | Meeting type | Participation ratio of investors | Convening date | Disclosure date | Disclosure index |
|---|---|---|---|---|---|
| s' meeting in 2020 | | | | | *Extraordinary Shareholders' Meeting in 2020* |
| 2019 shareholders' meeting | Annual shareholders' meeting | 71.10% | May 18, 2020 | May 19, 2020 | www.cninfo.com.cn: No. 2020-047 *Announcement on Resolution of Annual Shareholders' Meeting in 2019* |
| 2nd extraordinary shareholders' meeting in 2020 | Extraordinary shareholders' meeting | 71.04% | December 23, 2020 | December 24, 2020 | www.cninfo.com.cn: No. 2020-096 *Announcement on Resolution of 2nd Extraordinary Shareholders' Meeting in 2020* |

Note: The proportion of investors' participation refers to the proportion of the voting shares represented 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**

□ Applicable √ Not applicable

## V. Performance of Duties by Independent Directors in Reporting Period

**1. Attendance to board meeting and shareholders' meeting by independent directors**

| Attendance to board meeting and shareholders' meeting by independent directors | | | | | | | |
|---|---|---|---|---|---|---|---|
| Names of independent directors | Number of required attendances on board meeting in the reporting period | Number of actual attendances | Number of online attendances | Number of attendances by entrustment | Number of absences | Whether there are two successive records for not participating the meeting in person? | Number of shareholders' meeting attendances |
| Chen Zhenyu | 10 | 4 | 6 | 0 | 0 | No | 2 |
| Fang Xianming | 11 | 5 | 6 | 0 | 0 | No | 3 |
| Liu Shiping | 11 | 4 | 7 | 0 | 0 | No | 3 |
| Shen Houcai | 1 | 0 | 1 | 0 | 0 | No | 0 |

Note: Shen Houcai, an independent director of the 6th Board of Directors of Suning, would no longer serve as an independent director of the Company from March 9, 2020 due to the expiration of his term of office. In addition, Chen Zhenyu was elected as an independent director of the 7th Board of Directors of Suning, with term of office of 3 years from March 9, 2020. See "Section IX Directors, Supervisors, Senior Management and Employees" of the Report for the specific content of the general election of the Board of Directors.

**2. Objection of independent directors to related matters of the Company**

Whether independent directors have objection to related matters of the Company

□ Yes √ No

Independent directors have no objection to related matters of the Company in reporting period

**3. Other description for performance of duties by independent directors**

Whether advices of independent directors have been adopted by the Company

√ Yes □ No

During the reporting period, according to the *Working System of Independent Directors* and relevant laws and regulations, the independent directors of the Company actively performed their duties, reviewed the raised funds submitted by the management, the general election of Board of Directors,

the appointment of senior management, related party transactions, investment and financial management, the proposed appointment of accounting firms, profit distribution plans, internal control evaluation reports, related party capital occupation, external guarantees, changes in accounting policies, the basic plan for the repurchase of corporate bonds issued to qualified investors in 2018, and content of basic plan for the second bond repurchase of the public issuance of corporate bonds to qualified investors in 2018, fully communicated with the management regarding the content of the aforementioned proposal, and expressed independent opinions on the legality and compliance of related matters, so as to effectively protect the interests of minority shareholders.

| Time for independent directors to express their opinions | Opinions of independent directors |
|---|---|
| February 21, 2020 | Independent opinions of independent directors on change of use of partial raised funds |
| February 21, 2020 | Independent opinions of independent directors on general election of Board of Directors of Suning |
| March 09, 2020 | Independent opinions of independent directors on the appointment of senior management of Suning |
| March 27, 2020 | Prior opinions of independent directors on forecast of daily related transactions in 2020 |
| March 27, 2020 | Independent opinions of independent directors on forecast of daily related transactions in 2020 |
| March 27, 2020 | Independent opinions of independent directors on investment and financial management with own funds |
| March 27, 2020 | Independent opinions of independent directors on purchase of financial products with idle raised funds |
| April 16, 2020 | Prior opinions of independent directors on the proposed appointment of accounting firms |
| April 16, 2020 | Independent opinions of independent directors on Suning's profit distribution plan in 2019 |
| April 16, 2020 | Independent opinions of independent directors on deposit and actual use of raised funds by Suning in 2019 |
| April 16, 2020 | Independent opinions of independent directors on Suning's related party transactions in 2019 |

| Time for independent directors to express their opinions | Opinions of independent directors |
| --- | --- |
| April 16, 2020 | Independent opinions of independent directors on the proposed appointment of accounting firm |
| April 16, 2020 | Independent opinions of independent directors on Suning's internal control evaluation report |
| April 16, 2020 | Independent opinions of independent directors on occupation of funds of listed companies by the controlling shareholder and other related parties |
| April 16, 2020 | Independent opinions of independent directors on accumulative and current external guarantees of listed companies |
| April 29, 2020 | Independent opinions of independent directors on changes in accounting policies |
| August 28, 2020 | Independent opinions of independent directors on deposit and actual use of raised funds by Suning in the first half of 2020 |
| August 28, 2020 | Independent opinions of independent directors on Suning's related party transactions in the first half of 2020 |
| August 28, 2020 | Independent opinions of independent directors on related party transaction proposal |
| August 28, 2020 | Special explanations and independent opinions of independent directors on Suning's financial transactions with related parties and Suning's cumulative and current external guarantees |
| November 12, 2020 | Independent opinions of independent directors on the basic plan for the repurchase of corporate bonds issued to qualified investors in 2018 |
| December 04, 2020 | Independent opinions of independent directors on change of use of partial raised funds |
| December 09, 2020 | Independent opinions of independent directors on the basic plan for the second repurchase of corporate bonds issued to qualified investors in 2018 |

## VI. Performance of Duties in Reporting Period by Special Committees under Board of Directors

### 1. Strategic Committee of the Board of Directors

During the reporting period, Suning's Strategic Committee of the Board of Directors performed its duties in accordance with the working rules and paid attention to Suning's strategic development direction and major investment matters.

### 2. Nomination Committee of the Board of Directors

The performance of Suning's Nomination Committee of the Board of Directors during the reporting period is as follows:

At the 3rd meeting of the Nomination Committee of the 6th Board of Directors, the *Proposal on General Election of Board of Directors of Suning* was deliberated and approved.

### 3. Compensation and Appraisal Committee of the Board of Directors

The performance of Suning's Compensation and Appraisal Committee of the Board of Directors during the reporting period is as follows:

At the 1st meeting of the Compensation and Appraisal Committee of the 7th Board of Directors, the *Proposal on Review of Compensation and Allowance of Suning's Directors and Senior Management in 2019* were deliberated and adopted.

### 4. Audit Committee of the Board of Directors

The performance of Suning's Audit Committee of the Board of Directors during the reporting period is as follows:

At the 19th meeting of the Audit Committee of the 6th Board of Directors, the *Summary of Internal Audit in 2019* was deliberated and approved.

At the 1st meeting of Audit Committee of the 7th Board of Directors, the *Proposal on Appointment of the Principal of the Company's Internal Audit Department* was approved and passed.

At the 2nd meeting of the Audit Committee of the 7th Board of Directors, the *Proposal on Auditing Financial Statements and Financial Reports*, the *Summary Report on Engagement of Accounting Firm in Audit in 2019*, the *Proposal on Appointment of Accounting Firm*, and the *2019 Internal Control Evaluation Report* were deliberated and approved.

At the 3rd meeting of the Audit Committee of the 7th Board of Directors, the *Report of Suning.Com Co., Ltd. for the First Quarter of 2020*, the *Summary of Audit for the First Quarter of 2020* and the *Proposal on Changes in Accounting Policies* were deliberated and approved.

At the 4th meeting of the Audit Committee of the 7th Board of Directors, the *Semi-annual Report of Suning.Com Co., Ltd. of 2020* and the *Summary of Audit for the Second Quarter of 2020* were deliberated and approved.

At the 5th meeting of the Audit Committee of the 7th Board of Directors, the *Report of Suning.Com Co., Ltd. for the Third Quarter of 2020* and the *Summary of Audit for the Third Quarter of 2020* were

deliberated and approved.

At the 6th meeting of the Audit Committee of the 7th Board of Directors, members of the Audit Committee negotiated with the accounting firm responsible for Suning's annual audit to determine the plan and corresponding time schedule for the 2020 financial report audit, and deliberated and approved the *2021 Internal Audit Work Plan*.

## VII. Service Condition of the Board of Supervisors

The Board of Supervisors discovered whether there were risks in the Company in the process of supervision in the reporting period

□ Yes √ No

No objection to supervision matters has been made by the Board of Supervisors in the reporting period.

During the reporting period, Suning's Board of Supervisors independently exercised its functions and powers in strict accordance with the law and the requirements of Suning's *Articles of Association*, *Rules of Procedure of the Board of Supervisors* and other systems, supervised Suning's finance and the legality and compliance of Suning's directors and senior management in performing their duties, and safeguarded the legitimate rights and interests of Suning and its shareholders.

**(I) Holding of meetings of the Board of Supervisors during the reporting period**

1. The 25th meeting of the 6th Board of Supervisors was held on February 21, 2020, *Proposal on General Election of Board of Supervisors* and the *Proposal on Change of the Use of Partial Raised Funds* were deliberated and approved.

2. The Company convened the 1st Meeting of the 7th Board of Supervisors on March 9, 2020 to deliberate the *Proposal on Election of Chairman of the Company's Board of Supervisors.*

3. The Company convened the 2nd meeting of the 7th Board of Supervisors on March 27, 2020 to deliberate the *Proposal on Investment and Financial Management with Own Funds* and the *Proposal on Buying Financial Products with Idle Raised Funds*.

4. The 3rd meeting of the 7th Board of Supervisors was held on April 16, 2020, and the *Report on Work of the Board of Supervisors in 2019*, the *2019 Final Account Report*, the *2019 Annual Report* and the *Summary of 2019 Annual Report*, the *Profit Distribution Plan in 2019*, the *Special Report on Deposit and Actual Use of Raised Funds in 2019*, the *Proposal on Description of Suning's Related Transactions in 2019*, the *Proposal on Appointment of Accounting Firm*, and the *2019 Internal Control Evaluation Report* were deliberated and approved.

5. The 4th meeting of the 7th Board of Supervisors was held on April 29, 2020, and the *Report of Suning.Com Co., Ltd. for the First Quarter of 2020* and the *Proposal on Changes in Accounting Policies* were deliberated and approved.

6. The 5th meeting of the 7th Board of Supervisors was held on August 28, 2020, and the *2020 Semi-annual Report of Suning.Com Co., Ltd.*, the *Summary of 2020 Semi-annual Report of Suning.Com Co., Ltd.*, the *Special Report on Deposit and Actual Use of Raised Funds in the First*

*Half of 2020*, and the *Proposal on Description of Suning's Related Transactions in the First Half of 2020* were deliberated and approved.

7. The 6th meeting of the 7th Board of Supervisors was held on October 30, 2020, and the *Report of Suning.Com Co., Ltd. for the Third Quarter of 2020* was deliberated and approved.

8. The 7th meeting of the 7th Board of Supervisors was held on December 4, 2020, and the *Proposal on Change of the Use of Partial Raised Funds* was deliberated and approved.

**(II) Performance of the duties of the Board of Supervisors during the reporting period**

1. Running of the Board of Supervisors

During the reporting period, Suning held a total of 8 meetings of the Board of Supervisors. The procedures for convening, holding and voting the meetings of the Board of Supervisors complied with the relevant provisions of Suning's *Articles of Association*. Suning's some supervisors attended the meetings of the Board of Directors as nonvoting delegates and listened to the relevant reports of Suning's directors and financial directors on Suning's 2019 annual report and 2020 semi-annual report. All supervisors attended the 3 shareholders' meetings held by Suning in person during the reporting period. During the reporting period, Suning's supervisors and the Board of Supervisors operated in a standardized manner.

2. Check of Suning's financial situation

Suning's Board of Supervisors continued to pay attention to the establishment of Suning's financial system, the preparation process of the financial report, and the review of Suning's implementation of accounting standards during the reporting period, and unanimously agreed that Suning's financial report was standardized, and the regular reports disclosed by Suning during the reporting period reflected Suning's actual situation truly, accurately and completely, without any false records, misleading statements or major omissions.

3. Use of the raised funds

During the reporting period, Suning deposited and used the raised funds in accordance with the requirements of the *Raised Fund Management System*. Meanwhile, Suning made full use of the temporarily idle raised funds for cash management in order to improve the use efficiency of the raised funds and obtained better financial income. The *Special Report on Deposit and Actual Use of Raised Funds* disclosed by Suning met the specification requirements.

4. Change of use of partial raised funds

During the reporting period, the Company used part of the raised funds in the rental store project of raised funds for investment projects from non-public offering of stocks to repay the loan project of financial institutions. This change in partial raised funds aimed to reduce the debt scale of the Company and asset-liability ratio, which can improve the financial structure, reduce financial costs and enhance profitability of the Company. This change did not affect the implementation of investment projects with raised funds, nor did it harm the interests of shareholders. The deliberation procedures complied with the provisions of relevant laws.

During the reporting period, Suning used part of the raised funds from the raised funds in the

logistics operation business development project and logistics & transportation business development project of non-public offering of stocks to invest in the construction of new regional distribution center (III), and used part of the raised funds from the logistics operation business development project and the rental store project to repay the loan project of financial institutions (II). This change in partial raised funds aimed to improve the use efficiency of raised funds, accelerate the construction of the Company's logistics platform, promote the development of the Company's business, reduce the debt scale of the Company, improve the financial structure, and conform to the interests of the Company and all shareholders. This change did not affect the implementation of investment projects with raised funds, nor did it harm the interests of shareholders. The deliberation procedures complied with the provisions of relevant laws.

5. Suning's investment and financial management matters

On the basis of fully guaranteeing daily fund operation and capital expenditure, Suning used its own funds for investment and financial management or purchase of money market funds, especially, short-term cash management, so that the use efficiency of Suning's funds was improved, the raised funds were not involved, and there were no circumstances that harmed the interests of Suning and minority shareholders.

6. Execution of accounting policy change

On July 5, 2017, the Ministry of Finance issued *Notice on Revising and Issuing of the Accounting Standards for Business Enterprises No. 14 - Income* (CK [2017] No. 22), which requires that enterprises listed both at home and abroad as well as enterprises listed abroad that use the International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial statements shall implement the new revenue standards from January 1, 2018, and other enterprises listed at home shall implement the new revenue standards from January 1, 2020. The Company implemented the new revenue standards from January 1, 2020 according to the provision of new revenue standards. The change of the Suning's accounting policy is in line with the relevant policy requirements of the Ministry of Finance, which can more accurately and reliably reflect the Suning's financial situation, and there is no damage to the interests of the Suning and all shareholders, especially the minority shareholders.

7. Related party transactions of the Company

Suning's Board of Supervisors reviewed the related party transactions that took place in 2019 and the first half of 2020. The related party transactions that took place in 2019 and the first half of 2020 followed the principles of objectivity, fairness and equity, and the pricing was fair. The approval procedures were strictly carried out in accordance with the *Stock Listing Rules*, the *Related Party Transaction Management System* and other system specifications. When Suning's Board of Directors deliberated the related party transactions, the related parties all abstained from voting and there were no circumstances that harmed the interests of Suning and other non-related parties.

8. Internal control evaluation report

Suning established a relatively perfect internal control system, which can be effectively implemented. Suning's 2019 internal control evaluation report truly and objectively reflected the construction and operation of Suning's internal control system.

## VIII. Evaluation and Incentives of Senior Management

Suning has established a relatively sound evaluation and incentive mechanism. Based on the Suning's standardized management and steady improvement of operating efficiency, and by signing a letter of responsibility for the post objectives with the company's management personnel, the performance of senior management personnel is regularly assessed with quantitative appraisal indicators. Upon the evaluation, the senior management has achieved the performance evaluation objectives in 2020.

## IX. Internal Control Evaluation Report

### 1. Specific information about the significant defects for internal control discovered in the reporting period

□ Yes √ No

### 2. Self evaluation report for internal control

| | | |
|---|---|---|
| Disclosure date of the full text of the internal control evaluation report | April 24, 2021 | |
| Disclosure index to full text of internal control evaluation report | *2020 Internal Control Evaluation Report* from Cninfo | |
| Ratio of total assets for entities included in assessment scope accounting for the total assets of consolidated financial statements of the Company | 100% | |
| Ratio of operating revenue for entities included in assessment scope accounting for the operating revenue of consolidated financial statements of the Company | 100% | |
| Defect identification standard | | |
| Type | Financial report | Non-financial report |
| Qualitative standard | (1) Significant defect of financial reports include:<br>i. Fraud of directors, supervisors or senior managers of Suning;<br>ii. Major misstatement of the current financial statements found, but the management fails | In case of any of the following circumstances, it can be deemed as a significant defect; Other circumstances will be defined as major or common defects according to their impacts: |

| | | |
|---|---|---|
| | to find it in the process of internal control operation;<br>iii. Internal control evaluation results: the significant defects are not rectified and reformed;<br>iv. The supervision of the Audit Committee and internal audit service for internal control is invalid.<br>(2) Major defect conditions of financial reports include:<br>i. Fail to select and apply accounting policies in accordance with generally accepted accounting standards;<br>ii. No anti-fraud procedures and control measures have been established;<br>iii. There is no corresponding control mechanism or compensatory control for the accounting treatment of unusual or special transactions;<br>iv. There are one or more defects in the control of the financial reporting process at the end of the period, and it can not reasonably guarantee that the prepared financial statements are true and accurate.<br>(3) The common defects refer to other control defects apart from the aforementioned significant and major defects. | (1) Due to lack of democratic decision-making procedures and unscientific decision-making procedures, resulting in significant property losses to Suning in case of major mistake;<br>(2) Serious violation of national laws and regulations;<br>(3) Lack of important business management system or systematic failure of system operation;<br>(4) Great or major internal control defects cannot be rectified in time;<br>(5) Significant internal control defects continue or occur in large numbers. |
| Quantitative standard | Significant defect: Misstatement amount in the financial statement ≥ 5% of total profit;<br>Major defect: 3% of total profit ≤ Misstatement amount < 5% of total profit;<br>Common defect: Misstatement | Significant defect: Misstatement amount in the financial statement ≥ 5% of total profit;<br>Major defect: 3% of total profit ≤ Misstatement amount < 5% of total profit; |

| | | |
|---|---|---|
| | amount < 3% of total profit. | Common defect: Misstatement amount < 3% of total profit. |
| Number of significant defects in financial report | 0 | |
| Number of significant defects in non-financial report | 0 | |
| Number of major financial reporting defects | 0 | |
| Number of major non-financial reporting defects | 0 | |

## X. Internal Control Audit Report or Assurance Report

| Review comments section of internal control audit report | |
|---|---|
| In our opinions, as at December 31 of 2020, Suning.Com has maintained, in all material aspects, an effective internal control pertaining to financial reporting, in accordance with the *Implementation Guidelines for Enterprise Internal Control* and other applicable rules and regulations. | |
| Disclosure of internal control audit report | Disclosed |
| Disclosure date of internal control audit report | April 24, 2021 |
| Disclosure index of internal control audit report | *2020 Internal Control Edit Report* from Cninfo |
| Type of comment on internal control audit report | Standard and unqualified opinion |
| Whether there were significant defects in the non-financial report? | No |

Did CPAs issue a non-standard internal control audit report?

□ Yes √ No

Is the internal control audit report issued by accounting firms consistent with the board's self-evaluation report?

√ Yes □ No

# Section XI 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) as of December 31, 2020 | 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 | 18 Suning 01 | 112682 | April 19, 2018 | April 19, 2021 | 174,005.59 | 5.2% | 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 | 18 Suning 02 | 112697 | May 09, 2018 | May 09, 2021 | 147,801.05 | 5.5% | 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 investors | 18 Suning 03 | 112721 | June 15, 2018 | June 15, 2023 | 86,650.74 | 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.<br>If a holder exercises the put option, the interest payment date of the put part of the bonds is June 15 of each year |

| Name of bond | Bond abbreviation | Bond code | Issue date | Date of maturity | Bond balance (RMB 10,000) as of December 31, 2020 | Interest rate | Way of repaying capital and interest |
|---|---|---|---|---|---|---|---|
| | | | | | | | (2019-2021); the cash date of the put 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 | 18 Suning 04 | 112733 | July 17, 2018 | July 17, 2021 | 103,267.98 | 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 bonds (Phase V) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors | 18 Suning 05 | 112743 | August 13, 2018 | August 13, 2021 | 136,792.79 | 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 VI) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors | 18 Suning 06 | 112799 | November 16, 2018 | November 16, 2021 | 2,270.99 | 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 put part is November 16 of each year (2019-2020); |

| Name of bond | Bond abbreviation | Bond code | Issue date | Date of maturity | Bond balance (RMB 10,000) as of December 31, 2020 | Interest rate | Way of repaying capital and interest |
|---|---|---|---|---|---|---|---|
| | | | | | | | the cash date of the put part is November 16, 2020. |
| | 18 Suning 07 | 112800 | November 16, 2018 | November 16, 2023 | 84,548.26 | 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 put part is November 16 of each year (2019-2021); the cash date of the put part is November 16, 2021. |
| Phase I MTN in 2020 of Suning.Com Co., Ltd. | 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 bond or transferred trading venues | 1. 18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07<br>Shenzhen Stock Exchange<br>2. 20 Suning. Com MTN001<br>Interbank bond market | | | | | | |

| Name of bond | Bond abbreviation | Bond code | Issue date | Date of maturity | Bond balance (RMB 10,000) as of December 31, 2020 | Interest rate | Way of repaying capital and interest |
|---|---|---|---|---|---|---|---|
| Investor suitability | | 1. 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07<br><br>As the audited net profit attributable to shareholders of listed companies in 2020 was negative, according to the *Listing Rules of Corporate Bonds of Shenzhen Stock Exchange* (Revised in 2018), *Measures on Administration for Investor Suitability in Bond Market of Shenzhen Stock Exchange* (hereinafter referred to as "*Measures on Administration*") and other relevant regulations, in the transaction of corporate bonds 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06 and 18 Suning 07, the investor scope will be adjusted according to the *Measures on Administration*. Only institutional investors among qualified investors can buy the aforesaid bonds, and non-qualified institutional investors who originally held bonds can choose to hold the bond to maturity or sell the bond. The qualifications of qualified institutional investors shall comply with Article XIV of the *Measures for the Administration of Issuance and Trading of Corporate Bonds* and the relevant provisions of the *Measures on Administration.*<br><br>On April 24, 2021, after Suning disclosed the 2020 Annual Report and the *Announcement of Investor Suitability Management Implemented in Bond Trading*, the corporate bonds 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06 and 18 Suning 07 were suspended for one day on April 26, 2021.<br><br>Since April 27, 2021, for 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06 and 18 Suning 07, Shenzhen Stock Exchange will implement investor suitability management for corporate bonds in accordance with relevant regulations, and investors are requested to pay attention to investment risks.<br><br>2. 20 Suning. Com MTN001<br><br>The MTN is issued to institutional investors of interbank bond market. | | | | | | |
| Interest payment and cashing information of corporate bonds during | | 1. 18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07<br><br>(1) On April 20, 2020, the interest of 18 Suning 01 was paid with RMB | | | | | |

| Name of bond | Bond abbreviation | Bond code | Issue date | Date of maturity | Bond balance (RMB 10,000) as of December 31, 2020 | Interest rate | Way of repaying capital and interest |
|---|---|---|---|---|---|---|---|
| the reporting period | | 5.20/sheet (tax inclusive) from April 19, 2019 to April 18, 2020.<br><br>(2) On May 11, 2020, the interest of 18 Suning 02 was paid with RMB 5.50/sheet (tax inclusive) from May 09, 2019 to May 08, 2020.<br><br>(3) 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.<br><br>(4) On July 17, 2020, the interest of 18 Suning 04 was paid with RMB 5.70/sheet (tax inclusive) from July 17, 2019 to July 16, 2020.<br><br>(5) On August 13, 2020, the interest of 18 Suning 05 was paid with RMB 5.50/sheet (tax inclusive) from August 13, 2019 to August 12, 2020.<br><br>(6) On November 16, 2020, the unput part of the bonds interest of 18 Suning 06 was paid with RMB 4.70/sheet (tax inclusive) for the period from November 16, 2019 to November 15, 2020. The put part of the bonds principal was paid with RMB 100/sheet for the period from November 16, 2019 to November 15, 2020 and the interest was paid with RMB 4.70/sheet (tax inclusive).<br><br>(7) On November 16, 2020, the interest of 18 Suning 07 was paid with RMB 4.90/sheet (tax inclusive) from November 16, 2019 to November 15, 2020.<br><br>2. Proposal on the basic plan for the repurchase of corporate bonds issued to qualified investors in 2018<br><br>In order to enhance investor confidence and maintain the stability of the corporate bond price, *Proposal on the Basic Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* was deliberated and adopted at the eighth meeting of the 7th Board of Directors of the Company. The Company used its own funds to purchase "18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, and 18 Suning 07"issued by itself with the total amount of bond repurchase fund of RMB 1 billion. The Company completed the payment of the bond repurchase amount on December 9, 2020 (see Announcement No.2020-091 for details), and the bonds purchased by the Company have been cancelled as required. | | | | | |

| Name of bond | Bond abbreviation | Bond code | Issue date | Date of maturity | Bond balance (RMB 10,000) as of December 31, 2020 | Interest rate | Way of repaying capital and interest |
|---|---|---|---|---|---|---|---|
| | 3. 20 Suning. Com MTN001<br>There is no interest payment during the reporting period. | | | | | | |
| If the corporate bonds are attached with special terms such as the issuer's or investor's option terms and exchangeable terms, the implementation of relevant terms in the reporting period (if applicable). | 1. 18 Suning 03<br>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.<br>2. 18 Suning 06<br>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.<br>According to the report data of bond repurchase provided by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the number of repurchases of "18 Suning 06" is 14,742,752.<br>3. 18 Suning 07<br>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. | | | | | | |

Note: The Company deliberated and passed *The Basic Proposal on the Second Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* at the 10th meeting of the 7th Board of Directors on December 9, 2020, and repurchased the "18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07" issued by the Company with its own funds with the total amount of bond repurchase funds of RMB 2 billion (see Announcement No. 2020-089 and 2020-090 for details).

On December 30, 2020, the Company issued *The Announcement on the Second Bond Repurchase Declaration of 18 Suning Bonds* on Cninfo (see Announcement No. 2020-097 for details). According to the data provided by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the Company paid "18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06 and 18 Suning 07" with the total repurchase amount of RMB 1,732,535,530.45 (including the repurchase fee paid to Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.) on January 7, 2021 (see Announcement No. 2021-002 for details), and the bonds repurchased by the

Company have been cancelled according to the regulations.

On April 15, 2021, the Company issued the "*18 Suning 01" Principal and Interest Payment and Delisting Notice on Cninfo*. On April 19, 2021; the Company completed the principal and interest payment of 18 Suning 01 corporate bonds.

As of April 24, 2021, the remaining bonds of 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06 and 18 Suning 07 are as follows:

| Bond abbreviation | Remaining number of bonds as of April 24, 2021 (sheet) |
|---|---|
| 18 Suning 02 | 10,324,421 |
| 18 Suning 03 | 6,590,726 |
| 18 Suning 04 | 7,494,723 |
| 18 Suning 05 | 9,232,453 |
| 18 Suning 06 | 162,634 |
| 18 Suning 07 | 6,464,320 |
| Total | 40,269,277 |

## 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

| Bond trustee: | | | | | | | |
|---|---|---|---|---|---|---|---|
| Name | CITIC Securities Co., Ltd. | Office address | CITICS Building, No.48 Liangmaqiao Road, Chaoyang District, Beijing | Contact | Zhou Weifan, Sun Xiaobo | Tel. | 010-60834068 |
| Credit rating agency tracking and rating corporate bonds during the reporting period: | | | | | | | |
| Name | China Cheng Xin International Credit Rating Co., Ltd. | | | Office address | Beijing China Merchants International Financial Center, No. 156, Fuxingmen Nei Street, Xicheng District, Beijing | | |
| 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. (if applicable) | During the reporting period, the bond trustee and credit rating agency hired by Suning have not changed. | | | | | | |

**2. 20 Suning. Com MTN001**

| Bond trustee: | | | | | | | |
|---|---|---|---|---|---|---|---|
| Name | Interbank Market Clearing House Co., Ltd. | Office address | 33F, Oriental International Financial Plaza, No. 318 Zhongshan South Road, Shanghai | Contact | Staff of issuance post | Tel. | 021-63326662 |
| Credit rating agency tracking and rating corporate bonds during the reporting period: | | | | | | | |
| Name | China Cheng Xin International Credit Rating Co., Ltd. | | | Office address | Beijing China Merchants International Financial Center, No. 156, Fuxingmen Nei Street, Xicheng District, Beijing | | |
| 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 reporting period, the bond trustee and credit rating agency hired by Suning have not changed. | | |

## III. Use of Raised Funds by Corporate Bonds

### 1. 18 Suning 01

| | |
|---|---|
| Use and performance procedures of raised funds by corporate bonds | The issuing amount of 18 Suning 01 was RMB 2 billion, and the raised fund 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. |
| Balance at the end of the period (RMB 10,000) | 0 |
| Operating condition of special account of raised funds | 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 |

**2. 18 Suning 02**

| | |
|---|---|
| Use and performance procedures 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 were proposed to repay Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts. |
| Balance at the end of the period (RMB 10,000) | 0 |
| Operating condition of special account of raised funds | 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 |

**3. 18 Suning 03**

| | |
|---|---|
| Use and performance procedures of raised funds by corporate bonds | The issuing amount of 18 Suning 03 was RMB 1 billion, and the raised funds of the bonds were proposed to repay Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts. |
| Balance at the end of the period (RMB 10,000) | 0 |
| Operating condition of special account of raised funds | 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 |

**4. 18 Suning 04**

| | |
|---|---|
| Use and performance procedures 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 were proposed to repay Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts. |

| | |
|---|---|
| Balance at the end of the period (RMB 10,000) | 0 |
| Operating condition of special account of raised funds | 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**

| | |
|---|---|
| Use and performance procedures 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 were proposed to repay Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts. |
| Balance at the end of the period (RMB 10,000) | 0 |
| Operating condition of special account of raised funds | 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**

| | |
|---|---|
| Use and performance procedures 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 were proposed to repay Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts. |
| Balance at the end of the period (RMB 10,000) | 0 |
| Operating condition of special account of raised funds | The special account for raised funds was operated in strict accordance with relevant regulations. |
| Whether the use of raised funds | Yes |

| | |
|---|---|
| is consistent with the purpose, use plan and other agreements promised in the prospectus | |

**7. 18 Suning 07**

| | |
|---|---|
| Use and performance procedures of raised funds by corporate bonds | The issuing amount of 18 Suning 07 was RMB 1 billion, and the raised funds of the bonds were proposed to repay Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts. |
| Balance at the end of the period (RMB 10,000) | 0 |
| Operating condition of special account of raised funds | 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 |

**8. 20 Suning. Com MTN001**

| | |
|---|---|
| Use and performance procedures 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. |
| Balance at the end of the period (RMB 10,000) | 0 |
| Operating condition of special account of raised funds | 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 |

## 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 Cheng Xin 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 05, 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 09, 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)*.

On November 16, 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 Temporary Business Report on Corporate Bonds Issued by Suning.Com Co., Ltd*.

On December 11, 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 Temporary Business Report on Corporate Bonds Issued by Suning.Com Co., Ltd*.

On December 11, 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 Temporary Business Report on Corporate Bonds Issued by Suning.Com Co., Ltd*.

## VIII. Main Accounting Data and Financial Indexes of the Company in the Recent Two Years by the End of Reporting Period

Unit: RMB 1,000

| Items | 2020 | 2019 | Rate of change of the corresponding period | Reasons for change |
|---|---|---|---|---|
| Earnings before interest, taxes, depreciation and amortization | -824,514 | 20,109,279 | -104.10% | This is mainly due to the loss of total profit of the Company during the reporting period compared with the same period.<br>The EBITDA (earnings before interest, taxes, depreciation and amortization) is RMB - 824 million, including the impact of asset impairment losses. If excluding the asset impairment loss of RMB 2.188 billion, the adjusted EBITDA is RMB 1.364 billion, and the corresponding interest protection ratio has been |

| Items | 2020 | 2019 | Rate of change of the corresponding period | Reasons for change |
|---|---|---|---|---|
| | | | | increased. |
| Current ratio | 0.86 | 1.00 | -0.14 | - |
| Asset-liability ratio | 63.77% | 63.21% | 0.56% | - |
| Quick ratio | 0.62 | 0.72 | -0.10 | - |
| EBITDA total debt ratio | -0.01 | 0.29 | -103.45% | This is mainly due to the impact of the loss of earnings before interest, taxes, depreciation and amortization compared with the same period. |
| Times interest earned | -2.15 | 8.85 | -124.29% | This is mainly due to profit loss before interest and tax. |
| Times interest earned of cash | 0.65 | -8.09 | 108.07% | This is mainly due to YoY significant improvement of net cash flow from business activities of the Company in the reporting period. |
| EBITDA Times Interest Earned | -0.37 | 10.87 | -103.40% | This is mainly due to profit loss before interest and tax. |
| Loan repayment rate | 100% | 100% | 0.00% | - |
| Interest coverage | 100% | 100% | 0.00% | - |

Note 1: EBITDA total debt ratio = earnings before interest, taxes, depreciation and amortization / total debt

Note 2: Times interest earned = earnings before interest and taxes / (interest expense charged to financial cost + capitalized interest expense)

Note 3: Times interest earned of cash = (net cash flow from the business activities + cash interest expenditure + cash of income tax) / cash interest expense

Note 4: EBITDA Times interest earned = Earnings before interest, taxes, depreciation and amortization / (interest expense charged to financial cost + capitalized interest expense)

Note 5: Loan repayment rate = actual loan repayment / repayable loan

Note 6: Interest coverage = actual interest paid / payable interest

## IX. 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.

## X. Information of Bank Credit, Use and Repayment of Bank Loan During the Reporting Period

1. Bank credit and use information. As of December 31, 2020, Suning and its subsidiaries have obtained credit line of RMB 71.243 billion and unused credit line of RMB 28.91 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 | December 31, 2020 Ending balance |
|---|---|---|---|---|
| RMB | 27,977,139 | 28,463,327 | 34,151,244 | 22,289,222 |
| HKD | 815,000 | 892,500 | 1,242,500 | 465,000 |
| USD | 545,000 | - | 70,000 | 475,000 |

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

## XI. 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.

## XII. Major Events in the Reporting Period

1. The Company deliberated and passed *The Basic Proposal on the Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* at the 8th meeting of the 7th Board of Directors on November 12, 2020, and repurchased the "18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07" issued by the Company with its own funds with the total amount of bond repurchase funds of RMB 1 billion. On November 13, 2020, November 24, 2020, November 25, 2020, November 26, 2020, December 3, 2020 and December 10, 2020, the Company respectively issued *Announcement of Basic Plan on the Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* (Announcement No.: 2020-077), *The first Prompt Announcement of the Basic Plan on the Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* (Announcement No.: 2020-078), *The Second Prompt Announcement of the Basic Plan on the Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* (Announcement No.: 2020-080), and *The Third Prompt Announcement of the Basic Plan on the Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* (Announcement No.: 2020-081), *Announcement on the Repurchase Results of 18 Suning Bonds* (Announcement No.: 2020-083) and *Announcement on the Progress of Repurchase Results of 18 Suning Bonds* (Announcement No.: 2020-091) on Cninfo. On December 9, 2020, the Company paid in full the repurchase amount of "18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07" bonds to the bank account designated by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The "18 Suning 01, 18 Suning 02, 18

Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, and 18 Suning 07" bonds repurchased by the Company will be cancelled in accordance with relevant regulations.

2. The Company deliberated and passed *The Basic Proposal on the Second Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* at the 10th meeting of the 7th Board of Directors on December 09, 2020, and repurchased the "18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07" issued by the Company with its own funds with the total amount of bond repurchase funds of RMB 2 billion. On December 10, 2020, December 22, 2020, December 23, 2020, December 24, 2020, December 30, 2020 and January 08, 2021, the Company respectively issued *Announcement of Basic Plan on the Second Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* (Announcement No.: 2020-090), *The first Prompt Announcement of the Basic Plan on the Second Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* (Announcement No.: 2020-093), *The Second Prompt Announcement of the Basic Plan on the Second Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* (Announcement No.: 2020-094), and *The Third Prompt Announcement of the Basic Plan on the Second Bond Repurchase Plan for Public Issuance of Corporate Bonds to Qualified Investors in 2018* (Announcement No.: 2020-095), *Announcement on the Second Repurchase Results of 18 Suning Bonds* (Announcement No.: 2020-097) and *Announcement on the Progress of Second Repurchase Results of 18 Suning Bonds* (Announcement No.: 2021-002) on Cninfo. On January 7, 2021, the Company paid in full the repurchase amount of RMB 1,732,535,530.45 (including the repurchase fee paid to Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.) of "18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, 18 Suning 07" bonds to the bank account designated by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The "18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, and 18 Suning 07" bonds repurchased by the Company will be cancelled in accordance with relevant regulations.

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

□ Yes √ No

# Section XII Financial Report

Audit Report

PwC ZTSZ (2021) No. 10072

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To all shareholders of Suning.Com Co., Ltd.:

## I. Audit Opinions

(I) Our audit contents

We have audited the financial statements of Suning.Com Co., Ltd. (hereinafter referred to as Suning.Com), including consolidated and company balance sheet on December 31, 2020 and consolidated and company income statement, consolidated and company cash flow statement, and consolidated and company statement of changes in shareholders' equity and notes to financial statement of 2020.

(II) Our opinions

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

## II. Basis for the Formation of Audit Opinions

We have carried out audit work in compliance with regulations in China Auditing Standards for Certified Public Accountants. "Certified Public Accountants' Responsibility for Audit of Financial Statements" in audit report further elaborates on our responsibility under these guidelines. We believe that the audit evidence we obtained is sufficient and appropriate, providing basis for giving audit opinions.

According to the Code of Ethics for Chinese CPA, we are independent of Suning.Com and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Audit Report (continued)

PwC ZTSZ (2021) No. 10072

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## III. Key Items for Audit

The key items for audit are items that we consider the most important for the audit of the financial statements of the current period according to the professional judgment. The response of these items is based on an audit of the overall financial statements and the formation of audit opinions, and we do not individually express views on these items.

The key items for audit identified in the audit are summarized as follows:

(I) Goodwill impairment evaluation

(II) Recognition of deferred income tax assets related to deductible losses

(III) Evaluation of Going Concern Capability

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| (I) Goodwill impairment evaluation<br><br>See Note II (30)(b)(iii) and Note IV (19) to Financial Statements.<br><br>On December 31, 2020, the book value of goodwill in the consolidated financial statements of Suning.Com is about RMB 6.385 billion, and the reserve for impairment of goodwill is about RMB 1.451 million. | Our audit procedures for goodwill impairment evaluation include:<br><br>• Get information on the management's internal control and evaluation process on goodwill impairment reserves, and evaluate the inherent risk of significant misstatement and test the effectiveness of key control implementation by considering the degree of uncertainty in estimation and the level of other inherent risk factors, such as complexity, subjectivity, changes and sensitivity to management bias; |

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| The management recognizes the corresponding impairment reserves according to the part of the recoverable amount of the assets group or combination of assets groups containing goodwill that is lower than its book value. The recoverable amount is determined according to the higher one between the net amount of the fair value of the assets group or combination of assets groups minus the disposal expenses and the present value of the expected future cash flow of the assets group or combination of assets groups. | • Assess that goodwill is allocated to relevant assets groups or combination of asset groups in a reasonable way;<br><br>• Compare the 2019 profit forecast of the asset group or combination of asset groups where the relevant goodwill is prepared by the management with the actual operation results in 2020 to evaluate that there is any bias in the preparation of the management's forecast of future cash flow; |

Audit Report (continued)

PwC ZTSZ (2021) No. 10072

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| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| (I) Goodwill impairment evaluation (continued)<br><br>The management adopts the method of estimating the present value of future cash flow to determine the recoverable amount of corresponding assets group. The critical assumptions adopted in compiling the present value of future cash flow include:<br><br>• Growth rate of income<br>• Gross margin in forecast period and stable stage<br>• Sustainable growth rate<br>• Pre-tax discount rate<br><br>Since the amount of goodwill was significant, and the evaluation of goodwill impairment involved making a significant judgment on the critical assumptions used, the evaluation of goodwill impairment was a key concern in our audit, and we recognized the evaluation of goodwill impairment as a key item for audit. | • Evaluate the revenue growth rate and gross profit rate in forecast period and gross margin at stable stage used in the calculation of the present value of future cash flow, and compare with the historical revenue growth rate of the past several years and the actual gross margin of the previous year, where the market trend is considered in the evaluation;<br><br>• Evaluate the reasonableness of the discount rate and sustainable growth rate used in the calculation of the present value of future cash flow based on the understanding of Suning.Com and its industry, with the assistance of internal valuation experts, in which the confirmatory analysis was carried out for the discount rate; and compare the open market data such as the sustainable growth rate, China consumer price index and China's long-term economic development index;<br><br>• Carry out sensitivity analysis on the operating and financial assumptions such as revenue growth rate and discount rate used in the impairment evaluation, and consider the potential impact of these parameters and assumptions on the impairment test results when they change reasonably;<br><br>• Verify the rationality of the management's fair value assessment with the assistance of internal |

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| | valuation experts;<br><br>• Recalculate the present value of future cash flows and the net amount of fair value minus disposal expenses.<br><br>Based on the results of the above procedures, we found that the critical assumptions adopted by the management in goodwill impairment evaluation are acceptable. |

Audit Report (continued)

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## III. Key Items for Audit (continued)

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| (II) Recognition of deferred income tax assets related to deductible losses<br><br>See Note II (24), (30)(b)(v) and Note IV (22) to Financial Statements.<br><br>As of December 31, 2020, the amount of deferred income tax assets recognized by Suning.Com based on deductible tax losses is about RMB 3.416 billion. The management believed that these deductible tax losses are likely to be transferred back to the increased taxable income in the future period and used through the future taxable income obtained from the production and business activities of relevant enterprises of Suning and the taxable temporary differences generated in the previous period.<br><br>In addition, on December 31, 2020, Suning.Com did not recognize the deferred income tax assets of about RMB 8.392 billion for the deductible loss of about RMB 1.992 billion.<br><br>The recognition of deferred income tax | Our audit procedures for deferred income tax assets recognized on the basis of deductible losses include:<br><br>• Get information on the management's internal control and evaluation process on deferred income tax assets , and evaluate the inherent risk of significant misstatement and test the effectiveness of key control implementation by considering the degree of uncertainty in estimation and the level of other inherent risk factors, such as complexity, subjectivity, changes and sensitivity to management bias;<br><br>• Compare the prediction results of the previous year's taxable income by the management with the actual taxable income of the current year to consider the historical accuracy of the prediction results made by the management, and evaluate that the management's selection of key hypothetical indicators, including revenue growth rate and gross margin, shows the management's preference;<br><br>• Evaluate the rationality of the revenue growth rate and gross margin by analyzing and comparing the predicted revenue growth rate and gross margin with the historical revenue growth rate and gross margin of relevant |

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| assets depends on the significant judgment of the management. When making the judgment, the management needs to evaluate that it can obtain sufficient taxable income in the future and the possibility of generating the above taxable income in the future. The critical assumptions used in the process of predicting future taxable income based on profit forecast mainly include revenue growth rate and gross margin. | subsidiaries of Suning.Com and the industry development trend;<br><br>• Recalculate the deferred income tax assets recognized as deductible losses;<br><br>• Check the disclosure of judgment made by Suning.Com in the financial statements when it estimates the balance of the deferred income tax assets related to the deductible losses that have been recognized and have not been recognized. |

Audit Report (continued)

PwC ZTSZ (2021) No. 10072

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**III. Key Items for Audit (continued)**

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| (II) Recognition of deferred income tax assets related to deductible losses (continued)<br><br>As the recognition of deferred income tax assets related to deductible losses is of great importance to the financial statements and involves significant judgments and estimates of the management when predicting the future taxable income, we recognized them as key items for audit. | Based on the results of the above procedures, we found that the judgment made by the management in recognizing the deferred income tax assets related to the deductible loss is acceptable. |
| (III) Evaluation of Going Concern Capability<br><br>See Note II (1) to Financial Statements *Basis of Preparation of the Financial Statements*.<br><br>Suning.Com's combined net loss for 2020 was RMB 5.358 billion. As of December 31, 2020, Suning.Com's current liabilities exceeded current assets by RMB 17.118 billion. In 2020, Suning.Com failed to perform certain provisions of the bank loan agreement, which triggered the default and cross-default clauses in some bank loan contracts (hereinafter collectively referred to as the "default"). These defaults enabled the relevant banks, on December 31, 2020, to require Suning.Com to repay the principal and | Our audit procedures for the evaluation of Suning.Com's going concern capability include:<br><br>• Study, evaluate and test the internal control related to the management's evaluation of going concern capability;<br><br>• With the cash flow forecast prepared by the management obtained, get to know the business plan of Suning.Com in the forecast period and the plans and measures being planned or planned to be implemented to improve the cash flow through interviews with the |

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| interest of bank loans totaling RMB 11.237 billion in advance. | management; |

Audit Report (continued)

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**III. Key Items for Audit (continued)**

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| (III)Evaluation of Going Concern Capability (continued)<br><br>In order to evaluate the going concern capability of Suning.Com, the management of Suning.Com has prepared a cash flow forecast covering a period of not less than 12 months from December 31, 2020 according to various plans and measures being planned or planned to be implemented. The cash flow forecast is based on the management's judgments and assumptions on certain future events, mainly including:<br>• Being able to meet the exemption conditions of relevant banks and continuously meet the requirements of financial indicators stipulated in the loan agreement in the foreseeable future;<br>• Sustainable support from banks, loan renewal and new loans;<br>• When necessary, external financing can be carried out by issuing MTN and other means with relevant funds receivable;<br>• Suning.Com's subsidiaries can introduce strategic investors to | • In response to the management's assumption that Suning.Com can keep receiving support, loan renewals and new loans from the banks:<br><br>1) Evaluate the completeness of the default identified by the management by checking the terms and conditions specified in the loan contracts with the banks and confirming the compliance of Suning.Com with relevant provisions;<br>2) Check the written exemption issued by the relevant banks on the default, check and evaluate the situation of Suning.Com meeting relevant exemption conditions, the impact of which on the cash flow forecast is considered;<br>3) Interview with relevant banks and other financial institutions to get information on the expected credit line of Suning.Com during the forecast period;<br>4) Evaluate the ability of Suning.Com to consistently meeting the terms of the loan agreement in the forecast period, and the rationality of the expected loan renewals and new loans in the cash flow forecast based on the actual loan renewals and new loans of Suning.Com.<br><br>• Check the approval documents obtained by Suning.Com in relation to the issuance of the MTN |

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| increase capital and shares ("the transactions introducing strategic investors") and Suning.Com's disposal of subsidiary can be completed in time; and<br>• is able to improve operating cash flow through various measures. | and evaluate the feasibility and rationality of Suning.Com raising the necessary funds through other external financing channels; |

Audit Report (continued)

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**III. Key Items for Audit (continued)**

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| (III) Evaluation of Going Concern Capability (continued)<br><br>Based on the results of the cash flow forecast, the management of Suning.Com is convinced that in the next 12 months from December 31, 2020, Suning.Com would be able to obtain sufficient operating funds to pay its operating expenditure and debts due. Therefore, the financial statements for 2020 are prepared on the basis of the going concern assumption.<br><br>As the going concern assumption is the basis for the preparation of financial statements, attention would be paid to the evaluation of the going concern ability of Suning.Com in our audit if events or conditions, such as changes in financial situations and aforementioned defaults, that may cause substantial doubt on the going concern ability, have occurred in Suning.Com in 2020, and key judgments and assumptions of the management are involved in the | • Check the relevant agreements and other supporting documents signed by Suning.Com on the transaction introducing strategic investors and transaction disposing of subsidiaries, get information on the subsequent progress of related transactions, check the payment of the counterparties, and evaluate the rationality of the management's estimate of the transaction completion progress, as well as the corresponding impact of such transactions on the cash flow in the forecast period;<br><br>• Evaluate the rationality of the operating cash flow forecast in the forecast period by comparing the key data and critical assumptions used in the forecast with historical data and future operating plans, interviewing the operating departments in Suning.Com, checking the approved operating plans and the implementation of the management's operating cash flow forecast after the period;<br><br>• Perform sensitivity tests and evaluate the impact on results of the cash flow forecast in terms of the possible and reasonable fluctuation of main assumptions, which are adopted in the above cash flow forecast;<br><br>• Check the calculation accuracy of cash flow forecast prepared by the management; |

| Key Items for Audit | How to deal with key items in audit? |
| --- | --- |
| evaluation of going concern, and we identified the evaluation of the going concern ability as the key items for audit. | • Check and evaluate the adequacy of the disclosures in the financial statements prepared by Suning.Com under the going concern assumption, including events or conditions that may cause substantial doubt on the going concern ability, management's response plans to mitigate the effects of these events or conditions and the related uncertainties.<br><br>Based on the results obtained from implementing the above procedures, the key judgments and assumptions made by Suning.Com in evaluating the going concern ability, as well as the relevant disclosure in the financial statements, can be supported by the evidence obtained by us. |

Audit Report (continued)

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## IV. Other Information

The management teams of Suning.Com are responsible for other information. Other information includes information covered in the 2020 annual report of Suning, but does not include financial statements and our audit reports.

We do not cover other information on the audit opinions issued for the financial statements, nor do we have any form of attestation conclusions on other information.

In conjunction with our audit of the financial statements, our responsibility is to read other information, and in this process, consider whether other information is materially inconsistent with the financial statements or what we have learned in the audit process or it appears to be significant misstatement. Based on the work we have carried out, we should report the fact if we determine the existence of a significant misstatement in other information. In this regard, we have no item for report.

## V. Responsibilities of Management and Audit Committee for the Financial Statements

The management of Suning.Com is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises to achieve a fair presentation, then designing, implementing and maintaining the necessary internal controls so that the financial statements do not have any significant misstatement resulting from fraud or error.

In the preparation of financial statements, the management is responsible for assessing the constant operational capacity of Suning.Com, disclosing matters related to constant operations (if applicable), and applying going concern assumptions, unless they plan liquidation, suspension of operations, or have no other realistic option.

The Audit Committee is responsible for supervising the financial reporting process of Suning.Com.

## VI. Certified Public Accountant's Responsibility for Audit of Financial Statements

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

Audit Report (continued)

PwC ZTSZ (2021) No. 10072

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**VI. Certified Public Accountant's Responsibility for Audit of Financial Statements (continued)**

As part of an audit in accordance with the audit standards, we exercise professional judgment and maintain professional scepticism throughout the audit. Meanwhile, we also execute the following works:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Since fraud may involve collusion, forgery, intentional omission, false representation or not be subject to internal control, failure to find the risk of significant misstatement due to fraud is higher than the risk of failure to find a major misstatement due to errors.

(II) Understand internal controls related to auditing to design appropriate audit procedures.

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

(IV) Make an appropriate conclusion of the management's use of going concern assumptions. At the same time, on the basis of the acquired audit evidence, make a conclusion whether there is a significant uncertainty in matters or circumstances that cause significant doubts about going concern capacity of Suning.Com. If we come to the conclusion that there are significant uncertainties, the audit guidelines require that we draw the attention of the report users to the relevant disclosures in the financial statements in the audit report; If the disclosure is not sufficient, we should issue a modified audit report. Our conclusions are based on the information obtained up to the date of our audit report. However, future events or conditions may cause Suning.Com to discontinue operation.

(V) Evaluate the overall presentation (including disclosures), structure and content of the financial statements and whether the financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities under Suning.Com to make an audit opinion on the consolidated financial statements. We are responsible for directing, supervising and implementing Suning's audits and assuming full responsibility for the audit opinion.

We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit matters, including any significant deficiencies in internal control that we identify during our audit.

We also provide a statement to the Audit Committee regarding compliance with the independence-related professional ethics requirements and communicate with the Audit Committee on all the relationships and other matters that may reasonably be considered to affect our independence, as well as the relevant preventive measures (if applicable).

Audit Report (continued)

PwC ZTSZ (2021) No. 10072



**VI. Certified Public Accountant's Responsibility for Audit of Financial Statements (continued)**

In items communicated with the Audit Committee, we determine those items most important to the audit of the financial statements of the current period and constitute a key item for audit. We describe these items in the audit report unless laws and regulations prohibit the disclosure of these items, or in rare cases, the negative consequences of communicating an item in the audit report are beyond the benefits of public interest, we determine that the item should not be communicated in the audit report.

PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd.

(Special General Partnership)

Certified Public Accountant

_____

Qian Jin (Project partner)

_____

Certified Public Accountant

Zhuang Beibei

Shanghai, China

April 23, 2021

Suning.Com Co., Ltd.

## Consolidated and Company Balance Sheet on December 31, 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

| Assets | Note | Consolidated items on December 31, 2020 | Consolidated items on December 31, 2019 | Company items on December 31, 2020 | Company items on December 31, 2019 |
|---|---|---|---|---|---|
| | | | | | |
| Current assets | | | | | |
| Monetary fund | IV (1) | 25,887,751 | 33,902,215 | 12,356,124 | 15,993,595 |
| Trading financial assets | IV (2) | 15,899,648 | 11,970,008 | 2,791,671 | 7,817,143 |
| Notes receivable | IV (3), XVII (1) | 1,696,549 | 4,660,366 | 3,384,471 | 7,445,608 |
| Accounts receivable | IV (4), XVII (2) | 7,696,449 | 7,194,464 | 109,948,570 | 93,518,152 |
| Accounts receivable financing | | - | 497,858 | - | - |
| Prepayment | IV (5) | 24,786,724 | 26,988,913 | 32,467,438 | 28,845,889 |
| Other accounts receivable | IV (6), XVII (3) | 1,241,863 | 1,601,848 | 27,068,577 | 23,356,245 |
| Inventory | IV (7) | 24,251,743 | 26,780,104 | 16,054,132 | 18,125,245 |
| Contract assets | | 1,846 | — | - | — |
| Other current assets | IV (8) | 5,997,641 | 7,154,210 | 1,381,234 | 2,275,473 |
| Non-current assets due within 1 year | IV (9) | 23,392 | 11,488 | 10,388 | - |
| Total current assets | | 107,483,606 | 120,761,474 | 205,462,605 | 197,377,350 |
| | | | | | |
| Non-current assets | | | | | |
| Debt investment | IV (10) | - | 10,442 | - | 10,442 |
| Long-term accounts receivable | IV (11) | 926,167 | 947,264 | 968,405 | 969,335 |
| Long-term equity investment | IV (14), XVII (4) | 39,351,953 | 40,258,417 | 49,565,907 | 46,128,979 |
| Other equity instruments investment | IV (12) | 5,558,069 | 4,598,371 | 5,550,363 | 4,553,304 |
| Other non-current financial assets | IV (13) | 1,975,740 | 12,310,358 | 1,975,740 | 1,728,539 |
| Investment property | IV (15) | 6,886,199 | 6,150,434 | 522,113 | 689,445 |
| Fixed assets | IV (16) | 18,099,415 | 17,807,820 | 2,038,845 | 1,953,071 |
| Construction in progress | IV (17) | 3,462,978 | 4,343,334 | 9,580 | 35,888 |
| Intangible assets | IV (18) | 13,882,029 | 14,694,322 | 333,511 | 346,740 |
| Development expenditure | IV (18) | 41,138 | 42,927 | 3,973 | 4,290 |
| Goodwill | IV (19) | 6,385,345 | 7,477,796 | - | - |
| Long-term unamortized expenses | IV (20) | 1,510,520 | 2,524,836 | 30,465 | 103,251 |
| Deferred income tax assets | IV (22) | 5,670,490 | 4,130,170 | - | - |
| Other non-current assets | IV (21) | 841,551 | 797,080 | 200,369 | 119,515 |
| Total non-current assets | | 104,591,594 | 116,093,571 | 61,199,271 | 56,642,799 |
| | | | | | |
| Total assets | | 212,075,200 | 236,855,045 | 266,661,876 | 254,020,149 |

| Liabilities and shareholders' equity | Note | Consolidated items on December 31, 2020 | Consolidated items on December 31, 2019 | Company items on December 31, 2020 | Company items on December 31, 2019 |
|---|---|---|---|---|---|
| | | | | | |
| Current liabilities | | | | | |
| Short-term loan | IV (24) | 23,745,691 | 18,954,821 | 13,330,086 | 17,968,900 |
| Derivative financial liabilities | | - | 400 | - | 400 |
| Notes payable | IV (25) | 21,021,224 | 26,158,849 | 20,547,201 | 18,694,516 |
| Accounts payable | IV (26) | 31,051,572 | 44,380,475 | 83,125,458 | 84,632,541 |
| Unearned revenue | IV (27) | 286,609 | 7,157,577 | 35,710 | 51,780,639 |
| Contract liabilities | IV (28) | 11,518,134 | — | 75,641,829 | — |
| Payroll payable | IV (29) | 942,048 | 1,386,161 | 71,976 | 135,790 |
| Taxes payable | IV (30) | 900,749 | 1,713,287 | 121,707 | 196,239 |
| Other payables | IV (31) | 15,800,050 | 12,612,303 | 6,632,184 | 5,973,231 |
| Estimated liabilities | | - | 151,177 | - | 10 |
| Non-current liability due within one year | IV (32) | 17,684,600 | 7,662,708 | 11,406,698 | 7,458,690 |
| Other current liabilities | IV (33) | 1,651,050 | 1,079,223 | 67,117 | 9,764 |
| Total current liabilities | | 124,601,727 | 121,256,981 | 210,979,966 | 186,850,720 |
| | | | | | |
| Non-current liabilities | | | | | |
| Long-term loans | IV (34) | - | 7,720,895 | - | 2,083,000 |
| Bonds payable | IV (35) | 499,777 | 8,488,802 | 499,777 | 8,488,802 |
| Long-term payables | IV (36) | 986,801 | 2,440,760 | 380,000 | 380,000 |
| Deferred income | IV (37) | 858,156 | 2,231,956 | 49,609 | 382,029 |
| Deferred tax liabilities | IV (22) | 6,886,085 | 7,567,680 | 1,484,590 | 1,847,311 |
| Other non-current liabilities | IV (38) | 1,410,851 | 3,158 | 67,209 | - |
| Total non-current liabilities | | 10,641,670 | 28,453,251 | 2,481,185 | 13,181,142 |
| | | | | | |
| Total liabilities | | 135,243,397 | 149,710,232 | 213,461,151 | 200,031,862 |
| | | | | | |
| Shareholders' equity | | | | | |
| Issued capital | IV (39) | 9,310,040 | 9,310,040 | 9,310,040 | 9,310,040 |

## Consolidated and Company Balance Sheet on December 31, 2020 (Continued)

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

| Liabilities and shareholders' equity | Note | Consolidated items on December 31, 2020 | Consolidated items on December 31, 2019 | Company items on December 31, 2020 | Company items on December 31, 2019 |
|---|---|---|---|---|---|
| Capital reserve | IV (40) | 33,228,244 | 37,249,004 | 37,092,537 | 37,150,905 |
| Minus: treasury stock | IV (41) | (2,305,900) | (1,899,961) | (2,305,900) | (1,899,961) |
| Other comprehensive income | IV (42) | (1,355,258) | 197,575 | (1,094,266) | (618,037) |
| Surplus reserve | IV (43) | 1,809,757 | 1,748,672 | 1,809,757 | 1,748,672 |
| General risk reserves | | 136,665 | 38,699 | 136,665 | 38,699 |
| Undistributed profits | IV (44) | 36,033,899 | 41,277,886 | 8,251,892 | 8,257,969 |
| Total shareholders' equities attributable to Suning | | 76,857,447 | 87,921,915 | 53,200,725 | 53,988,287 |
| Minority equity | VI (1)(b) | (25,644) | (777,102) | - | - |
| Total shareholders' equities | | 76,831,803 | 87,144,813 | 53,200,725 | 53,988,287 |
| | | | | | |
| Total liabilities and shareholder's equity | | 212,075,200 | 236,855,045 | 266,661,876 | 254,020,149 |

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.
Consolidated and Company Income Statement in 2020
(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

| Items | Note | Consolidated items in 2020 | Consolidated items in 2019 | Company items in 2020 | Company items in 2019 |
|---|---|---|---|---|---|
| | | | | | |
| I. Revenue | IV (45), XVII (5) | 252,295,666 | 269,228,900 | 171,495,259 | 195,032,300 |
| Minus: Cost of revenues | IV (45), XVII (5) | (224,577,397) | (230,117,385) | (163,974,211) | (186,208,049) |
| Taxes and surcharges | IV (46) | (972,775) | (1,060,907) | (55,129) | (125,816) |
| Sales cost | IV (47) | (25,676,511) | (33,532,018) | (5,236,334) | (7,453,349) |
| Administrative cost | IV (48) | (4,659,720) | (4,945,032) | (1,364,514) | (1,493,063) |
| R&D cost | IV (49) | (2,263,933) | (3,267,610) | (434,451) | (367,934) |
| Net financial cost | IV (50) | (1,965,424) | (2,237,420) | (1,156,007) | (1,674,114) |
| Including: Interest | | (2,137,715) | (1,785,808) | (1,553,744) | (1,386,519) |
| Interest revenue | | 562,209 | 921,612 | 248,603 | 423,041 |
| Plus: investment income | IV (55), XVII (6) | 2,213,662 | 21,791,411 | 1,825,076 | 6,260,272 |
| Including: income from investments in associated enterprises and joint ventures | | 14,118 | 264,998 | 743,780 | 446,426 |
| Derecognition of gain or loss for financial assets measured at amortized cost | | - | - | (76,286) | - |
| Income / (loss) from changes in fair value | IV (56) | 467,280 | 216,276 | (61,352) | (147,539) |
| Credit impairment loss | IV (23), IV (53) | (411,638) | (606,033) | 4,861 | (54,766) |
| Asset impairment loss | IV (23), IV (52) | (2,187,961) | (1,120,029) | (396,644) | (161,659) |
| Asset gain or loss on disposal | IV (57) | 35,646 | (16,473) | 17,747 | (616) |
| Other income | IV (54) | 839,297 | 338,040 | 110,684 | 11,020 |
| | | | | | |
| II. Operating (loss)/profit | | (6,863,808) | 14,671,720 | 774,985 | 3,616,687 |
| Plus: Non-operating income | IV (58) | 425,075 | 251,324 | 29,677 | 46,458 |
| Minus: non-operating expenses | IV (59) | (461,908) | (328,447) | (96,246) | (15,882) |
| | | | | | |
| III. Total (loss)/profit | | (6,900,641) | 14,594,597 | 708,416 | 3,647,263 |
| Minus: Income tax expense | IV (60) | 1,542,775 | (5,274,810) | 121,160 | (2,106,192) |
| | | | | | |
| IV. Net (loss)/profit | | (5,357,866) | 9,319,787 | 829,576 | 1,541,071 |
| Classified as per business continuity | | | | | |
| Net loss for going concern | | (5,357,866) | (1,746,350) | - | - |
| Net profits for discontinuing operation | | - | 11,066,137 | - | - |
| Classified as per attribution of ownership | | | | | |

Suning.Com Co., Ltd.

## Consolidated and Company Income Statement in 2020

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

| Items | Note | Consolidated items in 2020 | Consolidated items in 2019 | Company items in 2020 | Company items in 2019 |
|---|---|---|---|---|---|
| Net (loss)/profit attributable to shareholders of Suning | IV (44) | (4,274,696) | 9,842,955 | 829,576 | 1,541,071 |
| Minority interest | VI (1)(b) | (1,083,170) | (523,168) | - | - |
| | | | | | |
| V. Other Comprehensive Income After Tax | IV (42) | (1,652,226) | 274,015 | (476,229) | 125,831 |
| Net after-tax amount of other comprehensive income attributable to shareholders of Suning | | (1,652,332) | 211,279 | (476,229) | 125,831 |
| Other comprehensive income which will be reclassified into the gain and loss | | (1,160,456) | 392,573 | (18,168) | 20,478 |
| Other comprehensive income that can be reclassified into the gain and loss under the Equity Method | | (18,168) | 43,182 | (18,168) | 20,478 |
| Credit impairment reserves for other debt investment | | 4,607 | (4,607) | - | - |
| Translation difference in the foreign currency statements | | (1,146,895) | 353,998 | - | - |
| Other comprehensive income which cannot be reclassified into the gain and loss in future | | (491,876) | (181,294) | (458,061) | 105,353 |
| Other comprehensive incomes that cannot be reclassified into the gain and loss under the Equity Method | | - | 5,384 | - | 5,384 |
| Fair value change in other equity instruments investment | | (491,876) | (186,678) | (458,061) | 99,969 |
| Net of tax of other comprehensive income attributable to minority shareholders | | 106 | 62,736 | - | - |
| | | | | | |
| VI. Total Comprehensive Income | | (7,010,092) | 9,593,802 | 353,347 | 1,666,902 |
| Total comprehensive income attributable to shareholders of Suning | | (5,927,028) | 10,054,234 | 353,347 | 1,666,902 |
| Attributable to minority shareholders | | (1,083,064) | (460,432) | - | - |
| | | | | | |
| VII. Earnings per Share | | | | | |
| Basic earnings per share (RMB) | IV (61) | -0.46 | 1.07 | Not applicable | Not applicable |
| Diluted earnings per share (RMB) | IV (61) | -0.46 | 1.07 | Not applicable | Not applicable |

Notes to financial statements are components of the financial statement.

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

| Items | Note | Consolidated items in 2020 | Consolidated items in 2019 | Company items in 2020 | Company items in 2019 |
|---|---|---|---|---|---|
| | | | | | |
| I. Cash flows from business activities | | | | | |
| Cash received from sale of goods or provisions of services | | 303,799,735 | 296,770,982 | 170,515,312 | 209,021,988 |
| Other cash receipts relating to business activities | IV (62)(a) | 3,013,867 | 3,720,348 | 23,760,016 | 29,036,030 |
| Sub-total of cash inflows from business activities | | 306,813,602 | 300,491,330 | 194,275,328 | 238,058,018 |
| Cash paid for commodities and services | | (270,819,558) | (271,358,699) | (156,239,981) | (190,941,832) |
| Cash paid to and on behalf of employees | | (12,082,019) | (16,804,626) | (1,116,455) | (1,412,059) |
| Payment of taxes and surcharges | | (4,159,064) | (5,942,814) | (342,270) | (585,864) |
| Other cash payments relating to business activities | IV (62)(b) | (21,374,807) | (24,249,746) | (35,817,908) | (52,717,820) |
| Sub-total of cash outflows for business activities | | (308,435,448) | (318,355,885) | (193,516,614) | (245,657,575) |
| Net cash flows (used for) / generated from business activities | IV (63)(a) | (1,621,846) | (17,864,555) | 758,714 | (7,599,557) |
| | | | | | |
| II. Cash Flows from Investment Activities | | | | | |
| Cash receipts from accrual of investments | | 39,488,493 | 89,732,059 | 35,354,221 | 65,037,459 |
| Cash received from investment income | | 2,379,951 | 3,640,102 | 866,117 | 857,330 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 134,951 | 131,774 | 24,008 | 2,287 |
| Net cash received/(paid) from disposal of subsidiaries | IV (63)(b) | 1,721,506 | (3,728,075) | 200,000 | 4,269,173 |
| Sub-total of cash inflows of investment activity | | 43,724,901 | 89,775,860 | 36,444,346 | 70,166,249 |
| Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets | | (5,767,084) | (9,164,260) | (124,565) | (304,266) |
| Cash paid for investment | | (33,313,138) | (97,179,888) | (27,189,943) | (64,132,272) |
| Net cash paid by subsidiaries | IV (63)(b) | (67,409) | (4,302,822) | (637,574) | (2,033,854) |
| Sub-total of cash outflows for investment activities | | (39,147,631) | (110,646,970) | (27,952,082) | (66,470,392) |
| Net cash flow from/(used in) investment activities | | 4,577,270 | (20,871,110) | 8,492,264 | 3,695,857 |
| | | | | | |

| Items | Note | Consolidated items in 2020 | Consolidated items in 2019 | Company items in 2020 | Company items in 2019 |
|---|---|---|---|---|---|
| III. Cash Flow from Financing Activities | | | | | |
| Cash received from investments by others | | 3,000 | 10,546,305 | - | - |
| Including: Cash received from minority shareholders' investment in subsidiaries | | 3,000 | 10,546,305 | - | - |
| Cash received from borrowings | | 53,545,974 | 67,389,340 | 22,903,093 | 27,145,791 |
| Cash received from issuing bonds | | 499,700 | 4,789,850 | 499,700 | - |
| Other cash received relating to financing activities | IV (62)(c) | 15,222,895 | 8,783,379 | 2,036,858 | - |
| Sub-total of cash inflows from financing activities | | 69,271,569 | 91,508,874 | 25,439,651 | 27,145,791 |
| Cash repayments for debts | | (57,748,399) | (51,613,003) | (34,439,073) | (21,520,501) |
| Cash paid for distribution of dividends, profits or interest payment | | (2,700,801) | (2,989,531) | (1,992,538) | (2,743,296) |
| Including: Share dividends and profits paid to minority shareholders by subsidiaries | | (30,870) | (14,266) | - | - |
| Other cash paid relating to financing activities | IV (62)(d) | (18,063,437) | (10,705,101) | (767,483) | (1,308,725) |
| Sub-total of cash outflows for financing activities | | (78,512,637) | (65,307,635) | (37,199,094) | (25,572,522) |
| Net cash flows from financing activities (used)/generated | | (9,241,068) | 26,201,239 | (11,759,443) | 1,573,269 |
| | | | | | |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | (70,386) | 233,483 | - | 19,844 |
| | | | | | |
| V. Net decrease of cash and cash equivalent | IV (63)(a) | (6,356,030) | (12,300,943) | (2,508,465) | (2,310,587) |
| 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)(c) | 11,563,877 | 17,919,907 | 8,490,870 | 10,999,335 |

Notes to financial statements are components of the financial statement.

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

| Items | Note | | Shareholders' equity attributable to Suning | | | | | | Minority equity | Total shareholders' equities |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Issued capital | Capital reserve | Minus: treasury stock | Other comprehensive income | Surplus reserve | General risk reserves | Undistributed profits | | |
| | | | | | | | | | | |
| Ending balance on December 31, 2018 | | 9,310,040 | 38,288,361 | (1,000,000) | 299,958 | 1,507,827 | 341,018 | 32,169,894 | 7,293,701 | 88,210,799 |
| Change of accounting policy | II (31) | - | - | - | (313,662) | 28,939 | - | 277,115 | 75 | (7,533) |
| Beginning balance on January 01, 2019 | | 9,310,040 | 38,288,361 | (1,000,000) | (13,704) | 1,536,766 | 341,018 | 32,447,009 | 7,293,776 | 88,203,266 |
| | | | | | | | | | | |
| Increase/decrease change in 2019 | | | | | | | | | | |
| Total comprehensive income | | | | | | | | | | |
| Net profit | | - | - | - | - | - | - | 9,842,955 | (523,168) | 9,319,787 |
| Other comprehensive income | IV (42) | - | - | - | 211,279 | - | - | - | 62,736 | 274,015 |
| Total comprehensive income | | - | - | - | 211,279 | - | - | 9,842,955 | (460,432) | 9,593,802 |
| Capital invested and decreased by the shareholder | | | | | | | | | | |
| Increase of capital by minority shareholder | | - | - | - | - | - | - | - | 10,546,305 | 10,546,305 |
| Decrease of capital by minority shareholder | | - | - | - | - | - | - | - | (31,197) | (31,197) |
| Merger and transfer of enterprises under different control | | - | - | - | - | - | - | - | 860,693 | 860,693 |

Suning Commerce Group Co., Ltd.

Consolidated Statement of Changes in Shareholders' Equity in 2020 (Continued)

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

| Items | Note | Shareholders' equity attributable to Suning | | | | | | | Minority equity | Total shareholders' equities |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Issued capital | Capital reserve | Minus: treasury stock | Other comprehensive income | Surplus reserve | General risk reserves | Undistributed profits | | |
| Transfer-out of disposal of subsidiaries | | - | - | - | - | 57,799 | (582,883) | 525,084 | (18,971,981) | (18,971,981) |
| Stock repurchase | IV (41) | - | (200,074) | (899,961) | - | - | - | - | - | (1,100,035) |
| Share-based payment included in shareholders' equity | IV (40). IV (41) | - | 234,702 | - | - | - | - | - | - | 234,702 |
| Others | IV (40) | - | (1,073,985) | - | - | - | - | - | - | (1,073,985) |
| Profit distribution | | | | | | | | | | |
| Accrual of surplus reserves | IV (43) | - | - | - | - | 154,107 | - | (154,107) | - | - |
| Accrual of general risk reserves | IV (44) | - | - | - | - | - | 280,564 | (280,564) | - | - |
| Distribution to shareholders | IV (44) | - | - | - | - | - | - | (1,110,364) | (14,266) | (1,124,630) |
| Others | | - | - | - | - | - | - | 7,873 | - | 7,873 |
| | | | | | | | | | | |
| 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 |

| Items | Note | | Shareholders' equity attributable to Suning | | | | | | Minority equity | Total shareholders' equities |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Issued capital | Capital reserve | Minus: treasury stock | Other comprehensive income | Surplus reserve | General risk reserves | Undistributed profits | | |
| | | | | | | | | | | |
| 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 (31) | - | - | - | - | (21,873) | - | (230,990) | - | (252,863) |
| Beginning balance on January 01, 2020 | | 9,310,040 | 37,249,004 | (1,899,961) | 197,575 | 1,726,799 | 38,699 | 41,046,896 | (777,102) | 86,891,950 |
| | | | | | | | | | | |
| Increase/decrease change in 2020 | | | | | | | | | | |
| Total comprehensive income | | | | | | | | | | |
| Net loss | | - | - | - | - | - | - | (4,274,696) | (1,083,170) | (5,357,866) |
| Other comprehensive income | IV (42) | - | - | - | (1,652,332) | - | - | - | 106 | (1,652,226) |
| Total comprehensive income | | - | - | - | (1,652,332) | - | - | (4,274,696) | (1,083,064) | (7,010,092) |
| Capital invested and decreased by the shareholder | | | | | | | | | | |
| Increase of capital by minority shareholder | | - | - | - | - | - | - | - | 3,000 | 3,000 |
| Purchase of minority equity | IV (40) | - | (3,962,392) | - | - | - | - | - | 1,862,392 | (2,100,000) |
| Stock repurchase | IV (41) | - | - | (707,032) | - | - | - | - | | (707,032) |
| Share-based payment | IV (40). | - | (58,368) | 301,093 | - | - | - | - | - | 242,725 |

Suning Commerce Group Co., Ltd.

Consolidated Statement of Changes in Shareholders' Equity in 2020 (Continued)

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

| Items | Note | Shareholders' equity attributable to Suning | | | | | | | Minority equity | Total shareholders' equities |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Issued capital | Capital reserve | Minus: treasury stock | Other comprehensive income | Surplus reserve | General risk reserves | Undistributed profits | | |
| | IV (41) | | | | | | | | | |
| Profit distribution | | | | | | | | | | |
| Accrual of surplus reserves | IV (43) | - | - | - | - | 82,958 | - | (82,958) | - | - |
| Accrual of general risk reserves | IV (44) | - | - | - | - | - | 97,966 | (97,966) | - | - |
| Distribution to shareholders | IV (44) | - | - | - | - | - | - | (457,878) | (30,870) | (488,748) |
| Internal carry-over of shareholders' equities | | | | | | | | | | |
| Earnings on carry-over retaining of other comprehensive income | IV (42) | - | - | - | 99,499 | - | - | (99,499) | - | - |
| | | | | | | | | | | |
| Ending balance on December 31, 2020 | | 9,310,040 | 33,228,244 | (2,305,900) | (1,355,258) | 1,809,757 | 136,665 | 36,033,899 | (25,644) | 76,831,803 |

Notes to financial statements are components of the financial statement.

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

| Items | Note | Issued capital | Capital reserve | Minus: treasury stock | Other comprehensive income | Surplus reserve | General risk reserves | Undistributed profits | Total shareholders' equities |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| Ending balance on December 31, 2018 | | 9,310,040 | 32,415,034 | (1,000,000) | (453,859) | 1,507,827 | - | 7,231,364 | 49,010,406 |
| Change of accounting policy | II (31) | - | - | - | (290,009) | 28,939 | - | 260,448 | (622) |
| Beginning balance on January 01, 2019 | | 9,310,040 | 32,415,034 | (1,000,000) | (743,868) | 1,536,766 | - | 7,491,812 | 49,009,784 |
| | | | | | | | | | |
| Increase/decrease change in 2019 | | | | | | | | | |
| Total comprehensive income | | | | | | | | | |
| Net profit | | - | - | - | - | - | - | 1,541,071 | 1,541,071 |
| Other comprehensive income | | - | - | - | 125,831 | - | - | - | 125,831 |
| Total comprehensive income | | - | - | - | 125,831 | - | - | 1,541,071 | 1,666,902 |
| Capital invested and decreased by the shareholder | | | | | | | | | |
| Disposal of subsidiary | | - | 4,501,169 | - | - | 57,799 | - | 520,190 | 5,079,158 |
| Share-based payment included in shareholders' equity | IV (40). IV (41) | - | 234,702 | - | - | - | - | - | 234,702 |
| Stock repurchase | IV (41) | - | - | (899,961) | - | - | - | - | (899,961) |
| Profit distribution | | | | | | | | | |
| Accrual of surplus reserves | IV (43) | - | - | - | - | 154,107 | - | (154,107) | - |
| Accrual of general risk reserves | IV (44) | - | - | - | - | - | 38,699 | (38,699) | - |
| Distribution to shareholders | IV (44) | - | - | - | - | - | - | (1,110,364) | (1,110,364) |
| Others | | - | - | - | - | - | - | 8,066 | 8,066 |
| | | | | | | | | | |
| Ending balance on December 31, 2019 | | 9,310,040 | 37,150,905 | (1,899,961) | (618,037) | 1,748,672 | 38,699 | 8,257,969 | 53,988,287 |

## Company Statement of Changes in Shareholders' Equity in 2020 (Continued)

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

| Items | Note | Issued capital | Capital reserve | Minus: treasury stock | Other comprehensive income | Surplus reserve | General risk reserves | Undistributed profits | Total shareholders' equities |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| Ending balance on December 31, 2019 | | 9,310,040 | 37,150,905 | (1,899,961) | (618,037) | 1,748,672 | 38,699 | 8,257,969 | 53,988,287 |
| Change of accounting policy | II (31) | - | - | - | - | (21,873) | - | (196,851) | (218,724) |
| Beginning balance on January 01, 2020 | | 9,310,040 | 37,150,905 | (1,899,961) | (618,037) | 1,726,799 | 38,699 | 8,061,118 | 53,769,563 |
| | | | | | | | | | |
| Increase/decrease change in 2020 | | | | | | | | | |
| Total comprehensive income | | | | | | | | | |
| Net profit | | - | - | - | - | - | - | 829,576 | 829,576 |
| Other comprehensive income | | - | - | - | (476,229) | - | - | - | (476,229) |
| Total comprehensive income | | - | - | - | (476,229) | - | - | 829,576 | 353,347 |
| Capital invested and decreased by the shareholder | | | | | | | | | |
| Share-based payment | IV (40). IV (41) | - | (58,368) | 301,093 | - | - | - | - | 242,725 |
| Stock repurchase | IV (41) | - | - | (707,032) | - | - | - | - | (707,032) |
| Profit distribution | | | | | | | | | |
| Accrual of surplus reserves | IV (43) | - | - | - | - | 82,958 | - | (82,958) | - |
| Accrual of general risk reserves | IV (44) | - | - | - | - | - | 97,966 | (97,966) | - |
| Distribution to shareholders | IV (44) | - | - | - | - | - | - | (457,878) | (457,878) |
| | | | | | | | | | |
| Ending balance on December 31, 2020 | | 9,310,040 | 37,092,537 | (2,305,900) | (1,094,266) | 1,809,757 | 136,665 | 8,251,892 | 53,200,725 |

Notes to financial statements are components of the financial statement.

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

# 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 Suning Domestic Appliance (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 2nd Extraordinary Shareholders' Meeting in 2005, the company was renamed Suning Appliance Co., Ltd. According to the resolution of the 1st Extraordinary Shareholders' Meeting in 2013, the company was renamed Suning Commerce Group Co., Ltd. According to the resolution of the 2nd 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 headquarters 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 additional paid-in capital. After this increase, the total issued capital was changed to RMB 186,320,000.

Upon the approval of the 2nd Extraordinary Shareholders' Meeting in 2005 held on September 29, 2005, Suning increased its issued capital by RMB 149,056,000 from additional paid-in capital. 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 2nd Extraordinary Shareholders' Meeting in 2006 held on September 13, 2006, Suning increased its issued capital by RMB 360,376,000 from additional paid-in capital. 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 additional paid-in capital. 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 additional paid-in capital. 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 additional paid-in capital. After the dividend distribution and increase of issued capital from additional paid-in capital, 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 06, 2010, Suning increased its issued capital by RMB 2,332,070,622 from additional paid-in capital. 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 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. On December 31, 2019, the accumulative amount of newly added repurchased treasury stock was about RMB 1.31 billion. On August 06, 2020, Suning's share repurchase plan has been fully implemented, and the newly added repurchased treasury stock was about RMB 707 million.

Suning and its subsidiaries (hereinafter referred to as "Suning") are mainly engaged in the chain sales and services of household appliances, electronic products, office equipment, communication products and accessories, the sales of air conditioning accessories, the installation and maintenance of refrigeration and air conditioning equipment and household appliances, the development, sales and system integration of computer software, and the chain sales of general merchandise, bicycles, electric mopeds, motorcycles and automobiles, industrial investment, venue leasing, counter leasing, domestic commodity exhibition services, corporate image planning, economic information consulting services, talent training, business agent, warehousing, sales of microcomputer accessories and software, installation and maintenance of microcomputers, recycling and sales of waste materials, sales of musical instruments, sales of craft gifts and souvenirs, domestic trade, agency of all businesses entrusted by China Mobile, China Telecom and China Unicom, resale business of China Mobile, freight transportation agency, warehousing, loading and unloading, etc., as well as e-commerce, insurance sales, logistics, real estate development and sales, retail and wholesale of all kinds of commodities (including food, agricultural and sideline products, daily necessities, needle textiles, home appliances, jewelry, motorcycles, class I medical devices and some class II medical devices, and related supporting services.

The subsidiaries newly incorporated in the scope of consolidation in this year mainly includes Shenzhen Yunwang Wandian Technology Co., Ltd., and for details, please refer to Note V (2), and for the subsidiaries not incorporated in the scope of consolidation in this year, please refer to Note V (1).

The financial statement was approved and reported by board of directors of Suning on April 23, 2021.

## 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 (22)), deferred income tax assets and deferred tax liabilities (Note II (24)), etc.

See Note II (30) for the key judgments used by Suning in determining important accounting policies, as well as important accounting estimates and critical assumptions.

### (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*.

II Significant Accounting Policies and Accounting Estimate (continued)

(1) Basis for the formulation of financial statements (continued)

The consolidated net loss of Suning was RMB 5.358 billion for the year 2020. As of December 31, 2020, the current liabilities of Suning exceeded the current assets by RMB 17.118 billion. The current liabilities cover short-term loans, long-term loans due within 1 year, and bonds payable to be paid within 1 year, the balance of which was RMB 40.276 billion in total. As of December 31, 2020, the balance of cash and cash equivalents of Suning was RMB 11.564 billion, and the balance of restricted monetary funds treated as pledge for long- and short-term loans was RMB 9.757 billion.

In 2020, Suning failed to meet the financial index requirements stipulated in some loan contracts and did not obtain the prior consent from relevant lending banks as agreed in the loan contracts for a certain business arrangement, which constituted Suning's failure to fulfill some agreed terms specified in the loan agreement, and triggered default and cross-default terms in other loan contracts signed with the banks (hereinafter collectively referred to as "Default"). Because of such defaults, relevant banks and other financial institutions would have the right to require Suning to repay all principal of relevant loans in advance, together with their interests. As of December 31, 2020, the balance of the principal and interest for these loans was RMB 11.237 billion, including RMB 3.074 billion for the principal and interest of short-term loans and long-term loans due within 1 year, and RMB 8.163 billion for the principal of long-term loans due after December 31, 2021 as agreed in the original contract (reclassified as long-term loans due within 1 year). Up to the reporting date of this financial statement, as for RMB 10.128 billion of the long- and short-term loans, Suning has obtained written exemption from relevant banks for defaults after the balance sheet date, of which, the written exemption for RMB 3.1 billion of bank loans is conditional.

In view of the above conditions, the board of directors of Suning has carefully considered the future working capital, operating conditions and available financing sources in evaluating the going-concern ability of Suning. Suning has formulated the following plans and measures to reduce the pressure on the operating funds and improve the financial situation:

(i) Suning has actively communicated with relevant banks to explain and clarify the causes for relevant defaults, and obtained exemption or conditional exemption for the defaults from most banks in April 2021. As of the reporting date of this financial statement, relevant banks have not required Suning to repay relevant loans immediately. The management believes that Suning can meet the exemption conditions of relevant banks and continuously meet the requirements of financial indicators stipulated in the loan agreement in the foreseeable future; Based on the good long-term business relationship between Suning and major cooperative banks and financial institutions, Suning is confident that it can continue to obtain

necessary credit lines from relevant banks and financial institutions, and renew the existing loans as necessary. Up to the reporting date of this financial statement, Suning has renewed the loans or obtained new loans with a total of about RMB 10.24 billion in 2021;

(ii) The board of directors of Suning believes that, in light of its good credit rating, Suning would be able to perform external financing by issuing MTN in the next 12 months, if necessary.

II Significant Accounting Policies and Accounting Estimate (continued)

(1) Basis for the formulation of financial statements (continued)

(iii) In December 2020, Suning announced that its subsidiary, Shenzhen Yunwang Wandian Technology Co., Ltd., would introduce strategic investors to increase capital and shares ("the transaction introducing strategic investors"), which is expected to be completed in 2021 with the cash inflow of Suning increased accordingly. Up to the reporting date of this financial statement, Suning has received RMB 1.4 billion of relevant funds in 2021.

(iv) In March 2021, Suning announced its participation in the investment and establishment of Zhuhai Puyi Logistics Industry Investment Partnership (Limited Partnership) (the "Partnership"). According to the arrangement in the equity transfer agreement and cooperation framework agreement signed between Suning and the Partnership in March and April, 2021, Suning planned to transfer the equity of several subsidiaries of logistics real estate projects to the Partnership ("the transaction disposing of subsidiaries"). The transaction disposing of subsidiaries is expected to be completed in 2021 with the cash inflow of Suning increased accordingly. Up to the reporting date of this financial statement, Suning has received RMB 4.1 billion of relevant funds in 2021.

(v) Suning would take positive measures to continuously promote business growth, accelerate capital return and inventory turnover, and revitalize existing stock assets; and meanwhile, costs and expenses would be controlled, and operating cash flow would be improved.

The board of directors has reviewed the cash flow forecast of Suning prepared by the management for a period of not less than 12 months from December 31, 2020. The cash flow forecast is based on the management's judgments and assumptions of some future events, which could be realized on the basis of the successful implementation of a series of planned and on-going plans and measures. Such plans and measures include (1) Suning is able to meet the exemption conditions of the relevant banks and will continue to meet the financial index requirements set forth in the loan agreements in the foreseeable future; (2) Suning would continue to meet the financing conditions of existing banks, and have the loans renewed and new loan as required; (3) Suning would perform external financing by issuing MTN, if necessary; (4) the transactions introducing strategic investors and disposing of subsidiaries would be completed in time with related payments received; and (5) the measures taken by Suning to improve the operating cash flow can be implemented smoothly. Taking full consideration of the above measures being or planned to be implemented by Suning, the board of directors believes that, Suning would be able to obtain sufficient funds to pay its operating expenditure and debts due within the next 12 months from December 31, 2020. Therefore, according to the board of directors, it is appropriate to prepare the financial statements on the basis of going concern.

II Significant Accounting Policies and Accounting Estimate (continued)

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

The financial statements in 2020 of Suning conform to the requirements of Accounting Standards for Business Enterprises, which truly and completely shows the Company's consolidated and company financial situations on December 31, 2020, as well as consolidated and company operating results, cash flow and other related information in 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 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 merger

(a) Enterprise merger under common control

The merger consideration paid and net assets acquired by Suning 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 Suning, 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 enterprise merger 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 enterprise merger shall be included in the initial recognition amount of equity securities or debt securities.

(b) Enterprise merger under different common control

The combined cost incurred by Suning and the identifiable net assets obtained in the combination shall be measured at the fair value on the acquisition date. The difference between the merger cost and the acquiree's fair value share in the identifiable net assets obtained on the acquisition date is recognized in the merger as goodwill; the difference between the merger 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 enterprise merger 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 enterprise merger shall be included in the initial recognition amount of equity securities or debt securities.

II Significant Accounting Policies and Accounting Estimate (continued)

(5) Enterprise merger (continued)

(b) Enterprise merger under the Different Control (continued)

For an enterprise merger not under the common control that is realized by several transactions, in the consolidated financial statements, the equity of the acquiree obtained before the acquisition date is remeasured as per the fair value of the equity on the acquisition date. If the equity method is involved in calculating the equity of the acquiree obtained before the acquisition date, the difference between its fair value and book value is included in the current investment income. If other comprehensive income and other owners' equity (excluding net gain or loss, other comprehensive income, and profit) calculated by the equity method change, the related changes in other comprehensive income and other owners' equity shall be transferred to the current gain or loss at the acquisition date, except for other comprehensive income generated from re-measurement of net liabilities or net assets of defined benefit plans by investee, and from changes in the accumulated fair value of non-tradable equity instrument investments classified as measured at fair value and held by the investee, the changes of which are included in other comprehensive income. The equity of the acquiree obtained before the acquisition date and classified as financial assets measured at fair value with changes included in current gain or loss, the difference between its fair value and book value is transferred to the current investment income calculated by the cost method. The equity of the acquiree obtained before the acquisition date and classified as non-tradable equity instrument investment measured at fair value with changes included in other comprehensive income, the accumulated fair value changes originally included in other comprehensive income are directly transferred to the retained earnings. The goodwill refers to the difference between the sum of the fair value of original shares held on acquisition date and the fair value of valuable consideration, and the fair value share in the subsidiary's identifiable net assets obtained.

(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 (capital stock premium) is insufficient to write down, adjust the retained earnings.

II Significant Accounting Policies and Accounting Estimate (continued)

(5) Enterprise merger (continued)

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

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 enterprise merger under the same control, they shall be included in the merger 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 merger 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. If the current losses shared by the minority of the subsidiary exceed the share in the owner's equity vested in the minority of this subsidiary, the equity of the minority shareholders shall be offset by its balance. The unrealized internal transaction gains 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 Company shall be distributed and offset between the net profit attributable to shareholders of the parent company and the gain or loss for 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 gains 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.

II Significant Accounting Policies and Accounting Estimate (continued)

(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 fluctuation on cash will be shown as individual item 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 translation difference in the foreign currency statements arising therefrom is 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 equity 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 gain and loss.

II Significant Accounting Policies and Accounting Estimate (continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

(i) Classification and measurement (continued)

Financial assets are measured at fair value during initial recognition For financial assets measured at fair value with their changes accounted into current gain or loss, relevant transaction expenses are accounted into current gain or loss directly; for other financial assets, relevant costs are accounted into initially recognized amount. For accounts receivable 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 accounts receivable 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.

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.

II Significant Accounting Policies and Accounting Estimate (continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

(i) Classification and measurement (continued)

Debt instrument (continued)

Measured at fair value and changes are recorded into the current gain or loss:

The held debt instruments that are not measured at amortized cost 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. 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 financial assets, and the rest shall be listed as trading 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.

(ii) Impairment

For financial assets measured at amortized cost, debt instrument investments and contract assets 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 recognize 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 recognition, it is in the first stage, and Suning will measure the loss reserves according to the expected credit loss in the next 12 months. If the credit risk of financial instruments has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second stage, and Suning will measure the loss reserves 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 recognition, it is in the third stage, and Suning will measure the loss reserves according to the expected credit loss of this instrument in the whole duration.

II Significant Accounting Policies and Accounting Estimate (continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

(ii) Impairment (continued)

For financial instruments with low credit risk on the balance sheet date, Suning assumes that the credit risk has not increased significantly since the initial recognition, and measures the loss reserves 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 reserves 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 accrual of impairment reserves and the actual interest rate.

For notes receivable, accounts receivable, accounts receivable financing, and contract asset from daily business activities such as selling goods and providing services, regardless of whether there is any significant financing component, Suning measured the reserves for losses according to the expected credit loss in the whole duration.

When single financial asset is unable to assess the expected credit loss information at reasonable cost, Suning divides the accounts receivable 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 | Banker's 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 accounts receivable financing formed by daily business activities such as sales of commodities 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 accounts receivable 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 loss reserves accrued 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 gain into the current gain or loss.

II Significant Accounting Policies and Accounting Estimate (continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

(iii) Derecognition

The financial assets satisfying any of the following requirements will be derecognized: (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 gain 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, financial liabilities or obligations discharged shall be derecognized by Suning. The difference between the book value which is distributed to the part derecognized and the considerations paid is accounted into current gain 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.

II Significant Accounting Policies and Accounting Estimate (continued)

(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. Profits 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 numbers 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:

- 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.

II Significant Accounting Policies and Accounting Estimate (continued)

(9) Financial instruments (continued)

(d) Derivative financial instruments and hedge accounting (continued)

Cash flow hedging (continued)

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.

II Significant Accounting Policies and Accounting Estimate (continued)

(10) Inventory

(a) Category

Inventory includes inventory commodities, 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 commodities 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 accrual methods for inventory falling price reserves

Inventory falling price reserves are accrued 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 amortization 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 associated enterprise.

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 associated 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.

II Significant Accounting Policies and Accounting Estimate (continued)

(11) Long-term equity investment (continued)

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

The long-term equity investment formed 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 enterprise merger: 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.

(b) Subsequent measurement and gain 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 recognized, 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 gain 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. If the accounting policies and accounting periods adopted by the investee are different from those adopted by Suning, an adjustment is made to the financial statements of the investee in accordance with the accounting policies and accounting periods of Suning and investment income, and base on this, other comprehensive income is recognized.

II Significant Accounting Policies and Accounting Estimate (continued)

(11) Long-term equity investment (continued)

(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 property 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 property 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 property 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 property shall be reviewed and appropriately adjusted at the end of each year.

When the use of investment property is changed into self-use, from the day of change, the investment property 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 property. When there is conversion, the book value before the conversion will be regarded as the entry value after the conversion.

II Significant Accounting Policies and Accounting Estimate (continued)

(12) Investment property (continued)

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

When the recoverable amount of investment property 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 entry value. For fixed assets with accrued impairment reserves, 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:

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

II Significant Accounting Policies and Accounting Estimate (continued)

(13) Fixed assets (continued)

(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)).

(d) Fixed assets disposal

When fixed assets are disposed or economic benefits cannot be produced due to projected use or disposal, fixed assets is derecognized. The disposal income obtained from selling, transferring, scrapping or damaging the fixed assets shall be included in the current gain 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 accrue 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 gains 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.

II Significant Accounting Policies and Accounting Estimate (continued)

(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 enterprise 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.

II Significant Accounting Policies and Accounting Estimate (continued)

(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 gain and loss from the starting; The development expenditures that have been included into gains 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 and reserve of asset impairment.

II Significant Accounting Policies and Accounting Estimate (continued)

(18) Long-term asset impairment

Fixed assets, construction in progress, intangible assets with limited useful life, long-term unamortized expense, investment property 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 accrue asset impairment reserves according to the difference between the recoverable amount and book value and include it in asset 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 enterprise merger 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 book 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 recognized, don't transfer back 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, employee welfare expenses, medical insurance expense, industrial injury insurance expense, birth insurance expense, 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.

II Significant Accounting Policies and Accounting Estimate (continued)

(19) Employee compensation (continued)

(b) Post-dismission 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, which belongs to defined contribution plan.

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 expenses 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 Suning'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 gain or loss or relevant asset cost.

(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.

II Significant Accounting Policies and Accounting Estimate (continued)

(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 recognized.

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) 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.

For the consideration payable to clients, Suning considers whether it can obtain clearly distinguishable commodities from clients. If it does not obtain clearly distinguishable commodities, Suning will pay the consideration payable to clients to offset the relevant transaction price, and offset the current revenue at the later date of the recognition of the relevant revenue and the payment of the client consideration; if clearly distinguishable

commodities are obtained, Suning will carry out accounting treatment in accordance with the method consistent with other purchasing activities. Suning judges whether it is the principal or agent when providing commodities or services according to whether it has the control over the commodities or services before transferring them to clients. If Suning can control the commodities or services before transferring the commodities or services to clients, it is the principle, and the revenue is recognized according to the total consideration received or receivable; otherwise, Suning is an agent, and the revenue is recognized according to the expected amount of commission or handling charge.

(a) Sale of commodities

Suning is engaged in the retail business of commodities and recognize the revenue when customers receive the commodities. Customers have the right to return the commodities within 7 days after receiving the commodities. Based on the historical selling experience and data of commodities, Suning determines the estimated amount of sales return according to the expected value method, and offsets the revenue. 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.

II Significant Accounting Policies and Accounting Estimate (continued)

(22) Revenue (continued)

(a) Sale of commodities (continued)

Suning implements the reward point plan, and the reward points obtained by customers for purchasing commodities can be used to reduce the purchase price when purchasing commodities in the next 12 months. According to the relative ratio of the individual selling prices of commodities sold and reward points, Suning distributes the payment for commodities between the sales revenue of commodities and reward points, and the part related to reward points is recognized as a contract liability first, and is carried forward to be included in the revenue when customers exchange reward points or reward points are invalid.

(b) Sales of real estate

Revenue from sales of real estate development products shall be recognized as the sales revenue when the products are accepted by clients.

(c) Provision of labor services

Suning provides transportation, delivery and value-added service, warehousing service, express service, installation and maintenance services, chain store services, information technology services, etc., and recognizes revenue within a certain period according to the progress of completed services, among which the progress of completed services is determined according to the proportion of the incurred costs to the estimated total costs. On the balance sheet date, Suning will carry out re-estimation for the progress of completed services to reflect the changes in performance.

When Suning recognizes revenue according to the progress of completed services, the part for which Suning has obtained unconditional collection right is recognized as the receivables, and the rest is recognized as contract assets, and the loss reserves are recognized for the receivables and contract assets based on expected credit loss (Note II (9)); if the contract price received or receivable by Suning exceeds the completed service, the excess shall be recognized as the contract liability. Suning's contract assets and contract liabilities under the same contract are listed as net amount.

Contract cost includes fulfillment cost. The costs of Suning for providing services are recognized as fulfillment costs, and when being recognized, such the revenues have carried forward to be included in the main business costs according to the progress of completed services. On the balance sheet date, Suning lists the fulfillment costs as inventories and other non-current assets by judging whether the amortization period at the time of initial recognition exceeds one year and based on the net amount after deducting the impairment reserves of related assets.

II Significant Accounting Policies and Accounting Estimate (continued)

(23) 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.

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.

(24) Deferred income tax assets and liabilities

Deferred income tax assets and deferred 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 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 as unrecognized. On the balance sheet date, the deferred income tax assets and deferred tax liabilities are calculated on the basis of the applicable tax rate in the expected assets recovery or liabilities liquidation period.

II Significant Accounting Policies and Accounting Estimate (continued)

(24) Deferred income tax assets and liabilities (continued)

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 tax liabilities are recognized unless Suning can control the transfer-back 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 transferred back 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 tax liabilities that meet the following conditions simultaneously are listed as net amount after offset:

- The deferred income tax assets and deferred tax liabilities are related to the income tax levied by the same tax collection department on the same tax payer in Suning.
- Within Suning, the tax payer has the legal right to settle the current income tax assets and current income tax liabilities at net amount.

(25) Leased

Finance lease refers to the lease that has actually transfers all risks and rewards related to the assets ownership. Other leases are subject to operating lease.

(a) Operating 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.

For rent reduction and exemption directly caused by the COVID-19 and only before June 30, 2021, Suning chose to adopt a simplified method to include the relief amount during the relief period in the current gain or loss.

(b) Finance lease outlay

The entry value of leased assets is the fair value of leased assets or the present value of minimum lease payment, whichever is lower. The balance between entry value and minimum lease payment of leased assets is deemed as unrecognized finance fees and will be amortized with the effective interest rate method in the lease term. The balance of minimum lease payment and unrecognized finance fees is listed as long-term account payable.

II Significant Accounting Policies and Accounting Estimate (continued)

(25) Lease (continued)

(b) Financial leasing (continued)

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 gain 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.

(26) 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 discontinuing operation as shown in the income statement includes operating income and loss as well as disposal gain and loss.

(27) 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 / implemented 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.

II Significant Accounting Policies and Accounting Estimate (continued)

(28) 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 party transaction costs were listed as treasury stocks.

On the date of share cancellation, Suning carried over relevant issued capital and treasury stocks according to the specific cancellation, and the difference was included in the additional paid-in capital (capital stock 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 according to the specific implementation.

(29) 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 situation, 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.

(30) 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

(i) Inventory falling price reserves

Suning invested a large amount of working capital into the inventory. For the risk of inventory falling price reserves, 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 inventory falling price reserves 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)

(30) Significant accounting estimate and judgment (continued)

(a) Critical judgments in adopting accounting policies (continued)

(ii) 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.

(iii) Judgment for significant increase in credit risk

Suning's main criteria for judging a significant increase in credit risk are significant changes in one or more of the following indicators: debtor's operating environment, internal and external credit ratings, significant changes in actual or expected operating results, significant decline in collateral value or guarantor's credit rating, etc.

Suning's main criteria for judging credit impairment is to meet one or more of the following conditions: debtor’s major financial difficulties, other debt restructuring or possible bankrupt, etc.

(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

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.

II Significant Accounting Policies and Accounting Estimate (continued)

(30) Significant accounting estimate and judgment (continued)

(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 and forward-looking information.

When considering forward-looking information, Suning considered different macroeconomic scenarios. Suning regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of expected credit losses, including the risk of economic downturn, external market environment, technical environment, changes in client conditions, GDP and consumer price index, etc. In 2020, Suning has considered the uncertainty caused by the COVID-19 and updated the relevant assumptions and parameters accordingly. The key macroeconomic parameters used in each scenario are listed as follows:

| | | Economic scenario | | |
|---|---|---|---|---|
| | | Benchmark | Unfavourable | Favorable |
| GDP | 2021 | 8.90% | 7.36% | 9.70% |
| | 2022 and beyond | 5.50% | 4.75% | 5.88% |
| Consumer price index | 2021 and beyond | 1.34% | 0.77% | 1.79% |

II Significant Accounting Policies and Accounting Estimate (continued)

(30) Significant accounting estimate and judgment (continued)

(b) Important accounting estimates and critical assumptions (continued)

(ii) Estimation of individual selling price of reward point plan

As mentioned in Note II (22), Suning implements the reward point plan, which payment for commodities between the sales revenue of commodities and reward points according to the relative ratio of the individual selling prices of commodities sold and reward points. Suning determines its individual selling price according to the published use method of reward points and the expected payment rate of reward points, among which, the expected payment rate of reward points is estimated according to the historical experience of Suning, the mathematical statistics of reward point payment and other factors. On the balance sheet date, Suning adjusts the balance of contract liabilities according to the actual payment situation and expected payment rate of reward points.

(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 including goodwill is the higher one between the net value of the fair value of the asset group and the asset combination minus the disposal expenses and the present value of its expected future cash flow, and it shall be calculated by adopting the accounting estimation (Note IV (19)).

When testing goodwill impairment, Suning uses the present value of the expected future cash flow to determine its recoverable amount. Due to the uncertainty in the development and prevention of COVID-19, the growth rate, gross margin and pre-tax discount rate used in the calculation of the present value of expected future cash flows are also uncertain.

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 reserves for increase in goodwill.

If the management revises the gross margin 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 margin is lower than current gross margin, Suning shall accrue the impairment reserves 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 accrue the impairment reserves 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 reserves for increase in goodwill.

II Significant Accounting Policies and Accounting Estimate (continued)

(30) Significant accounting estimate and judgment (continued)

(b) Important accounting estimates and critical assumptions (continued)

(iii) Accounting estimate for goodwill impairment reserves (continued)

If the actual growth rate and gross margin are higher than or the actual pre-tax discount rate is lower than the estimates of the management, Suning cannot transfer back the originally accrual goodwill impairment loss.

(iv) Impairment of non-current assets except for financial assets (except for goodwill)

On the balance sheet date, Suning will judge whether there is any indication for the impairment of non-current assets except for financial assets. As for the intangible assets with uncertain useful life, the impairment test shall be conducted every year. Other non-current assets other than financial assets shall be tested for impairment when there are signs of impairment. When the book value of an asset or asset group is higher than the recoverable amount, that is, the higher one between the net value of the fair value minus the disposal expenses and the present value of its expected future cash flow, impairment occurs. The net value of the fair value minus the disposal expenses can be determined by the price in the sales agreement or observable market price of similar assets in fair trade minus the incremental cost directly attributed to the asset disposal. When estimating the present value of future cash flow, the management must estimate the expected future cash flow of the asset or asset group and select the appropriate discount rate to determine

(v) Income tax and deferred income tax

Suning pays enterprise income tax in many areas. In normal business 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.

As mentioned in Note III (1), some subsidiaries of Suning are high-tech enterprises. The qualification of a high-tech enterprise is valid for three years, and after the expiration, it is necessary to re-submit the application for high-tech enterprise accreditation to the relevant government departments. According to the historical experience of re-accreditation of high-tech enterprises after expiration in previous years and the actual situation of these subsidiaries, Suning believes that these subsidiaries will continue to obtain the accreditation of high-tech enterprises in the coming years, so their corresponding deferred income tax is calculated according to the preferential tax rate of 15%. In the future, if some subsidiaries fail to obtain re-accreditation after the high-tech enterprise qualification expires, the income tax shall be calculated according to the statutory tax rate of 25%, which will affect the recognized deferred income tax assets, deferred tax liabilities and income tax expenses.

II Significant Accounting Policies and Accounting Estimate (continued)

(30) Significant accounting estimate and judgment (continued)

(b) Important accounting estimates and critical assumptions (continued)

(v) Income tax and deferred income tax (continued)

For deductible temporary differences and deductible losses that can be carried forward to the next year, Suning, subject to the possibility of obtaining future taxable income to offset the temporary difference and the deductible loss, recognizes the corresponding deferred income tax assets arising therefrom. The taxable income obtained in the future period includes the taxable income that Suning can realize through normal production and business activities, and the increased taxable income when the temporary difference in taxable income generated in the previous period is transferred back to the taxable income in the future period. When determining the time and amount of taxable income in the future period, Suning needs to use estimation and judgment. If the actual situation is different from the estimates, it may lead to the adjustment of the book value of deferred income tax assets. The critical assumptions used in the process of predicting future taxable income based on profit forecast mainly include revenue growth rate and gross margin.

(vi) 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.

(31) Change of significant accounting policies

The Ministry of Finance issued the revised *Accounting Standards for Business Enterprises No. 14 - Income* (revised in 2017) (hereinafter referred to as the "New Income Standards") in 2017, and promulgated the *Notice on Printing and Distributing the Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19* (CK [2020] No.10) and the *Question and Answer on the Implementation of Accounting Standards for Business Enterprises* (issued on December 11, 2020). Suning has adopted the above standards, notices and question and answer on the implementation to prepare its 2020 financial statements. The impact on the financial statements of Suning and the Company is set out below:

## II Significant Accounting Policies and Accounting Estimate (continued)

### (31) Changes of significant accounting policy (continued)

#### (a) Income

According to the relevant provisions of the new revenue standards, the cumulative influencing amount of Suning 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.

| The content and reason for change of accounting policy | Report items affected | Amount affected January 01, 2020 | |
|---|---|---|---|
| | | Consolidated | Company |
| After implementation of the new revenue standard, revenues from goods sales were recognized after clients have gained the control over related commodities. | Inventory | 2,314,214 | 2,040,766 |
| | Contract liabilities | (2,643,237) | (2,330,910) |
| | Deferred income tax assets | 82,256 | 72,536 |
| | Surplus reserve | 21,761 | 21,761 |
| | Undistributed profits | 225,006 | 195,847 |
| After implementation of the new revenue standard, revenues from goods transport, delivery as well as express services were recognized not at the service completion time, but within a certain period of time based on the progress of the service completed. | Contract assets | 3,456 | - |
| | Deferred income tax assets | (864) | - |
| | Undistributed profits | (2,592) | - |
| After implementation of the new standard, Suning and the Company distributed the payment for goods from | Contract liabilities | (259,397) | - |
| | Other current liabilities | 259,925 | |

| The content and reason for change of accounting policy | Report items affected | Amount affected January 01, 2020 | |
|---|---|---|---|
| | | Consolidated | Company |
| sales based on the relative proportion of respective selling prices of products sold and reward points, and re-classified the balance of the reward points unused by customers into contract liabilities. | Undistributed profits | (396) | - |
| | Deferred income tax assets | (132) | - |
| After implementation of the new standard, Suning and the Company re-classified the balance after tax of unearned revenue related to commodities sold and providing services into contract liabilities. | Contract liabilities | (6,787,868) | (51,742,017) |
| | Unearned revenue | 6,813,968 | 51,742,017 |
| | Other current liabilities | (26,100) | - |

## II Significant Accounting Policies and Accounting Estimate (continued)

### (31) Changes of significant accounting policy (continued)

#### (a) Revenue (continued)

| | | | |
|---|---|---|---|
| After implementation of the new revenue standard, Suning and the Company reclassified the balance of long-term unamortized expenses related to insurance expenses paid for providing extended warranty services for electrical appliances into other non-current assets and inventories respectively. | Long-term unamortized expenses | (507,274) | (80,882) |
| | Other non-current assets | 463,486 | 80,882 |
| | Inventory | 43,788 | - |
| After implementation of the new standard, Suning and the Company re-classified the unearned revenue related to providing extended warranty services and join service into contract liabilities. | Contract liabilities | (929,620) | (331,113) |
| | Other non-current liabilities | (487,241) | - |
| | Deferred income | 1,416,861 | 331,113 |
| After implementation of the new standard, Suning 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 assets | 52,534 | 50,826 |
| | Other current liabilities | (64,646) | (52,314) |
| | Deferred income tax assets | 3,028 | 372 |
| | Undistributed profits | 8,972 | 1,004 |
| | Surplus reserve | 112 | 112 |

In comparison with the original standard, influences on main items of 2020 financial statement are as follows after implementing the new standard:

| | Amount affected |
|---|---|

Affected balance sheet items

| | December 31, 2020 | |
|---|---|---|
| | Consolidated | Company |
| Inventory | (1,819,190) | (1,729,019) |
| Other current assets | 9,713 | 7,955 |
| Other current liabilities | 110,801 | (7,571) |
| Contract liabilities | (9,922,577) | (73,666,987) |
| Taxes payable | (2,334) | (97) |
| Deferred income tax assets | (65,972) | (61,456) |
| Contract assets | (1,610) | - |
| Long-term unamortized expenses | (510,703) | (22,623) |
| Deferred income | 1,337,862 | 156,946 |
| Other non-current liabilities | (877,787) | - |
| Other non-current assets | 462,474 | 22,623 |
| Accounts received in advance | 11,484,245 | 75,484,888 |
| Undistributed profits | (204,922) | (184,659) |

## II Significant Accounting Policies and Accounting Estimate (continued)

### (31) Changes of significant accounting policy (continued)

#### (a) Revenue (continued)

| Affected income statement items | Amount affected 2020 | |
|---|---|---|
| | Consolidated | Company |
| Operating revenue | 3,101,369 | (1,967,277) |
| Cost of revenues | (174,063) | 1,786,631 |
| Income tax expenses | 68,307 | 61,553 |
| Sales cost | (3,200,535) | (65,566) |

As a result of the implementation of the above revised standards, the amount influenced of shareholders' equity attributable to the parent company in the consolidated financial statements of Suning is about RMB 253 million, of which the surplus reserve is about RMB 21.87 million and the undistributed profit is about RMB 231 million; the amount influenced of related adjustments on shareholders' equity of the Company is about RMB 219 million, of which surplus reserve is about RMB 21.87 million and undistributed profit is about RMB 197 million.

#### (b) Accounting treatment of for rent reduction caused by the Covid-19

Suning and the Company adopted the simplified method in the above notice when preparing the financial statements of 2020 for the rent reduction directly caused by COVID-19, reached with the Lessee and the Lessor respectively and only before June 30, 2021 (Note IV (45), Note IV (51) and Note XVII (5)).

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 | | |
| Enterprise income tax (a) | Taxable income | The enterprise income tax rate was generally 25%. Some subsidiaries can enjoy the preferential enterprise income tax rate:<br><br>Impose enterprise income tax at a reduced rate of 15% for encouraged enterprises in the western area;<br><br>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 less 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%.<br><br>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 amount payable as per taxable sales amount or taxable service amount multiplied by the applicable tax rate, then deduct the deductible input tax) | Household appliances sales: VAT rate for small-scale taxpayers is 3%, and VAT rate for general taxpayers is 13%;<br><br>Transportation services: VAT rate for general taxpayers is 9%;<br><br>Real estate sales: VAT rate for general taxpayers is 9%; VAT rate for real estate old projects self-developed by real estate development enterprises is 5%;<br><br>Financial services: VAT rate for general taxpayers is 6%;<br><br>Mobile communication resale business includes: basic telecommunication services, the VAT rate for general taxpayers is 9%; value-added telecommunication services, the VAT rate for general taxpayers is simple 6%;<br><br>Tangible movable property leasing services: VAT rate for general taxpayers is 13%; |

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 amount payable as per taxable sales amount or taxable service amount multiplied by the applicable tax rate, then deduct the deductible input tax) | 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 9%; 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%;<br><br>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%;<br><br>The VAT rate for small-scale taxpayers of the above taxable services is 3%. |
| Land VAT | Value-added part of real estate | Levy four-level extra progressive tax rate (30% - 60%) according to the VAT rate of real estate. |
| Urban | VAT and | Tax rate of 7% in urban area; |

| | | |
|---|---|---|
| maintenance and construction tax | consumption tax paid | Tax rate of 5% in county or town;<br>Tax rate of 1% for those not in the above three areas; |
| Educational surcharge | VAT and consumption tax paid | 3% |
| Local educational surcharge | VAT and consumption tax paid | 2% |
| Consumption tax | Sales amount of taxable consumer goods excluding VAT | The retail tax rate of gold, silver and platinum jewelry and diamonds and diamond jewelry is 5%. |

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): | | |
| House property tax | Original value of property or rental revenue | Taxation based on price: calculated and paid according to the residual value of the original value of the property after deducting 10% to 30% at one time, with a tax rate of 1.2% (a certain ratio of 10% to 30% needs to be deducted);<br><br>Taxation based on rental revenue: calculated and paid according to the rental income of property, with the tax rate of 12%. |
| Urban land use tax | Actual occupied floor area | Fixed tax rate applicable to regional difference |
| Construction expenses for cultural undertakings | Accrual sales amount (that is, the balance after all the tax-included price and additional expenses obtained by the obligor for providing advertising services | 3% |

deducts the tax-included advertising fees paid to other advertising companies or advertisers)

III Taxes (Continued)

(1) The main tax types applicable to Suning and their tax rates are shown as below (continued):

(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.Com Sales Co., Ltd. is 13%; since April 1, 2019, the VAT rate applicable to the transportation service revenue of Suning's subsidiary Jiangsu Suning Logistics Co., Ltd. is 9%; since April 1, 2019, the VAT rate applicable to the basic telecommunication service revenue of Suning's subsidiary Beijing Suning.Com Sales Co., Ltd., Nanjing Suning Mobile Branch and other Internet subsidiaries is 9%; 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%; 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%.

| 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. |

| | | |
|---|---|---|
| US enterprise income tax | Profits in US | Federal tax: paid according to the tax rate corresponding to the calculated taxable income.<br><br>California tax: 8.84% |

III Taxes (Continued)

(2) Tax preference and approvals

(a) 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*.

As of December 31, 2020, the original reply obtained by some subsidiaries of Suning is still valid, and has been recognized by the relevant local development and reform commission and approved by the tax authorities to enjoy the preferential tax policy of China Western Development and pay enterprise income tax at a reduced rate of 15%.

(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 productive service enterprises, Jiangsu Suning.Com E-commerce Co., Ltd., Jiangsu Suning Logistics Co., Ltd. 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.

(c) According to the relevant provisions of the *Announcement on Tax and Fee Support Policies for Film and Other Industries* issued by the Ministry of Finance and State Administration of Taxation (Announcement of the Ministry of Finance and the State Administration of Taxation [2020] No. 25), the construction fee for cultural undertakings will be exempted from January 1, 2020 to December 31, 2020.

## IV Notes to Items of Consolidated Financial Statement

### (1) Monetary fund

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Cash on hand | 25,403 | 55,725 |
| Bank deposits | 11,232,633 | 17,384,372 |
| Other monetary fund | 14,620,296 | 16,462,118 |
| Interests receivable | 92,962 | - |
| | 25,971,294 | 33,902,215 |
| Minus: Loss reserve | (83,543) | - |
| | 25,887,751 | 33,902,215 |
| Including: amount of the deposit abroad | 7,342,630 | 9,745,495 |

On December 31, 2020, Suning pledged about RMB 4.365 billion (December 31, 2019: about RMB 7.806 billion) of other monetary funds to banks for issuing banker's acceptance bill (Note IV (25)), and pledged about RMB 9.532 billion of bank time deposits and security deposit to banks as collateral for short-term loans (Note IV (24)) (December 31, 2019: about RMB 7.898 billion).

On December 31, 2020, about RMB 65.64 million (December 31, 2019: about RMB 145 million) of Suning's other monetary funds was used as the guarantee deposit, and about RMB 78.18 million was pledged to the bank as the guarantee for about RMB 2.794 billion of long-term loans due within one year (Note IV (34)(a), RMB 127 million is the L/C deposit (Note IV)(24)) (December 31, 2019: RMB 98 million), and no forward foreign exchange deposit this year (December 31, 2019: about RMB 17.5 million), about

RMB 19.32 million (December 31, 2019: about RMB 16.66 million) was pledged to the Bank as the guarantee for about RMB 704 million of long-term loans due within one year (December 31, 2019: long-term loan of RMB 722 million)(Note IV (34)(b)).

On December 31, 2020, the in-transit payment for other monetary funds (including inter-bank transaction of bank cards) was about RMB 190 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 200 million (December 31, 2019: RMB 350 million) (Note VIII (8)).

## IV Notes to Items of Consolidated Financial Statement (continued)

### (2) Trading financial assets

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Financial products | 3,514,285 | 6,075,901 |
| Trading equity instrument investment | 81,560 | 3,045,436 |
| Designated as financial asset measured at fair value with their changes included in the current gain or loss | 12,303,803 | 2,848,671 |
| | 15,899,648 | 11,970,008 |

On December 31, 2020, RMB 100 million of structured deposits in Suning's wealth management products were pledged to banks as collateral for short-term loans (Note IV (24) (December 31, 2019: none).

IV Notes to Items of Consolidated Financial Statement (continued)

(3) Notes receivable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Commercial acceptance bill | 1,721,371 | 4,701,390 |
| Minus: bad debt reserves | (24,822) | (41,024) |
| | 1,696,549 | 4,660,366 |

(a) On December 31, 2020, the endorsed or discounted but not yet due notes receivable were as follows:

| | Derecognized | Not derecognized |
|---|---|---|
| Commercial acceptance bill | - | 1,233,308 |
| Banker's acceptance bill | 15,429 | - |
| | 15,429 | 1,233,308 |

(b) Bad debt reserves

Notes receivable of Suning were generated from daily business activities such as selling commodities and providing services, regardless of whether there was any significant financing component, the loss reserves were measured according to the expected credit loss in the whole duration.

(i) The analysis of notes receivable with comprehensively accrued bad debt

reserves was as follows:

On December 31, 2020, Suning measured the reserves for bad debt according to the expected credit loss in the whole duration, with the relevant amount of about RMB 24.82 million (on December 31, 2019, about RMB 41.02 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 reserves for bad debt accrued in this year was about RMB 24.82 million, of which the amount of reserves for bad debt transferred back or recovered was about RMB 41.02 million, and the corresponding book balance was about RMB 4.701 billion. Major amounts recovered or transferred back are listed as follows:

| | | Reason for transferred back or recovered | Basis and rationality for recognizing original bad debt reserves | Amount for transferred back or recovered | Recovery method |
|---|---|---|---|---|---|
| Notes client | receivable-A | Due payment of notes | Expected bad debt reserves for credit loss according to the whole duration | 41,024 | Cash collection/endorsement from third party |

IV Notes to Items of Consolidated Financial Statement (continued)

(4) Accounts receivable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Accounts receivable | 8,369,678 | 7,576,813 |
| Minus: bad debt reserves | (673,229) | (382,349) |
| | 7,696,449 | 7,194,464 |

(a) Analysis on accounts receivable age is as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Within 1 year | 7,599,895 | 7,139,205 |
| 1 to 2 year(s) | 556,282 | 243,429 |
| 2 to 3 years | 110,906 | 139,231 |
| 3 to 4 years | 63,083 | 39,327 |
| 4 to 5 years | 26,859 | 8,834 |
| More than 5 years | 12,653 | 6,787 |
| | 8,369,678 | 7,576,813 |

(b) On December 31, 2020, the gathered accounts receivable based on debt party with top five balances were summarized and analyzed as follows:

| | Balance | Amount of bad debt reserves | Proportion in total balance of accounts receivable |
|---|---|---|---|
| Total accounts receivable with the top five balances | 2,119,579 | (75,465) | 25.32% |

(c) No accounts receivable derecognized due to the transfer of financial assets in 2020

(d) Bad debt reserves

For accounts receivable, regardless of whether there is any significant financing component, Suning shall measure the loss reserves according to the expected credit loss in the whole duration. On December 31, 2020, the franchise fee receivable from A company is about RMB 152 million (December 31, 2019: about RMB 173 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 reserve for bad debts was fully accrued. The receivable from Company B is about RMB 177 million (December 31, 2019: about RMB 212 million), Since Company B stopped operating in 2020, Suning thinks that the receivable is difficult to be recovered, so the bad debt reserve is fully accrued.

IV Notes to Items of Consolidated Financial Statement (continued)

(4) Accounts receivable (continued)

(d) Bad debt reserves (continued)

(i) Accounts receivable whose bad debt reserves are accrued comprehensively are analyzed as follows:

Portfolio - Clients based on aging classification

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Book balance | Bad debt reserves | | Book balance | Bad debt reserves | |
| | Amount | Expected credit loss rate in the whole duration | Amount | Amount | Expected credit loss rate in the whole duration | Amount |
| Within 1 year | 7,347,800 | 2.40% | (176,603) | 7,109,552 | 1.23% | (87,211) |
| 1 to 2 year(s) | 534,449 | 13.84% | (73,956) | 210,066 | 18.06% | (37,943) |
| 2 to 3 years | 94,291 | 37.50% | (35,362) | 62,262 | 100% | (62,262) |
| 3 to 4 years | 38,957 | 85.03% | (33,127) | 12,532 | 100% | (12,532) |
| More than 4 years | 14,274 | 100% | (14,274) | 4,044 | 100% | (4,044) |
| More than 5 years | 11,248 | 100% | (11,248) | 5,686 | 100% | (5,686) |
| | 8,041,019 | | (344,570) | 7,404,142 | | (209,678) |

(ii) The amount of reserves for bad debt accrued in this year was about RMB 316 million (2019: about RMB 69.03 million), and there was no significant transferred back or recovered amount.

(iii) The book balance of accounts receivable actually write-off in this year was about RMB 13.27 million (2019: about RMB 32.93 million), and there was no significant write-off of accounts receivable.

(5) Prepayment

(a) Analysis on prepayment by age is as follows:

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Amount | Proportion in total | Amount | Proportion in total |
| Within 1 year | 24,324,798 | 98% | 26,988,913 | 100% |
| More than 1 year | 461,926 | 2% | - | - |
| | 24,786,724 | 100% | 26,988,913 | 100% |

(b) On December 31, 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 | 6,507,968 | 26% |

IV Notes to Items of Consolidated Financial Statement (continued)

(6) Other accounts receivable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Return of information service expenses receivable | 402,428 | 417,912 |
| Bond and deposit | 206,653 | 256,055 |
| Transaction payment of franchisees | 196,770 | 161,647 |
| Amounts receivable for disposal of financial products | 125,658 | 12,750 |
| Equity transfer fund receivable | 101,784 | 251,685 |
| Bank deposit and time deposit interest | - | 220,111 |
| Prepaid utilities receivable | 54,524 | 114,357 |
| Employee loans | 33,532 | 23,973 |
| Third-party funds with repayment guarantee | 7,575 | 7,575 |
| Dividends receivable | 1,512 | 103,172 |
| Others | 319,569 | 236,244 |
| | 1,450,005 | 1,805,481 |
| Minus: bad debt reserves | (208,142) | (203,633) |
| | 1,241,863 | 1,601,848 |

(a) Analysis on other accounts receivable age is as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Within 1 year | 1,107,249 | 1,471,436 |
| 1 to 2 year(s) | 125,849 | 192,040 |
| 2 to 3 years | 129,236 | 51,545 |
| More than 3 years | 87,671 | 90,460 |
| | 1,450,005 | 1,805,481 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (6) Other accounts receivable (continued)

#### (b) Statement of loss reserves and changes in book balance:

| | Phase I | | | | | Phase II: | | Phase III | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Expected credit loss in the next 12 months (portfolio) | | Expected credit loss in the next 12 months (single) | | Subtotal | Expected credit loss in the whole duration (with credit impairment) | | Expected credit loss in the whole duration (with credit impairment) (portfolio) | | Expected credit loss in the whole duration (with credit impairment) (single) | | Subtotal | Total |
| | Book balance | Bad debt reserves | Book balance | Bad debt reserves | Bad debt reserves | Book balance | Bad debt reserves | Book balance | Bad debt reserves | Book balance | Bad debt reserves | Bad debt reserves | Bad debt reserves |
| December 31, 2019 | 746,876 | (87,683) | 943,948 | (1,293) | (88,976) | - | - | - | - | 114,657 | (114,657) | (114,657) | (203,633) |
| New payment of this year | 143,626 | (29,008) | 529,597 | (85) | (29,093) | - | (9,856) | - | (6,378) | - | - | (6,378) | (45,327) |
| Decreased payment of this year | (80,288) | 35,061 | (943,947) | 1,293 | 36,354 | - | - | - | - | (4,464) | 4,464 | 4,464 | 40,818 |
| Including: write-off of this year | (34,953) | 34,953 | - | - | 34,953 | - | - | - | - | - | - | - | 34,953 |
| Transferred back this year | - | - | (943,947) | 1,293 | 1,293 | - | - | - | - | (4,464) | 4,464 | 4,464 | 5,757 |
| Disposal of subsidiary | (45,335) | 108 | - | - | 108 | - | - | - | - | - | - | - | 108 |
| Transferred into Phase III (i) | (45,208) | 38,830 | - | - | 38,830 | - | - | 45,208 | (38,830) | - | - | (38,830) | - |
| Transferred into Phase II (ii) | (120,250) | 13,763 | - | - | 13,763 | 120,250 | (13,763) | - | - | - | - | - | - |
| December 31, 2020 | 644,756 | (29,037) | 529,598 | (85) | (29,122) | 120,250 | (23,619) | 45,208 | (45,208) | 110,193 | (110,193) | (155,401) | (208,142) |

i) As of December 31, 2020, the book balance of other receivables transferred to the third stage is about RMB 45.21 million.

ii) As of December 31, 2020, the book balance of other receivables transferred to the second stage is about RMB 120 million.

## IV Notes to Items of Consolidated Financial Statement (continued)

### (6) Other accounts receivable (continued)

#### (b) Statement of loss reserves and changes in book balance (continued):

(i) Other accounts receivable with individually accrued bad debt reserves on December 31 of 2020 are analyzed as follows:

| | Book balance | Expected credit loss rate in the next 12 months | Bad debt reserves | Reason |
|---|---|---|---|---|
| Phase I | | | | |
| Return of information service expenses receivable | 402,428 | 0.02% | (83) | Low credit risk |
| Amounts receivable for disposal of financial products | 125,658 | - | (2) | Low credit risk |
| Dividends receivable | 1,512 | - | - | Low credit risk |
| | 529,598 | | (85) | |

| | Book balance | Expected credit loss rate in the whole duration | Bad debt reserves | Reason |
|---|---|---|---|---|
| Phase III | | | | |
| Transaction payment receivables of franchisees | 77,456 | 100% | (77,456) | Expected not to be recovered |
| Return of investment receivables | 17,044 | 100% | (17,044) | Expected not to be recovered |
| Deposit for receivables | 10,448 | 100% | (10,448) | Expected not to be recovered |
| Receivables of asset disposal | 5,245 | 100% | (5,245) | Expected not to be recovered |
| | 110,193 | | (110,193) | |

Other accounts receivable with individually accrued bad debt reserves on December 31 of 2019 are analyzed as follows:

| | Book balance | Expected credit loss rate in the next 12 months | Bad debt reserves | Reason |
|---|---|---|---|---|
| Phase I | | | | |
| Interests receivable | 220,111 | - | - | Low credit risk |
| Dividends receivable | 103,172 | 1.13% | (1,165) | Low credit risk |
| Receivables for disposal of equity and financial products | 202,753 | 0.02% | (42) | Low credit risk |
| Return of information service expenses receivable | 417,912 | 0.02% | (86) | Low credit risk |
| | 943,948 | | (1,293) | |

| | 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 | 81,920 | 100% | (81,920) | Expected not to be recovered |
| | 114,657 | | (114,657) | |

IV Notes to Items of Consolidated Financial Statement (continued)

(6) Other accounts receivable (continued)

(b) Statement of loss reserves and changes in book balance (continued):

(ii) Other accounts receivable with comprehensively accrued bad debt reserves on December 31, 2019 and December 31, 2020 are analyzed as follows:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Book balance | Loss reserve | | Book balance | Loss reserve | |
| | Amount | Amount | Accrual proportion % | Amount | Amount | Accrual proportion % |
| Within 1 year | 570,416 | (25,145) | 4% | 471,706 | (6,215) | 1% |
| 1 to 2 year(s) | 74,340 | (3,892) | 5% | 163,024 | (12,990) | 8% |
| 2 to 3 years | 100,400 | (19,720) | 20% | 43,675 | (12,681) | 29% |
| 3 to 4 years | 19,850 | (3,899) | 20% | 33,228 | (20,554) | 62% |
| More than 4 years | 16,723 | (16,723) | 100% | 25,011 | (25,011) | 100% |
| More than 5 years | 28,485 | (28,485) | 100% | 10,232 | (10,232) | 100% |
| | 810,214 | (97,864) | | 746,876 | (87,683) | |

(c) The amount of reserves for bad debt accrued in this year was about RMB 45.33 million (2019: about RMB 117 million), and there was no significant transferred back or recovered amount.

(d) Other receivables actually written off in this year were about RMB 34.95 million (2019: about RMB 79.9 million), and there was no significant write-off of other receivables.

(e) On December 31, 2020, the other gathered accounts receivable based on debt party with top five balances were analyzed as follows:

| | Nature | Balance | Account age | Proportion in total balance of other accounts receivables | Bad debt reserves |
|---|---|---|---|---|---|
| Alibaba East China Co., Ltd. | Return of information service expenses receivable | 402,428 | Within 1 year | 28% | (83) |
| Huatai Financial Holdings (Hong Kong) Limited | Amounts receivable for disposal of financial products | 125,658 | Within 1 year | 9% | (2) |
| Tianjin Jinning Yida Logistics Co., Ltd. | Equity transfer fund receivable | 38,703 | Within 1 year | 3% | (1,770) |
| Hunan Suning Yida Logistics and Storage Investment Co., Ltd. | Equity transfer fund receivable | 33,667 | Within 1 year | 2% | (1,540) |
| Xi'an High-tech Zone Suning Yida Logistics and Storage Investment Co., Ltd. | Equity transfer fund receivable | 21,745 | Within 1 year | 1% | (995) |
| | | 622,201 | | 43% | (4,390) |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (7) Inventory

#### (a) Inventory is categorized as below:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Book balance | Inventory falling price reserves | Book value | Book balance | Inventory falling price reserves | Book value |
| Inventory commodity | 23,963,132 | (561,137) | 23,401,995 | 26,921,356 | (358,213) | 26,563,143 |
| Real estate developmer cost | 620,463 | - | 620,463 | - | - | - |
| Real estate developmer products | 121,269 | - | 121,269 | 130,146 | - | 130,146 |
| Spare parts f installation an maintenance | 59,787 | - | 59,787 | 86,815 | - | 86,815 |
| Fulfillment cost | 48,229 | - | 48,229 | — | — | — |
| | 24,812,880 | (561,137) | 24,251,743 | 27,138,317 | (358,213) | 26,780,104 |

(i) In 2020, the amortization of fulfillment costs included in operating costs was about RMB 12.48 million.

(ii) On December 31, 2020, Suning pledged about RMB 438 million of inventory goods held to the bank as collateral for short-term loans (December 31, 2019: about RMB 68 million) (Note IV (24)).

#### (b) Inventory falling price reserves and contract fulfillment cost impairment reserves are analyzed as follows:

| 2019 December 31 | Accounting policy change | 2020 January 1 | Accrual in current year | Amount charge-off | 2020 December 31 |
|---|---|---|---|---|---|

| | | | | | | |
|---|---|---|---|---|---|---|
| Inventory commodity | (358,213) | — | (358,213) | (377,000) | 174,076 | (561,137) |
| Fulfillment cost | — | - | - | - | - | - |
| | (358,213) | — | (358,213) | (377,000) | 174,076 | (561,137) |

(c) Inventory falling price reserves are analyzed as below:

| | Specific basis of determining net realizable value | Reason to resell the provision for impairment of inventories this year |
|---|---|---|
| Inventory commodities, spare parts for installation and maintenance | Recognized by the value that the estimated selling price of inventory in the daily activities deducting estimated cost of sales and the amount after relevant tax. | Inventory commodities with accrual for inventory falling price reserves in the previous year were sold in this year |
| Real estate development products | Recognized by the value that the estimated selling price of inventory in the daily activities deducting the costs to occur at estimated time of completion, estimated cost of sales, as well as the amount after relevant tax. | Not applicable |

IV Notes to Items of Consolidated Financial Statement (continued)

(7) Inventories (continued)

(d) According to the real estate development project, the capitalization interest is listed as follows:

| | Accumulated capitalization amount of borrowing costs | Including: capitalization amount of borrowing costs in this year | Capitalization rate of borrowing costs in this year |
|---|---|---|---|
| Shanghai Fengxian Suning Rea Estate Project | 20,106 | - | - |
| Chuzhou Suning Real Estate Project | 9,709 | - | - |
| Jining Suning Real Estate Project | 8,789 | - | - |
| Anqing Suning Real Estate Project | 4,632 | 4,632 | 4.92% |
| | 43,236 | 4,632 | 4.92% |

(e) The analysis of real estate development products is as follows:

| Project name | Completion date | December 31, 2019 | Sales in this year | Adjustment of final accounts in this year | December 31, 2020 |
|---|---|---|---|---|---|
| Jining Suning Real Estate Project | December 04, 2015 | 105,093 | (6,297) | 803 | 99,599 |
| Shanghai Fengxian Suning Real Estate Project | December 04, 2015 | 17,544 | (357) | 807 | 17,994 |
| Chuzhou Suning Real Estate Project | April 30, 2014 | 7,509 | - | (3,833) | 3,676 |
| | | 130,146 | (6,654) | (2,223) | 121,269 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (7) Inventories (continued)

(f) The analysis of real estate development costs is as follows:

| | | December 31, 2020 | | |
|---|---|---|---|---|
| Project name | Estimated completion date | Book balance | Falling price reserves | Book value |
| Anqing Suning Real Estate Project | February 19, 2022 | 620,463 | - | 620,463 |

### (8) Other current assets

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Input VAT to be offset | 3,853,524 | 3,052,915 |
| Prepaid rental expenses | 1,398,104 | 1,703,053 |
| Equity of listed company (i) | 231,726 | 2,021,538 |
| Prepayment of enterprise income tax | 157,929 | 142,008 |
| Discount interest expenses to be amortized | 128,288 | - |
| Prepaid land VAT | 80,874 | 75,410 |
| Return cost receivable | 62,247 | — |
| Others | 84,949 | 159,286 |
| | 5,997,641 | 7,154,210 |

(i) Equity of listed company

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Equity of listed company | | |
| - Cost | 473,852 | 2,703,297 |
| - Changes in accumulated fair value | (215,870) | (684,305) |
| - Translation difference from foreign currency financial statements | (26,256) | 2,546 |
| | 231,726 | 2,021,538 |

(9) Non-current assets due within 1 year

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Financial lease payment due within one year | 13,005 | 11,488 |
| Debt investment due within one year | 10,387 | - |
| | 23,392 | 11,488 |

IV Notes to Items of Consolidated Financial Statement (continued)

(10) Debt investment

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Phase III financial bonds of China Development Bank in 2018 (i) | 10,387 | 10,442 |
| Minus: Non-current assets due within one year | (10,387) | - |
| | - | 10,442 |

(i) On December 31, 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) Long-term accounts receivable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Lease deposit over one year | 827,785 | 830,836 |

| | | |
|---|---|---|
| Purchase deposit over one year | 10,326 | 10,162 |
| Finance lease outlay | 46,059 | 57,634 |
| Others | 56,442 | 61,006 |
| | 940,612 | 959,638 |
| Minus: bad debt reserves | (1,440) | (886) |
| | 939,172 | 958,752 |
| Including: Non-current assets due within 1 year | | |
| | (13,005) | (11,488) |
| | 926,167 | 947,264 |

IV Notes to Items of Consolidated Financial Statement (continued)

(11) Long-term accounts receivable (continued)

(a) The aging analysis of long-term accounts receivable is as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Within 1 year | 110,029 | 555,595 |
| 1 to 2 year(s) | 484,135 | 73,250 |
| 2 to 3 years | 53,769 | 76,621 |
| More than 3 years | 279,674 | 242,684 |
| | 927,607 | 948,150 |

(b) Statement of loss reserves and changes in book balance:

| | Phase I | |
|---|---|---|
| | Expected credit loss in the next 12 months (portfolio) | |
| | Book balance | Bad debt reserves |
| December 31, 2019 | 948,150 | (886) |
| New payment of this year | 110,028 | (1,055) |
| Decreased payment of this year | (130,571) | 501 |
| Including: write-off of this year | (21) | 21 |
| Derecognition | (130,550) | 480 |
| December 31, 2020 | 927,607 | (1,440) |

IV Notes to Items of Consolidated Financial Statement (continued)

(11) Long-term accounts receivable (continued)

On December 31, 2020 and December 31, 2019, Suning's long-term receivables were in the first stage, and comprehensively accrued bad debt reserves, and the analysis is as follows:

(i) On December 31, 2020, long-term receivables with comprehensively accrued bad debt reserves were in Phase I, as follows:

| | December 31, 2020 | | |
|---|---|---|---|
| | Book balance | Loss reserve | |
| | Amount | Amount | Accrual proportion % |
| Combination of deposits and security | 838,111 | (1,303) | 0.16% |
| Finance lease payments and other combinations | 89,496 | (137) | 0.15% |
| | 927,607 | (1,440) | 0.16% |

| | December 31, 2019 | | |
|---|---|---|---|
| | Book balance | Loss reserve | |
| | Amount | Amount | Accrual proportion % |
| Combination of deposits | 840,998 | (786) | 0.09% |

| | | | |
|---|---|---|---|
| and security | | | |
| Finance lease payments and other combinations | 107,152 | (100) | 0.09% |
| | 948,150 | (886) | 0.09% |

(c) The amount of reserves for bad debt accrued in this year was about RMB 1.06 million (2019: about RMB 886,000), and there was no significant transferred back or recovered amount.

(d) In 2020, the written-off long-term receivables was about RMB 20,000 (2019: none), and there was no significant write-off.

(e) On December 31, 2020, the long-term accounts receivable based on debt party with top five balances were analyzed as follows:

| | Nature | Balance | Account age | Proportion in total balance of long accounts receivable | Bad debt reserves |
|---|---|---|---|---|---|
| Nanjing Metro Resources Development Co., Ltd. | Rental deposit and deposit | 18,671 | More than 1 year | 2% | (18) |
| PLA Nanjing Institute of Politics, Shanghai Branch | Rental deposit and deposit | 16,000 | More than 3 years | 2% | (15) |
| Guangzhou Hansen Diyi Street Shopping Center Co., Ltd. | Rental deposit and deposit | 15,000 | More than 2 years | 2% | (14) |
| Guangzhou Huihe Property Management Co., Ltd. | Rental deposit and deposit | 10,000 | More than 3 years | 1% | (10) |
| China Mobile Communications Group Co., Ltd. | Purchase deposit | 10,000 | 1 to 2 year(s) | 1% | (10) |
| | | 69,671 | | 8% | (67) |

IV Notes to Items of Consolidated Financial Statement (continued)

(12) Other equity instruments investment

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Equity of unlisted company | 3,007,707 | 3,008,341 |
| Equity and preferred stock of listed company (i) | 2,550,362 | 1,590,030 |
| | 5,558,069 | 4,598,371 |

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Equity and preferred stock of listed company | | |
| - Cost | 4,016,310 | 2,042,098 |
| - Changes in accumulated fair value | (1,465,948) | (452,068) |
| | 2,550,362 | 1,590,030 |
| Equity of unlisted company | | |
| - Cost | 3,009,000 | 3,009,000 |
| - Changes in accumulated fair value | (1,293) | (659) |
| | 3,007,707 | 3,008,341 |

(i) On December 31, 2020, Suning pledged 585,651,537 non-tradable shares of China Unicom to the bank as a pledge of RMB 2.794 billion of long-term

loans due within one year (December 31, 2019: pledged 585,651,537 non-tradable shares to the bank as a pledge of RMB 2.796 billion of long-term loans (including RMB 1.398 billion of long-term loans due within one year)) (Note IV (34)).

## IV Notes to Items of Consolidated Financial Statement (continued)

### (13) Other non-current financial assets

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Equity investment | 1,842,935 | 12,091,088 |
| Convertible bond | 53,017 | 50,885 |
| Preferred stock | 40,784 | 106,501 |
| Financial products | 39,004 | - |
| Derivative financial instruments | - | 61,884 |
| | 1,975,740 | 12,310,358 |

### (14) Long-term equity investment

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Joint ventures (a) | 2,421,346 | 2,983,095 |
| Associated enterprises (b) | 36,971,141 | 37,279,924 |
| | 39,392,487 | 40,263,019 |
| Minus: impairment reserves of long-term equity investment | (40,534) | (4,602) |
| | 39,351,953 | 40,258,417 |

# IV Notes to Items of Consolidated Financial Statement (continued)

## (14) Long-term equity investment (continued)

### (a) Joint venture

| | December 31, 2019 | Additional investment | Negative investment | Net profit or loss adjusted by equity method | Adjustment of other comprehensive income | Cash dividends or benefit to be issued | Accrued impairment reserves | Others | December 31, 2020 | Balance at the end of the year of the impairment reserves |
|---|---|---|---|---|---|---|---|---|---|---|
| Suning SCGC - Yunxiang Warehouse Logistics Facility Phase I Fund ("Yunxiang Warehouse Logistics Phase I Fund") (i) | 1,561,565 | 127,837 | - | 97,743 | - | (349,949) | - | 14 | 1,437,210 | - |
| Suning SCGC - Yunxiang Warehouse Logistics Facility Phase II Fund ("Yunxiang Warehouse Logistics Phase II Fund") (ii) | 1,060,601 | - | - | 14,492 | - | (491,509) | - | - | 583,584 | - |
| Nanjing Heyin Real Estate Development Co., Ltd. ("Nanjing Heyin") | 331,536 | - | - | (742) | - | - | - | - | 330,794 | - |
| Others | 24,791 | 50,000 | - | (4,254) | - | (5,381) | - | - | 65,156 | (4,602) |
| | 2,978,493 | 177,837 | - | 107,239 | - | (846,839) | - | 14 | 2,416,744 | (4,602) |

IV Notes to Items of Consolidated Financial Statement (continued)

(14) 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 party transactions as well as financiers and investors' exit plans.

(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 party transactions as well as financiers and investors' exit plans.

For information on equity in joint ventures, please refer to Note VI (2).

# IV Notes to Items of Consolidated Financial Statement (continued)

## (14) Long-term equity investment (continued)

### (b) Associated enterprises

| | | Increase/decrease changes in this year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | December 31, 2019 | Increase in this year | Negative investment | Net profit or loss adjusted by equity method | Adjustment of other comprehensive income | Other equity change | Cash dividends or benefit to be issued | Accrued impairment reserves | Others | December 31, 2020 | Balance at the end of the year of impairment reserves |
| Shanghai Suning Financial Service Group Co., Ltd. ("Suning Financial Services Group") | 23,619,314 | - | - | 647,639 | - | - | (139,547) | - | 3,389 | 24,130,795 | - |
| Shenzhen Hengning Business Development Co., Ltd. ("Shenzhen Hengning") | 10,373,430 | - | - | 552,234 | - | - | (60,194) | - | - | 10,865,470 | - |
| Jiangsu Suning Bank Co., Ltd. ("Suning Bank") | 1,247,205 | - | - | 121,838 | (18,168) | - | - | - | - | 1,350,875 | - |
| Suning Consumer | 304,369 | - | - | (24,362) | - | - | - | - | - | 280,007 | - |

Finance Co., Ltd.

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Japan LAOX | 480,202 | - | - | (234,386) | - | - | - | - | - | 245,816 | - |
| Maruetsu Hong Kong Limited ("Maruetsu") | 24,587 | - | - | (9,841) | - | - | - | - | - | 14,746 | - |
| Suning Smart Life Holding Limited ("Suning Smart Life") | 1,129,642 | - | - | (1,130,012) | - | - | - | - | 370 | - | - |
| Others | 101,175 | - | - | (16,231) | - | - | (1,512) | (35,932) | - | 47,500 | (35,932) |
| | 37,279,924 | - | - | (93,121) | (18,168) | - | (201,253) | (35,932) | 3,759 | 36,935,209 | (35,932) |

For information on equity in associated enterprise, please refer to Note VI (2).

## IV Notes to Items of Consolidated Financial Statement (continued)

### (15) Investment property

| | Houses and buildings |
|---|---|
| **Original price** | |
| December 31, 2019 | 6,799,872 |
| Amount of increase in current year | |
| Transfer of fixed assets (Note IV (16)) | 1,657,831 |
| Amount of decrease in current year | |
| Transferred to fixed assets (Note IV (16)) | (601,857) |
| December 31, 2020 | 7,855,846 |
| **Accumulated depreciation** | |
| December 31, 2019 | (649,438) |
| Amount of increase in current year | |
| Accrual | (257,261) |
| Transfer of fixed assets (Note IV (16)) | (170,674) |
| Amount of decrease in current year | |
| Transferred to fixed assets (Note IV (16)) | 107,726 |
| December 31, 2020 | (969,647) |
| **Impairment reserves** | |
| December 31, 2019 | - |

| | |
|---|---|
| December 31, 2020 | - |

Book value

| | |
|---|---|
| December 31, 2020 | 6,886,199 |
| December 31, 2019 | 6,150,434 |

In 2020, the accrued depreciation amount of the investment property was about RMB 257 million (in 2019, it was about RMB 134 million).

In 2020, Suning changed the use of houses and buildings with book value of about RMB 494 million (the original value was about RMB 602 million) to self-use, and converted corresponding investment property into fixed assets accounting as of the date of change of use.

In 2020, Suning changed the use of houses and buildings with book value of RMB about 1,487 million and original price of about RMB 1,658 million to lease, and converted the corresponding fixed assets into investment property accounting as of the date of change of use.

As of December 31, 2020, the property ownership certificates for Suning's investment property with book value of about RMB 154 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)

### (16) 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 | 98,099 | 129,590 | 79,518 | 162,941 | 91,798 | 561,946 |
| Transferred from investment property (Note IV (15)) | 601,857 | - | - | - | - | 601,857 |
| Transferred from construction in progress (Note IV (17)) | 4,342,075 | 14,299 | - | 2,134 | - | 4,358,508 |
| Amount of decrease in current year | | | | | | |
| Disposal and scrapping | (450) | (125,613) | (15,878) | (120,365) | (86,145) | (348,451) |
| Disposal of subsidiary | (1,782,005) | (4,878) | - | (4,842) | (983) | (1,792,708) |
| Transferred to investment property (Note IV (15)) | (1,657,831) | - | - | - | - | (1,657,831) |
| Conversion difference from foreign currency statements in current year | - | - | (47) | (352) | (533) | (932) |
| December 31, 2020 | 17,591,723 | 2,225,701 | 370,598 | 3,525,372 | 1,439,923 | 25,153,317 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (16) 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 | | | | | | |
| Accrual | (567,728) | (528,546) | (44,148) | (468,960) | (142,774) | (1,752,156) |
| Transferred from investment property (Note IV (15)) | (107,726) | - | - | - | - | (107,726) |
| Amount of decrease in current year | | | | | | |
| Disposal and scrapping | 40 | 81,421 | 11,568 | 98,313 | 57,730 | 249,072 |
| Disposal of subsidiary | 164,462 | 874 | - | 4,311 | 954 | 170,601 |
| Transferred to investment property (Note IV (15)) | 170,674 | - | - | - | - | 170,674 |
| Conversion difference from foreign currency statements in current year | - | - | 39 | 233 | 416 | 688 |

| | | | | | | |
|---|---|---|---|---|---|---|
| December 31, 2020 | (2,413,855) | (1,020,443) | (186,893) | (2,330,769) | (939,995) | (6,891,955) |

Impairment reserves

| | | | | | | |
|---|---|---|---|---|---|---|
| December 31, 2019 | - | - | - | - | - | - |
| Accrual in current year | - | (164,754) | (79) | (805) | - | (165,638) |
| Disposal and scrapping in current year | - | 3,054 | - | 637 | - | 3,691 |
| December 31, 2020 | - | (161,700) | (79) | (168) | - | (161,947) |

Book value

| | | | | | | |
|---|---|---|---|---|---|---|
| December 31, 2020 | 15,177,868 | 1,043,558 | 183,626 | 1,194,435 | 499,928 | 18,099,415 |
| 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)

(16) Fixed assets (continued)

(a) On December 31, 2020, Suning mortgaged fixed assets with book value of about RMB 808 million (December 31, 2019: RMB 621 million) to obtain about RMB 1.704 billion of long-term loans due within one year (December 31, 2019: about RMB 722 million of long-term loans are obtained, including RMB 18 million of long-term loans due within one year (Note IV (34)).

In 2020, the accrued depreciation amount of the fixed assets was about RMB 1.752 billion (in 2019, it was about RMB 1.6 billion). Therein, the depreciation expenses included in cost of revenues, sales cost, management cost and R&D cost were about RMB 28 million, RMB 1.028 billion, RMB 387 million and RMB 309 million (in 2019, they were about RMB 37 million, RMB 1.044 billion, RMB 272 million and RMB 247 million) respectively.

The original value of the fixed assets transferred from the construction in progress was about RMB 4.359 billion (in 2019, it was about RMB 1.665 billion).

In 2020, due to the outbreak of COVID-19 and the change of operating strategy, the performance of Suning logistics transport & distribution business failed to meet expectations, and some machinery and equipment showed signs of impairment. Suning takes the company of the above-mentioned machinery and equipment as asset groups for impairment test, and accrues impairment reserve according to the difference between the recoverable amount and its book value, which is included in the asset 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. Suning uses the present value of the expected future cash flow to recognize the recoverable amount of relevant asset groups, and accrues about RMB 156 million of impairment reserves. The pre-tax discount rate adopted by Suning in calculating the recoverable amount ranges from 15.5% to 16.44%.

## IV Notes to Items of Consolidated Financial Statement (continued)

### (16) Fixed assets (continued)

#### (b) Temporarily idle fixed assets

On December 31, 2020 and December 31, 2019, Suning has no significant idle fixed assets.

#### (c) Fixed assets with uncompleted certificate of property title on December 31, 2020:

| | Book value | Reasons for the property certificate failure |
|---|---|---|
| Houses and buildings | RMB 941 million | The procedure is in progress. |

### (17) Construction in progress

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Construction in progress (a) | 3,453,564 | 4,332,066 |
| Project materials | 9,414 | 11,268 |
| | 3,462,978 | 4,343,334 |

# IV Notes to Items of Consolidated Financial Statement (continued)

## (17) Construction in progress (continued)

### (a) Construction in progress

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Book balance | Impairment reserves | Book value | Book balance | Impairment reserves | Book value |
| Nanjing Airport Phase II Logistics Base | 398,011 | - | 398,011 | 145,050 | - | 145,050 |
| TTK Express Logistics Base | 375,764 | - | 375,764 | 294,692 | - | 294,692 |
| Suning Chongqing Smart Industrial Park Project | 327,258 | - | 327,258 | 3,134 | - | 3,134 |
| Shaoxing Phase III Logistics Base | 312,042 | - | 312,042 | 118,563 | - | 118,563 |
| Meishan Phase II Logistics Base | 283,069 | - | 283,069 | 79,116 | - | 79,116 |
| Dalian Phase II Logistics Base | 186,052 | - | 186,052 | 108,812 | - | 108,812 |
| Suning East China E-commerce Industrial Park Project | 162,744 | - | 162,744 | - | - | - |
| Jinan High-tech Logistics Base | 162,669 | - | 162,669 | 2,036 | - | 2,036 |
| Zhengzhou Bonded Logistics Base | 139,074 | - | 139,074 | 72,329 | - | 72,329 |
| Jidong Suning E-commerce Industrial Park | 133,100 | - | 133,100 | 503 | - | 503 |
| Yuhua Cloud Data Center Project | 116,771 | - | 116,771 | 116,771 | - | 116,771 |
| Suning South China E-commerce Geadquarters and Suning South China Green Cold Chain Headquarters Project | 108,879 | - | 108,879 | - | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| Anqing Yuecheng E-buy Plaza Project | 100,085 | - | 100,085 | 938 | - | 938 |
| Qingdao Jiaozhou Logistics Base | 97,851 | - | 97,851 | 2,083 | - | 2,083 |
| Shenyang Yuhong Logistics Base | 92,305 | - | 92,305 | 3,066 | - | 3,066 |
| Guibei Suning.Com Smart E-commerce Industrial Park Project | 82,487 | - | 82,487 | - | - | - |
| Zhengzhou Phase II Logistics Base | 81,333 | - | 81,333 | 45,294 | - | 45,294 |
| Zhuzhou Suning.Com Plaza Project | 56,755 | - | 56,755 | 212 | - | 212 |
| New Shanghai Suning E-commerce Industrial Park Project | 49,029 | - | 49,029 | - | - | - |
| Xi'an International Port District Logistics Base | 47,844 | - | 47,844 | 1,867 | - | 1,867 |
| Guangzhou Airport Bonded Warehouse Project | 36,582 | - | 36,582 | - | - | - |
| Suning Commerce Hangzhou B2C (Shaoxing) Automatic Sorting Center Project (Phase III) Complex Building | 25,011 | - | 25,011 | - | - | - |
| Suning.Com Neijiang E-commerce Smart Industrial Park Project | 12,695 | - | 12,695 | 632 | - | 632 |
| Guangxi Smart E-commerce Industrial Park Project | 8,032 | - | 8,032 | 2,632 | - | 2,632 |
| Guiyang High-tech Logistics Base | 8,020 | - | 8,020 | 2,156 | - | 2,156 |

# IV Notes to Items of Consolidated Financial Statement (continued)

## (17) Construction in progress (continued)

### (a) Construction in progress (continued)

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Book balance | Impairment reserves | Book value | Book balance | Impairment reserves | Book value |
| Shenyang Taiyuan Street E-buy Plaza Project | 7,279 | - | 7,279 | - | - | - |
| Suning.Com Jiangxi E-commerce Industrial Park | 4,979 | - | 4,979 | - | - | - |
| Fushun E-buy Plaza Project | 4,358 | - | 4,358 | - | - | - |
| Chengdu Qingbaijiang Phase II | 3,799 | - | 3,799 | - | - | - |
| Hefei Changfeng Logistics Base | - | - | - | 505,159 | - | 505,159 |
| Tianjin Beichen Logistics Base | - | - | - | 480,833 | - | 480,833 |
| Chengdu Xindu Bell Tower Suning.Com Plaza | - | - | - | 386,147 | - | 386,147 |
| Chengdu Qingbaijiang Logistics Base | - | - | - | 365,924 | - | 365,924 |
| Xuzhou High-tech Logistics Base | - | - | - | 260,269 | - | 260,269 |
| Shenyang Sujiatun Suning.Com Plaza | - | - | - | 240,687 | - | 240,687 |
| Wuhu Logistics Base | - | - | - | 238,199 | - | 238,199 |
| Huai'an Jinhu Suning.Com Plaza | - | - | - | 184,401 | - | 184,401 |
| Zhengzhou Airport Logistics Base | - | - | - | 184,237 | - | 184,237 |
| Xiangyang Smart Retail E-commerce Industrial Park | - | - | - | 179,469 | - | 179,469 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Changchun Phase III Logistics Base | - | - | - | 108,688 | - | 108,688 |
| Hainan Chengmai Logistics Base | - | - | - | 70,432 | - | 70,432 |
| Jining Yanzhou Phase I Logistics Base | - | - | - | 57,480 | - | 57,480 |
| Other items | 29,687 | - | 29,687 | 70,255 | - | 70,255 |
| | 3,453,564 | - | 3,453,564 | 4,332,066 | - | 4,332,066 |

# IV Notes to Items of Consolidated Financial Statement (continued)

## (17) Construction in progress (continued)

### (a) Construction in progress (continued)

#### (i) Changes in significant construction in progress

| Project name | Budget amount | December 31, 2019 | Amount of increase in current year | Fixed assets transferred in this year (Note IV (16)) | Other decreases for the year | December 31, 2020 | Proportion of budget | Project schedule | Accumulated amount of borrowing costs capitalization | Including: capitalization amount of borrowing costs in this year | Capitalization rate of borrowing costs in this year | Capital source |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nanjing Airport Phase II Logistics Base | 700,256 | 145,050 | 252,961 | - | - | 398,011 | 57% | Under construction | 3,051 | 3,051 | 4.92% | Loan and raised funds |
| TTK Express Logistics Base | 517,334 | 294,692 | 81,072 | - | - | 375,764 | 73% | Under construction | 13,228 | 10,105 | 4.92% | Loan |
| Suning Chongqing Smart Industrial Park Project | 700,000 | 3,134 | 324,124 | - | - | 327,258 | 47% | Under construction | 4,095 | 4,086 | 4.92% | Loan |
| Shaoxing Phase III Logistics Base | 420,504 | 118,563 | 218,490 | - | (25,011) | 312,042 | 80% | Under construction | 54 | - | 4.92% | Loan and raised funds |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Meishan Phase II Logistics Base | 450,000 | 79,116 | 203,953 | - | - | 283,069 | 63% | Under construction | 5,424 | 5,424 | 4.92% | Loan |
| Dalian Phase II Logistics Base | 249,400 | 108,812 | 77,240 | - | - | 186,052 | 75% | Under construction | - | - | - | Raised funds |
| Suning East China E-commerce Industrial Park Project | 1,048,552 | - | 162,744 | - | - | 162,744 | 16% | Under construction | 846 | 846 | 4.92% | Loan |
| Jinan High-tech Logistics Base | 467,748 | 2,036 | 160,633 | - | - | 162,669 | 35% | Under construction | 1,976 | 1,924 | 4.92% | Loan |
| Zhengzhou Bonded Logistics Base | 157,671 | 72,329 | 66,745 | - | - | 139,074 | 88% | Under construction | 2,274 | 2,274 | 4.92% | Loan and raised funds |
| Jidong Suning E-commerce Industrial Park | 196,654 | 503 | 132,597 | - | - | 133,100 | 68% | Under construction | 1,700 | 1,699 | 4.92% | Loan |
| Yuhua Cloud Data Center Project | 432,656 | 116,771 | - | - | - | 116,771 | 27% | Suspended project | 2,582 | - | 4.92% | Loan |
| Suning South China E-commerce Geadquarters and Suning South China Green Cold Chain Headquarters Project | 446,583 | - | 108,879 | - | - | 108,879 | 24% | Under construction | - | - | - | Raised funds |
| Anqing Yuecheng E-buy Plaza Project | 972,709 | 938 | 99,147 | - | - | 100,085 | 10% | Under construction | - | - | - | Self-owned funds |
| Qingdao Jiaozhou Logistics Base | 768,797 | 2,083 | 95,768 | - | - | 97,851 | 13% | Under construction | 728 | 724 | 4.92% | Loan |
| Shenyang Yuhong Logistics Base | 665,712 | 3,066 | 89,239 | - | - | 92,305 | 14% | Under construction | 675 | 639 | 4.92% | Loan |
| Guibei Suning.Com Smart E-commerce Industrial Park Project | 131,149 | - | 82,487 | - | - | 82,487 | 63% | Under construction | 793 | 793 | 4.92% | Loan |

# IV Notes to Items of Consolidated Financial Statement (continued)

## (17) Construction in progress (continued)

### (a) Construction in progress (continued)

#### (i) Changes in significant construction in progress (continued)

| Project name | Budget amount | December 31, 2019 | Amount of increase in current year | Transferred fixed assets of the year (Note IV (16)) | Other decreases for the year | December 31, 2020 | Proportion of budget | Project schedule | Accumulated amount of borrowing costs capitalization | Including: capitalization amount of borrowing costs in this year | Capitalization rate of borrowing costs in this year | Capital source |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Zhengzhou Phase II Logistics Base | 97,701 | 45,294 | 36,039 | - | - | 81,333 | 83% | Under construction | 2,342 | 1,912 | 4.92% | Loan and raised funds |
| Zhuzhou Suning.Com Plaza Project | 72,519 | 212 | 56,543 | - | - | 56,755 | 78% | Under construction | 764 | 764 | 4.92% | Loan |
| New Shanghai Suning E-commerce Industrial Park Project | 474,574 | - | 49,029 | - | - | 49,029 | 10% | Under construction | 155 | 155 | 4.92% | Loan |
| Xi'an International Port District Logistics Base | 424,219 | 1,867 | 45,977 | - | - | 47,844 | 11% | Under construction | 748 | 683 | 4.92% | Loan |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Guangzhou Airport Bonded Warehouse Project | 420,664 | - | 36,582 | - | - | 36,582 | 9% | Under construction | 211 | 211 | 4.92% | Loan |
| Suning.Com Hangzhou B2C (Shaoxing) Automatic Sorting Center Project (Phase III) Complex Building | 31,203 | - | 25,011 | - | - | 25,011 | 80% | Under construction | - | - | - | Raised funds |
| Suning.Com Neijiang E-commerce Smart Industrial Park Project | 228,793 | 632 | 12,063 | - | - | 12,695 | 6% | Under construction | 61 | 60 | 4.92% | Loan |
| Guangxi Smart E-commerce Industrial Park Project | 637,262 | 2,632 | 5,400 | - | - | 8,032 | 1% | Under construction | 160 | 155 | 4.92% | Loan |
| Guiyang High-tech Logistics Base | 549,734 | 2,156 | 5,864 | - | - | 8,020 | 1% | Under construction | 52 | - | 4.92% | Loan and raised funds |
| Shenyang Taiyuan Street E-buy Plaza Project | 80,000 | - | 7,279 | - | - | 7,279 | 9% | Under construction | 72 | 72 | 4.92% | Loan |
| Suning.Com Jiangxi E-commerce Industrial Park | 373,103 | - | 4,979 | - | - | 4,979 | 1% | Under construction | 11 | 11 | 4.92% | Loan |
| Fushun E-buy Plaza Project | 30,000 | - | 4,358 | - | - | 4,358 | 15% | Under construction | 32 | 32 | 4.92% | Loan |
| Chengdu Qingbaijiang Phase II | 401,080 | - | 3,799 | - | - | 3,799 | 1% | Under construction | 7 | 7 | 4.92% | Loan |
| Hefei Changfeng Logistics Base | 743,256 | 505,159 | 131,778 | (636,937) | - | - | 86% | In operation already | 5,582 | 5,035 | 4.92% | Loan and raised funds |
| Tianjin Beichen Logistics Base | 643,998 | 480,833 | 135,785 | (616,618) | - | - | 96% | In operation already | 5,708 | 1,314 | 4.92% | Loan and raised funds |

# IV Notes to Items of Consolidated Financial Statement (continued)

## (17) Construction in progress (continued)

### (a) Construction in progress (continued)

#### (i) Changes in significant construction in progress (continued)

| Project name | Budget amount | December 31, 2019 | Amount of increase in current year | Fixed assets transferred in this year (Note (16)) | Other decreases for the year | December 31, 2020 | Proportion of project investment in budget | Project schedule | Accumulated amount of borrowing costs capitalization | Including: capitalization amount of borrowing costs in this year | Capitalization rate of borrowing costs in this year | Capital source |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Chengdu Xindu Bell Tower Suning.Com Plaza | 578,934 | 386,147 | 111,673 | (497,820) | - | - | 86% | In operation already | 17,443 | 11,461 | 4.92% | Loan |
| Chengdu Qingbaijiang Logistics Base | 445,319 | 365,924 | 68,017 | (432,406) | (1,535) | - | 97% | In operation already | 9,786 | 2,992 | 4.92% | Loans and raised funds |
| Xuzhou High-tech Logistics Base Project | 397,029 | 260,269 | 59,868 | (320,137) | - | - | 81% | In operation already | 2,959 | 797 | 4.92% | Loans and raised funds |
| Shenyang Sujiatun Suning.Com Plaza | 319,098 | 240,687 | 41,199 | (281,886) | - | - | 88% | In operation already | 10,892 | 6,405 | 4.92% | Loan |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Wuhu Logistics Base | 295,016 | 238,199 | 27,488 | (265,687) | - | - | 90% | In operation already | 3,736 | 542 | 4.92% | Loans and raised funds |
| Huai'an Jinhu Suning.Com Plaza | 376,184 | 184,401 | 120,610 | (305,011) | - | - | 81% | In operation already | 8,127 | 6,090 | 4.92% | Loan |
| Zhengzhou Airport Logistics Base | 210,815 | 184,237 | 8,190 | (192,427) | - | - | 91% | In operation already | 6,032 | 2,612 | 4.92% | Loans and raised funds |
| Xiangyang Smart Retail E-commerce Industrial Park | 214,688 | 179,469 | 30,014 | (209,483) | - | - | 98% | In operation already | 334 | - | 4.92% | Loans and raised funds |
| Changchun Phase III Logistics Base | 145,355 | 108,688 | 57 | (108,745) | - | - | 75% | In operation already | 27 | 27 | 4.92% | Loans and raised funds |
| Hainan Chengmai Logistics Base | 248,586 | 70,432 | 159,367 | (229,799) | - | - | 92% | In operation already | 393 | 315 | 4.92% | Loans and raised funds |
| Jining Yanzhou Phase I Logistics Base | 230,428 | 57,480 | 138,521 | (196,001) | - | - | 85% | In operation already | 2,854 | 2,678 | 4.92% | Loan |
| Other items | 726,713 | 70,255 | 44,377 | (65,551) | (19,394) | 29,687 | - | - | 2,677 | 79 | 4.92% | - |
| | | 4,332,066 | 3,525,946 | (4,358,508) | (45,940) | 3,453,564 | | | 118,591 | 75,974 | | |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (18) Intangible assets

| | Land use right | Software | Trademarks and domain names | Client relationship intangible assets | Preferential lease right (a) | Total |
|---|---|---|---|---|---|---|
| Original price | | | | | | |
| December 31, 2019 | 10,080,925 | 1,780,058 | 1,953,702 | 3,395,396 | 1,354,378 | 18,564,459 |
| Amount of increase in current year | | | | | | |
| Purchase | 998,578 | 92,739 | - | - | - | 1,091,317 |
| Transferred from development expenditure | - | 88,578 | - | - | - | 88,578 |
| Others | - | - | - | - | - | - |
| Amount of decrease in current year | | | | | | |
| Disposal | (52,953) | (7,306) | - | - | (5,049) | (65,308) |
| Disposal of subsidiary | (526,380) | (18) | - | - | - | (526,398) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Conversion difference from foreign currency statements in current year | - | - | (836) | (190) | - | (1,026) |
| December 31, 2020 | 10,500,170 | 1,954,051 | 1,952,866 | 3,395,206 | 1,349,329 | 19,151,622 |

Accumulated amortization

| | | | | | | |
|---|---|---|---|---|---|---|
| December 31, 2019 | (926,928) | (1,205,502) | (454,173) | (449,916) | (284,108) | (3,320,627) |
| Amount of increase in current year | | | | | | |
| Accrual | (324,635) | (229,968) | (87,660) | (270,560) | (74,739) | (987,562) |
| Amount of decrease in current year | | | | | | |
| Disposal | 7,149 | 2,224 | - | - | 402 | 9,775 |
| Disposal of subsidiary | 48,499 | 14 | - | - | - | 48,513 |
| Conversion difference from foreign currency statements in current year | - | - | 836 | 190 | - | 1,026 |
| December 31, 2020 | (1,195,915) | (1,433,232) | (540,997) | (720,286) | (358,445) | (4,248,875) |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (18) Intangible assets (continued)

| | Land use right | Software | Trademarks and domain names | Client relationship intangible assets | Preferential lease right (a) | Total |
|---|---|---|---|---|---|---|
| Impairment reserves | | | | | | |
| December 31, 2019 | - | (219) | (6,534) | (542,757) | - | (549,510) |
| Accrual in current year | - | (65) | - | (471,143) | - | (471,208) |
| December 31, 2020 | - | (284) | (6,534) | (1,013,900) | - | (1,020,718) |
| Book value | | | | | | |
| December 31, 2020 | 9,304,255 | 520,535 | 1,405,335 | 1,661,020 | 990,884 | 13,882,029 |
| December 31, 2019 | 9,153,997 | 574,337 | 1,492,995 | 2,402,723 | 1,070,270 | 14,694,322 |

IV Notes to Items of Consolidated Financial Statement (continued)

(18) Intangible assets (continued)

In 2020, the amortized amount of intangible assets was about RMB 988 million (in 2019, it was about RMB 877 million).

On December 31, 2020, the property ownership certificate for use right of the land with about RMB 86 million of a book value had not obtained. (December 31, 2019, Condition of land use right without certificate of property right).

On December 31, 2020, Suning mortgaged intangible assets with book value of about RMB 425 million (December 31, 2019: RMB 412 million) to obtain about RMB 1.704 billion of long-term loans due within one year (December 31, 2019: about RMB 722 million of long-term loans are obtained, including RMB 18 million of long-term loans due within one year (Note IV (34)).

In 2020, due to the outbreak of Covid-19 and the change of operating strategy, the intangible assets of client management caused by the acquisition of TTK Express business showed signs of impairment. Suning takes the company of the above-mentioned express business attributable to intangible assets as asset groups for impairment test, and accrues impairment reserve according to the difference between the recoverable amount and its book value, which is included in the asset 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. Suning uses the present value of the expected future cash flow to recognize the recoverable amount of relevant asset groups, and accrues about RMB 471 million of impairment reserves. The pre-tax discount rate adopted by Suning in calculating the recoverable amount ranges from 12.45% to 13.49%.

(a) Preferential lease right

Preferential lease right was an intangible asset recognized by Suning during the business merger of Suning in previous years. 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 increase in current year | Amount of decrease in current year | | December 31, 2020 |
|---|---|---|---|---|---|
| | | | Included in gain or loss | Recognized as intangible assets | |
| Software development | 42,927 | 122,449 | (35,660) | (88,578) | 41,138 |

In 2020, the newly increased software development expenditure for Suning was about RMB 122 million (in 2019, it was about RMB 327 million). Therein, about RMB 88.58 million (in 2019, it was about RMB 267 million) has been recognized as intangible assets in the current period, and about RMB 41.14 million is included in the year-end balance of development expenditure (in 2019, it was about RMB 42.93 million).

# IV Notes to Items of Consolidated Financial Statement (continued)

## (19) Goodwill

| | December 31, 2019 | Amount of increase in current year | Amount of decrease in current year | December 31, 2020 |
|---|---|---|---|---|
| Goodwill - | | | | |
| Carrefour China business | 3,872,201 | - | - | 3,872,201 |
| Logistics business of TTK Express | 2,191,953 | - | - | 2,191,953 |
| Wanda Department Store business | 1,381,015 | - | - | 1,381,015 |
| Redbaby store and cosmetic business | 270,670 | - | - | 270,670 |
| Logistics warehousing business | 59,458 | - | - | 59,458 |
| Manzuo.com business | 33,372 | - | - | 33,372 |
| Technology Sector business of Allyes | 25,109 | - | - | 25,109 |
| Suning Intelligent Terminal Co., Ltd. ("Suning Intelligent Terminal") business | 1,264 | - | - | 1,264 |
| Citicall Retain Management Limited - retail and wholesaling business | 616 | - | - | 616 |
| Wuxi Shenglimen Suning Commerce Sales Co., Ltd. | 569 | - | - | 569 |
| | 7,836,227 | - | - | 7,836,227 |
| Minus: Impairment | | | | |

reserves -

| | | | | |
|---|---|---|---|---|
| TTK Express Logistics business (i) | (357,815) | (1,032,993) | - | (1,390,808) |
| Logistics warehousing business | - | (59,458) | - | (59,458) |
| Citicall Retain Management Limited - retail and wholesaling business | (616) | - | - | (616) |
| | (358,431) | (1,092,451) | - | (1,450,882) |
| | 7,477,796 | (1,092,451) | - | 6,385,345 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (19) Goodwill (continued)

All goodwill of Suning has been allocated to relevant assets groups or combinations of assets groups on the acquisition date, and there is no change in goodwill allocation in 2020. The allocation is summarized as follows according to operating segments (Note VII):

| Assets groups or combinations of assets groups | Business division | December 31, 2020 | | |
|---|---|---|---|---|
| | | Cost | Impairment | Net value |
| Carrefour China business assets group | Retail in mainland China | 3,872,201 | - | 3,872,201 |
| Suning logistics transport & distribution business assets group combination (i) | Logistics in mainland China | 2,191,953 | (1,390,808) | 801,145 |
| Wanda Department Store business assets group | 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 Logistics Storage business assets group (i) | Logistics in mainland China | 59,458 | (59,458) | - |
| Portfolio of third-party platform business assets group | Retail in mainland China | 58,481 | - | 58,481 |
| Others | Others | 2,449 | (616) | 1,833 |
| | | 7,836,227 | (1,450,882) | 6,385,345 |

When testing goodwill impairment, Suning recognizes the corresponding impairment reserves according to the part of the recoverable amount of the assets group or combination of assets groups containing goodwill that is lower than its book value and corresponding difference is included in current gain or loss (Note IV (52)). The recoverable amount is determined according to the higher one between the net amount of the fair value of the assets group or combination of assets groups minus the disposal expenses and the present value of the expected future cash flow of the

assets group or combination of assets groups. Suning adopts the method of estimating the present value of future cash flow to recognize the recoverable amount of the corresponding asset group.

(i) In 2020, due to the unexpected overall operation of the asset group combination of Suning logistics transport and distribution business and the asset group of Suning logistics warehousing business, the accrual impairment reserve was about RMB 1.092 billion (2019: about RMB 217 million).

Suning determined the growth rate and gross margin based on historical experience and market development forecasts. The growth rate in the forecast period is based on the five-year budget approved by the management, and the growth rate in the stable period is the growth rate adopted after the forecast stage, which is consistent with the forecast data contained in the industry report and does not exceed the long-term average growth rate of each product. Suning adopts the pre-tax rate that can reflect the specific risks of relevant assets groups and portfolio of assets groups as the discount rate.

IV Notes to Items of Consolidated Financial Statement (continued)

(19) Goodwill (continued)

In 2020 and 2019, Suning's main assumptions for adopting the future cash flow discount method are as follows:

| Carrefour China business | 2020 | 2019 |
|---|---|---|
| Revenue growth rate | 5.8%-13.8% | 3%-18.4% |
| Gross margin in forecast period | 22.5%-26.0% | 24%-25.1% |
| Gross margin in the stable stage | 26.0% | 25.1% |
| Sustainable growth rate | 2.6% | 2.8% |
| Pre-tax discount rate | 14.75% | 14.85% |

| Wanda Department Store business | 2020 | 2019 |
|---|---|---|
| Revenue growth rate | 2.6%-23.2% | 2%-3.5% |
| Forecast gross margin (i) | 96.4%-96.5% | 18.9% |
| Gross margin at the stable stage (i) | 96.5% | 18.9% |
| Sustainable growth rate | 2.6% | 2.8% |
| Pre-tax discount rate | 15.08% | 14.96% |

| Suning logistics business | 2020 | 2019 |
|---|---|---|

| | | |
|---|---|---|
| Revenue growth rate | -3.2%-16.7% | 4%-14% |
| Gross margin in forecast period | 14.4%-21.5% | 13%-22% |
| Gross margin in the stable stage | 21.5% | 22% |
| Sustainable growth rate | 2.6% | 2.8% |
| Pre-tax discount rate | 16.0% | 15.3% |

(i) Due to the influence of the New Income Standards, the associated revenue of Wanda Department Store has been recognized according to the net method since 2020, which leads to a greater change in gross margin in the forecast period and stable period in 2020 compared with that in 2019.

IV Notes to Items of Consolidated Financial Statement (continued)

(19) Goodwill (continued)

In 2020, Suning's main assumptions for adopting the future cash flow discount method are as follows: (continued):

| Redbaby store and cosmetic business | 2020 | 2019 |
|---|---|---|
| Revenue growth rate | 2.6%-25.5% | 6.5%-7% |
| Gross margin in forecast period | 12%-12.4% | 13.9%-14.9% |
| Gross margin in the stable stage | 12.4% | 14% |
| Sustainable growth rate | 2.6% | 2.8% |
| Pre-tax discount rate | 15.2% | 15.3% |

| Manzuo.com business and Technology Sector business of Allyes | 2020 | 2019 |
|---|---|---|
| Revenue growth rate | 22.7%-89.5% | 10%-20% |
| Gross margin in forecast period | 91.6%-96.7% | 15.6%-92% |
| Gross margin in the stable stage | 96.7% | 16%-91% |
| Sustainable growth rate | 2.6% | 2.8% |
| Pre-tax discount rate | 20.7% | 19.5%-23.2% |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (20) Long-term unamortized expenses

| | cember 31, 2019 | Change of accounting policy (Note II (31)) | January 1, 2020 | Amount of increase in current year | Amortization of this year | Transfer-out in current year | Disposal of subsidiary | December 31, 2020 |
|---|---|---|---|---|---|---|---|---|
| Improvement expense of operation for leased fixed assets | 1,607,861 | - | 1,607,861 | 370,504 | (855,603) | - | (356) | 1,122,406 |
| Expenses for deferred extended warranty service | 507,274 | (507,274) | - | - | - | - | - | - |
| Prepaid long-term rental expenses | 409,701 | - | 409,701 | 83,825 | (81,558) | - | - | 411,968 |
| System access service fee | - | - | - | 18,869 | (4,272) | - | - | 14,597 |
| | 2,524,836 | (507,274) | 2,017,562 | 473,198 | (941,433) | - | (356) | 1,548,971 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Impairment reserves - Improvement of fixed assets of operating lease | - | - | - | (45,732) | - | 7,281 | - | (38,451) |
| | 2,524,836 | (507,274) | 2,017,562 | 427,466 | (941,433) | 7,281 | (356) | 1,510,520 |

# IV Notes to Items of Consolidated Financial Statement (continued)

## (21) Other non-current assets

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Fulfillment cost–deferred extended warranty service expenses | 462,474 | — |
| Prepayment for engineering equipment | 143,187 | 190,888 |
| Prepayment for equity acquisition | 90,923 | 90,923 |
| Guarantee deposit | 81,872 | 27,540 |
| Prepayment for land and house purchase | 63,095 | 487,729 |
| | 841,551 | 797,080 |

## (22) Deferred income tax assets and liabilities

### (a) Non-set-off deferred income tax assets

| | December 31, 2020 | | December 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 | 30,920 | 7,245 | 21,822 | 5,021 |
| Unpaid advertising expenses | 450,788 | 110,355 | 1,317,841 | 323,506 |
| Prepaid rental expenses | 1,277,361 | 304,734 | 953,307 | 243,456 |
| Deductible loss | 14,724,238 | 3,415,586 | 10,284,678 | 2,376,910 |
| Asset impairment and | 2,891,263 | 706,878 | 1,661,765 | 408,617 |

| | | | | |
|---|---|---|---|---|
| loss reserves | | | | |
| Asset-based government subsidies | 838,389 | 207,545 | 793,344 | 194,962 |
| Warranty extension income | 694,373 | 173,593 | 781,249 | 195,312 |
| Advertising and business promotion expenses exceeding 5% of the current year's operating revenue | 5,335,042 | 1,333,761 | 3,105,720 | 776,430 |
| Expected incomes of real estate enterprises | 39,327 | 9,832 | 1,533 | 383 |
| Financial assets measured at fair value with the changes accounted into other comprehensive income | 1,467,242 | 366,811 | 855,862 | 213,966 |
| Financial assets measured at fair value and changes are recorded into the current gain or loss | 189,793 | 63,423 | 248,666 | 62,167 |
| Set-off of internal unrealized income | 116,643 | 29,161 | 111,645 | 27,911 |
| Employee stock ownership plan | 15,154 | 3,740 | 415,760 | 102,137 |
| Others | 669,566 | 163,151 | 1,019,962 | 232,035 |
| | 28,740,099 | 6,895,815 | 21,573,154 | 5,162,813 |

| | | | | |
|---|---|---|---|---|
| Including: | | | | |
| Amount to be transferred back within 1 year (including 1 year) | | 1,067,795 | | 1,097,535 |
| Amount to be transferred back in 1 year | | 5,828,020 | | 4,065,278 |
| | | 6,895,815 | | 5,162,813 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (22) Deferred income tax assets and liabilities (continued)

#### (b) Non-set-off deferred income tax liabilities

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Temporary difference of tax payable | Deferred income tax liabilities | Temporary difference of tax payable | Deferred income tax liabilities |
| Unrealized changes in fair value | 23,064,930 | 5,766,232 | 24,073,487 | 6,018,283 |
| Enterprise merger under different common control | 8,747,512 | 2,186,163 | 9,761,277 | 2,440,228 |
| Interest capitalization | 406,979 | 101,745 | 392,466 | 98,566 |
| Extended warranty expenses | 138,538 | 34,635 | 115,720 | 28,759 |
| Others | 203,824 | 22,635 | 138,208 | 14,487 |
| | 32,561,783 | 8,111,410 | 34,481,158 | 8,600,323 |
| Including: | | | | |
| Amount to be transferred back within 1 year (including 1 year) | | 259,063 | | 398,979 |
| Amount to be transferred back in 1 year | | 7,852,347 | | 8,201,344 |
| | | 8,111,410 | | 8,600,323 |

#### (c) The deductible temporary differences and deductible losses of deferred income tax assets not recognized by Suning are analyzed as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Deductible temporary difference (i) | 486,944 | 596,768 |
| Deductible loss (ii) | 8,391,897 | 8,411,451 |
| | 8,878,841 | 9,008,219 |

The recognition of deferred income tax assets is limited to the taxable income possibly for deducting the deductible temporary difference, loss and tax.

(i) On December 31, 2020, Suning has not recognized the deferred income tax assets of about RMB 122 million (on December 31, 2019, it was about RMB 149 million) for deductible temporary differences of about RMB 487 million (on December 31, 2019, it was about 597 million).

(ii) On December 31, 2020, Suning has not recognized the deferred income tax assets of about RMB 1.992 billion (on December 31, 2019, it was about RMB 2.011 billion) for deductible loss of about RMB 8.392 billion (on December 31, 2019, it was about 8.411 billion).

IV Notes to Items of Consolidated Financial Statement (continued)

(22) Deferred income tax assets and liabilities (continued)

(d) Deductible losses of unrecognized deferred income tax assets will expire in the following years:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| 2020 | Not applicable | 1,488,553 |
| 2021 | 1,513,251 | 1,394,387 |
| 2022 | 1,364,844 | 1,722,047 |
| 2023 | 1,598,953 | 1,492,130 |
| 2024 | 1,605,068 | 1,419,879 |
| 2025 | 1,132,989 | - |
| 2033 | 1,509 | 2,761 |
| 2034 | 34,757 | 34,757 |
| 2035 | 7,289 | 7,289 |
| 2036 | 11,364 | 11,364 |
| 2037 | 10,617 | 10,617 |
| 2038 | 2,882 | 3,395 |
| 2040 | 3,008 | - |
| No due date | 1,105,366 | 824,272 |
| | 8,391,897 | 8,411,451 |

On December 31, 2020, Suning reconsidered whether some subsidiaries

had enough taxable income before the deductible losses expired and wrote down the deferred income tax assets recognized in previous years by about RMB 38 million. The corresponding deductible losses were about RMB 157 million.

(e) Taxable temporary differences for unrecognized deferred income tax liabilities

Suning took full consideration of the tax impact of accumulated undistributed profits of overseas subsidiaries which may arise. Since Suning could decide its dividend distribution policy independently, had no dividend distribution plan in the foreseeable future, and had no intention to dispose of such overseas subsidiaries, Suning had not recognized deferred income tax liabilities for these taxable temporary differences as they are not likely to be transferred back in the foreseeable future.

(f) As to the deferred income tax assets and liabilities after set-off, their net amounts are listed as follows:

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Set-off amount | Balance after set-off | Set-off amount | Balance after set-off |
| Deferred income tax assets | (1,225,325) | 5,670,490 | (1,032,643) | 4,130,170 |
| Deferred tax liabilities | (1,225,325) | 6,886,085 | (1,032,643) | 7,567,680 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (23) Asset impairment and loss reserves

| | December 31, 2019 | Amount of increase in current year | Amount of decrease in current year | | | December 31, 2020 |
|---|---|---|---|---|---|---|
| | | | Transferred back | Write-off / charge-off | Disposal | |
| Bad debt reserves of accounts receivable | 382,349 | 315,691 | (11,539) | (13,272) | - | 673,229 |
| Including: bad debt reserves individually accrued | 172,671 | 177,001 | (11,539) | (9,474) | - | 328,659 |
| Bad debt reserves comprehensively accrued | 209,678 | 138,690 | - | (3,798) | - | 344,570 |
| Bad debt reserves for other accounts receivable | 203,633 | 45,32 | (5,757) | (34,953) | (108) | 208,142 |
| Including: bad debt reserves individually accrued | 115,950 | | (5,757) | - | - | 110,278 |
| Bad debt reserves comprehensively accrued | 87,683 | 45,24 | - | (34,953) | (108) | 97,864 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Bad debt reserves of long-term accounts receivable | 886 | 1,055 | (480) | (21) | - | 1,440 |
| Including: bad debt reserves individually accrued | - | - | - | - | - | - |
| Bad debt reserves comprehensively accrued | 886 | 1,055 | (480) | (21) | - | 1,440 |
| Bad debt reserves of notes receivable | 41,024 | 24,822 | (41,024) | - | - | 24,822 |
| Impairment reserves of monetary funds | - | 83,543 | - | - | - | 83,543 |
| Bad debt reserves of accounts receivable financing | 6,144 | - | (6,144) | - | - | - |
| Subtotal | 634,036 | 470,438 | (64,944) | (48,246) | (108) | 991,176 |
| Inventory falling price reserve | 358,213 | 377,000 | - | (174,076) | - | 561,137 |
| Impairment reserves long-term equity investment | 4,602 | 35,932 | - | - | - | 40,534 |
| Fixed assets impairment reserves | - | 165,638 | - | - | (3,691) | 161,947 |
| Impairment reserves of intangible assets | 549,510 | 471,208 | - | - | - | 1,020,718 |
| Impairment reserves for goodwill | 358,431 | 1,092,451 | - | - | - | 1,450,882 |
| Impairment reserves of long-term unamortized | - | 45,73 | - | - | (7,281) | 38,451 |

expenses

| | | | | | | |
|---|---|---|---|---|---|---|
| Subtotal | 1,270,756 | 2,187,961 | - | (174,076) | (10,972) | 3,273,669 |
| | 1,904,792 | 2,658,399 | (64,944) | (222,322) | (11,080) | 4,264,845 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (24) Short-term loan

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Pledge loan (a) | 13,405,707 | 8,245,753 |
| Credit loan | 9,910,939 | 9,731,233 |
| Guaranteed loan (b) | 391,344 | 940,989 |
| Interest of payable short-term loans | 37,701 | 36,846 |
| | 23,745,691 | 18,954,821 |

(a) On December 31, 2020, the amount of RMB bank pledged loans was about RMB 13.406 billion, which was pledged by time deposits in the bank and margin deposit for security of about RMB 9.532 billion, L/C deposits of RMB 1.27 million (Note IV (1)), RMB 100 million of structural deposits (Note IV (2)), and the inventory value of about RMB 438 million held by Suning (Note IV (7)) (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, L/C deposit of RMB 98 million (Note IV (1)) and inventory value of RMB 68 million (Note IV (7)).

(b) On December 31, 2020, about RMB 391 million of guaranteed loans were guaranteed by Nanjing Branch of China Merchants Bank Co., Ltd. and Nanjing Branch of HSBC Bank (China) respectively (December 31, 2019: about RMB 941 million of guaranteed loan were guaranteed by Nanjing Branch of China Merchants Bank Co., Ltd.).

(c) On December 31, 2020, the interest rate range for short-term loans was from 1.23% to 5% (on December 31, 2019, it was from 2.22% to 8%).

## (25) Notes payable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Commercial acceptance bill | 7,749,668 | 2,161,644 |
| Banker's acceptance bill | 13,271,556 | 23,997,205 |
| | 21,021,224 | 26,158,849 |

On December 31, 2020, the banker's acceptance bills issued by Sunning were pledged and guaranteed by the bill deposits deposited in banks of about RMB 4.365 billion (on December 31, 2019, the total was about RMB 7.806 billion) (Note IV (1)).

IV Notes to Items of Consolidated Financial Statement (continued)

(26) Accounts payable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Trade accounts payable | 31,051,572 | 44,380,475 |

(i) On December 31, 2020, the accounts payable with an age of more than 1 year was about RMB 677 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.

(27) Unearned revenue

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Prepaid rental expenses | 286,609 | 343,609 |
| Store value card | — | 4,565,499 |
| Advances on sales | — | 2,244,680 |
| Pre-sale funds of real estate | — | 3,789 |
| | 286,609 | 7,157,577 |

(28) Contract liabilities

| | December 31, 2020 | December 31, 2019 |
|---|---|---|

| | | |
|---|---|---|
| Advances on sales | 6,685,967 | — |
| Store value card | 4,215,741 | — |
| Warranty extension income | 460,074 | — |
| Unused reward points | 143,357 | — |
| Others | 12,995 | — |
| | 11,518,134 | — |

(i) About RMB 5.383 billion of contract liabilities included in the book value on January 1, 2020 have been transferred into operating revenue in 2020, including about RMB 2.331 billion of advance revenue on sales, about RMB 2.481 billion of stored value card revenue, about RMB 282 million of extended warranty revenue and about RMB 289 million of integral revenue.

## IV Notes to Items of Consolidated Financial Statement (continued)

### (29) Payroll payable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Short-term compensation payable (a) | 899,864 | 1,354,375 |
| Defined contribution plan payable (b) | 35,596 | 31,786 |
| Dismission welfare payable (c) | 6,588 | - |
| | 942,048 | 1,386,161 |

#### (a) Short-term compensation

| | December 31, 2019 | Amount of increase in current year | Amount of decrease in current year | December 31, 2020 |
|---|---|---|---|---|
| Salaries, bonuses, allowances and subsidies | 1,271,352 | 10,277,118 | (10,719,318) | 829,152 |
| Employee welfare expense | 23,407 | 241,393 | (243,720) | 21,080 |
| Social insurance expenses | 11,508 | 194,853 | (193,486) | 12,875 |
| Including: Medical insurance expenses | 9,991 | 169,201 | (168,012) | 11,180 |
| Industrial injury insurance expenses | 611 | 10,346 | (10,273) | 684 |
| Birth insurance expenses | 906 | 15,306 | (15,201) | 1,011 |
| Housing accumulation fund | 10,060 | 331,328 | (336,165) | 5,223 |
| Labor union expenditure and personnel education fund | 38,048 | 47,844 | (54,358) | 31,534 |
| | 1,354,375 | 11,092,536 | (11,547,047) | 899,864 |

## (b) Defined contribution plan

| | December 31, 201 | Amount of increase in current year | Amount of decrease in current year | December 31, 2020 |
|---|---|---|---|---|
| Basic endowment insurance | 29,293 | 496,057 | (492,542) | 32,808 |
| Unemployment insurance expenses | 2,493 | 42,196 | (41,901) | 2,788 |
| | 31,786 | 538,253 | (534,443) | 35,596 |

## (c) Dismission welfare payable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Dismission welfare payable | 6,588 | - |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (30) Taxes payable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Enterprise income tax payable | 611,162 | 1,019,333 |
| VAT unpaid | 161,633 | 530,025 |
| Urban maintenance and construction tax payable | 19,453 | 34,214 |
| Individual income tax payable | 18,576 | 27,400 |
| Education surcharge payable | 11,145 | 25,534 |
| Land VAT payable | - | 3,026 |
| Others | 78,780 | 73,755 |
| | 900,749 | 1,713,287 |

### (31) Other payables

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Project accounts payable | 3,284,470 | 3,433,241 |
| Investment payable | 2,752,967 | 923,009 |
| Deposit and bond payable | 2,632,760 | 2,312,929 |
| Borrowings payable to related parties | 2,009,333 | - |
| Expenses payable for advertising, marketing and | 1,666,410 | 2,600,770 |

| | | |
|---|---|---|
| information technology services | | |
| Expenses payable for rent and utilities | 884,089 | 728,573 |
| Expenses payable for administrative office | 452,750 | 317,970 |
| Expenses payable for information service | 219,192 | 403,928 |
| Expenses payable for labor outsourcing | 212,510 | 134,035 |
| Prepaid rent/utilities for sublease | 195,128 | 242,417 |
| Employee stock ownership plan payable | 146,214 | 291,114 |
| Long-term loan interest | - | 21,555 |
| Others | 1,344,227 | 1,202,762 |
| | 15,800,050 | 12,612,303 |

On December 31, 2020, other payables with an age of more than 1 year were about RMB 5.318 billion (on December 31, 2019, it was about RMB 2.113 billion), mainly including various kinds of security funds and guarantee deposits collected.

IV Notes to Items of Consolidated Financial Statement (continued)

(32) Non-current liability due within one year

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Long-term loans expired within 1 year | 8,959,263 | 5,901,763 |
| Bond due and payable within 1 year (Note IV (35)) | 7,571,031 | 1,742,461 |
| Long-term loans expired within 1 year (Note IV (36)) | 1,143,994 | - |
| Others | 10,312 | 18,484 |
| | 17,684,600 | 7,662,708 |

(33) Other current liabilities

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Prepaid house rent | 1,016,536 | 713,759 |
| Pending VAT on sales | 356,185 | — |
| Prepaid utilities | 88,753 | 105,288 |
| Liquidated damages for closing | 98,105 | - |
| Refund payable | 65,021 | — |
| Pending actions | 26,146 | - |
| Reward point plan | — | 259,925 |

| | | |
|---|---|---|
| Others | 304 | 251 |
| | 1,651,050 | 1,079,223 |

(34) Long-term loans

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Pledge loan (a) | 4,114,000 | 5,415,900 |
| Credit loan | 3,099,328 | 7,453,100 |
| Mortgage loan (b) | 1,704,200 | 722,100 |
| Long-term loan interest payable | 41,735 | 31,558 |
| | 8,959,263 | 13,622,658 |
| Minus: Long-term loans expired within 1 year (c) | (8,959,263) | (5,901,763) |
| | - | 7,720,895 |

IV Notes to Items of Consolidated Financial Statement (continued)

(34) Long-term loans (continued)

(a) On December 31, 2020, Suning pledged 585,651,537 non-tradable shares of China Unicom (Note IV (12)) and about RMB 78.18 million of other monetary funds (Note IV (1)) to the bank as a pledge of RMB 2.794 billion of long-term loans due within 1 year; Suning pledged 100% equity of 37 department store project companies in China to the bank as a pledge of RMB 1.32 billion of long-term loans due within 1 year (On December 31, 2019: Suning pledged 585,651,537 non-tradable shares of China Unicom (Note IV (12)) to the bank as a pledge of RMB 2.796 billion (including RMB 1.398 billion of long-term loans due within one year); Suning pledged 122,860,000 non-tradable shares of Huatai Securities to the bank as a pledge of RMB 1 billion of long-term loans (including RMB 100,000 of long-term loans due within 1 year); Suning pledged 100% equity of 37 department store project companies in China to the bank as a pledge of RMB 1.62 billion of long-term loans).

(b) On December 31, 2020, Suning pledged fixed assets (Note IV (16)) with book value of about RMB 808 million and intangible assets (Note IV (18)) with book value of about RMB 425 million to the bank as a pledge of about RMB 1.704 billion of long-term loans due within 1 year; Suning pledged the bank deposit in the repayment account as a pledge of about RMB 19.32 million of long-term mortgage loans (Note IV (1)) (On December 31, 2019: Suning pledged fixed assets with book value of about RMB 621 million (Note IV (16)) and intangible assets with book value of about RMB 412 million (Note IV (18)) to the bank as a pledge of about RMB 722 million of long-term loans (including RMB 18 million of long-term loans due within 1 year); Suning pledged the bank deposit in the repayment account as a pledge of about RMB 16.66 million of long-term mortgage loans (Note IV (1)).

(c) As described in Note II (1) to the financial statement, in 2020, Suning failed to meet the financial index requirements stipulated in some loan contracts and did not obtain the prior consent from relevant lending banks as agreed in the loan contracts for a certain business arrangement, which constituted Suning's failure to fulfill some agreed terms specified in the loan agreement, and triggered default terms in other loan contracts signed with the banks (hereinafter collectively referred to as "Default"). Because of such defaults, relevant banks and other financial institutions would have the right to require Suning to repay all principal of relevant loans in

advance, together with their interests. As of December 31, 2020, the balance of the principal and interest for these loans was RMB 11.237 billion, including RMB 2.307 billion for the principal and interest of short-term loans and RMB 767 million for long-term loans due within 1 year, and RMB 8.163 billion for the principal of long-term loans due after December 31, 2021 as agreed in the original contract. RMB 8.163 billion of long-term loans has been listed as a non-current liability due within 1 year in this annual financial statement.

(d) On December 31, 2020, the interest rate range for long-term loans was from 1.69% to 5.75% (on December 31, 2019, it was from 3.32% to 6.1%).

# IV Notes to Items of Consolidated Financial Statement (continued)

## (35) Bonds payable

| | December 31, 2019 | Issuance in current year | Interest of bonds payable | Premium Amortization | Repayment of current year | Transferred-in investment income | December 31, 2020 |
|---|---|---|---|---|---|---|---|
| Corporate Bonds -18 Suning (a) | 9,985,572 | - | - | 10,206 | (2,450,836) | (195,273) | 7,349,669 |
| Corporate Bonds -20 Suning (b) | - | 499,700 | - | 77 | - | - | 499,777 |
| Bond interest payable | 245,691 | - | (24,329) | - | - | - | 221,362 |
| | 10,231,263 | 499,700 | (24,329) | 10,283 | (2,450,836) | (195,273) | 8,070,808 |
| Including: bonds and interest due within 1 year | (1,742,461) | | | | | | (7,571,031) |
| | 8,488,802 | | | | | | 499,777 |

Relevant bound information is as follows:

| | Face value | Date of issue | Term of bonds | Issued amount |
|---|---|---|---|---|
| Corporate Bonds -18 Suning | 2,000,000 | April 19, 2018 | 3 | 2,000,000 |
| Corporate Bonds -18 Suning | 1,700,000 | May 09, 2018 | 3 | 1,700,000 |
| Corporate Bonds -18 Suning | 1,000,000 | June 15, 2018 | 5 years (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 Bonds -18 Suning | 1,200,000 | July 17, 2018 | 3 | 1,200,000 |
| Corporate Bonds -18 Suning | 1,600,000 | August 13, 2018 | 3 | 1,600,000 |
| Corporate Bonds -18 Suning | 1,500,000 | November 16, 2018 | 3 years (with the option of issuer to raise | 1,500,000 |

| | | | | |
|---|---|---|---|---|
| | | | the coupon rate and the put option of investor to resell at the end of the second year) | |
| | | | 5 years (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) | |
| Corporate Bonds -18 Suning | 1,000,000 | November 16, 2018 | | 1,000,000 |
| Corporate Bonds -20 Suning | 500,000 | March 13, 2020 | 3 | 500,000 |

IV Notes to Items of Consolidated Financial Statement (continued)

(35) Bonds payable (continued)

(a) Approved by ZJXK [2017] 2128 issued by the China Securities Regulatory 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.

(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 with face value of RMB 500 million 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.

IV Notes to Items of Consolidated Financial Statement (continued)

(36) Long-term payables

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Carrefour China equity fund payable (i) | 1,143,994 | 1,110,589 |
| Performance bond and deposit payable | 986,801 | 1,330,171 |
| | 2,130,795 | 2,440,760 |
| Minus: long-term payables due within 1 year (Note IV (32)) | (1,143,994) | - |
| | 986,801 | 2,440,760 |

(i) On June 22, 2019, Suning International Group Co., Ltd., a subsidiary of Suning, signed an equity purchase agreement with Carrefour Nederand B.V. ("Carrefour Nederand") for purchasing 80% of Carrefour China's equities held by Carrefour Nederand B.V. for a consideration of RMB 4.8 billion. According to aforementioned agreement, if Carrefour Nederand 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 Nederand, Carrefour Nederand 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 payables and additional paid-in capital 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 payables treated as the discount rate.

# IV Notes to Items of Consolidated Financial Statement (continued)

## (37) Deferred income

| | December 31, 2019 | Change of accounting policy (Note II (31)) | January 1, 2020 | Amount of increase in current year | Disposal of subsidiary | Amount of decrease in current year | December 31, 2020 | |
|---|---|---|---|---|---|---|---|---|
| Revenue for deferred extended warranty service | 1,410,192 | (1,410,192) | — | — | - | — | — | Revenue for prepaid extended warranty service |
| Government subsidies (i) | 815,095 | - | 815,095 | 201,088 | (117,00 | (41,027) | 858,156 | Subsidy for project construction |
| Revenue for franchise fees | 6,669 | (6,669) | — | — | - | — | — | Revenue for franchise fees received in advance |
| | 2,231,956 | (1,416,861) | 815,095 | 201,088 | (117,00 | (41,027) | 858,156 | |

(i)

| Items of government subsidy | December 31, 2019 | Add in this year | Included into other income (Note IV (54)) | Disposal of subsidiary | December 31, 2020 | Related to assets/ Related to income |
|---|---|---|---|---|---|---|
| Suning Logistics Center Project in East China (Phase I in Nanjing Airport) | 31,148 | 89,000 | (1,958) | - | 118,190 | Related to assets |
| Wuhu Logistics Base | 62,561 | - | (1,312) | - | 61,249 | Related to assets |
| Huaihai E-commerce Smart Pioneer | 55,146 | - | (1,376) | - | 53,770 | Related to assets |

| | | | | | | |
|---|---|---|---|---|---|---|
| Park Project | | | | | | |
| Ezhou Logistics Base | 52,112 | - | (1,139) | - | 50,973 | Related to assets |
| Harbin Logistics Base | 49,423 | 1,000 | (1,241) | - | 49,182 | Related to assets |
| Hefei Smart E-commerce Industrial Park Project | 49,496 | - | (1,008) | - | 48,488 | Related to assets |
| Xiangyang Logistics Base | 24,878 | 14,795 | (841) | - | 38,832 | Related to assets |
| Jining Yanzhou Logistics Base | 33,270 | - | - | - | 33,270 | Related to assets |
| Beijing Logistics Base | 32,357 | - | (862) | - | 31,495 | Related to assets |
| Changchun Logistics Base | 30,183 | - | (718) | - | 29,465 | Related to assets |
| Hefei Logistics Base | 30,102 | - | (816) | - | 29,286 | Related to assets |
| Jiangsu Suning Logistics Base | 29,000 | - | (4,000) | - | 25,000 | Related to assets |
| Baotou Suning Appliance Plaza | 21,701 | - | (550) | - | 21,151 | Related to assets |
| Shenyang Xiehe Plaza Project | 9,900 | 11,870 | (663) | - | 21,107 | Related to assets |
| Support funds for Chongqing Bonded Port Area | - | 20,000 | - | - | 20,000 | Related to assets |

# IV Notes to Items of Consolidated Financial Statement (continued)

## (37) Deferred income (continued)

| (i) | Items of government subsidy | December 31, 2019 | Add in this year | Included in other income (Note IV (54)) | Disposal of subsidiary | December 31, 2020 | Related to assets/ Related to income |
|---|---|---|---|---|---|---|---|
| | Xiaogan Suning E-commerce Industrial Park | 19,000 | 1,000 | (234) | - | 19,766 | Related to assets |
| | Shaoxing Logistics Base | 18,724 | - | (403) | - | 18,321 | Related to assets |
| | Linshui Landscape Base | 18,462 | - | (409) | - | 18,053 | Related to assets |
| | Hainan E-commerce Operation Center Project | 18,461 | - | (517) | - | 17,944 | Related to assets |
| | Lanzhou Logistics Base | 14,326 | - | (336) | - | 13,990 | Related to assets |
| | Yancheng Yanning Logistics Base | 14,270 | - | (345) | - | 13,925 | Related to assets |
| | Dalian Regional Purchase Settlement Center Project | 13,904 | - | (297) | - | 13,607 | Related to assets |
| | Intelligent Robot Project | 14,435 | - | (5,249) | - | 9,186 | Related to assets |
| | Changzhou Suning Yida Logistics Base | 9,161 | - | (202) | - | 8,959 | Related to assets |
| | Guiyang Jinyang New Area Logistics Base | 8,615 | - | (208) | - | 8,407 | Related to assets |
| | Big Data Intelligent Analysis System Project | 18,208 | - | (10,037) | - | 8,171 | Related to assets |
| | Phase II Logistics Industry Development Project | - | 8,000 | (54) | - | 7,946 | Related to assets |
| | Shenyang Sujiatun Suning.Com Plaza | 7,385 | - | (197) | - | 7,188 | Related to assets |

| Project | | | | | | |
|---|---|---|---|---|---|---|
| Chengdu Qingbaijiang Logistics Park Project | - | 7,165 | (15) | - | 7,150 | Related to assets |
| Urumchi Logistics Base | 6,057 | - | (144) | - | 5,913 | Related to assets |
| Others | 122,810 | 48,258 | (5,896) | (117,000) | 48,172 | Related to assets |
| Total | 815,095 | 201,088 | (41,027) | (117,000) | 858,156 | |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (37) Deferred income (continued)

Details of government subsidies for Suning included in gain or loss for the current year are as follows:

| Items of government subsidy | Type | Amount included in gain or loss or offset against related costs for the year | Items included in gain or loss or set-off against related costs for the year |
|---|---|---|---|
| Big Data Intelligent Analysis System Project | Government subsidies | 10,037 | Other income |
| Intelligent Robot Project | Government subsidies | 5,249 | Other income |
| Jiangsu Suning Logistics Base | Government subsidies | 4,000 | Other income |
| Suning Logistics Center Project in East China (Phase I in Nanjing Airport) | Government subsidies | 1,958 | Other income |
| Huaihai E-commerce Smart Pioneer Park Project | Government subsidies | 1,376 | Other income |
| Wuhu Logistics Base | Government subsidies | 1,312 | Other income |
| Harbin Logistics Base | Government subsidies | 1,241 | Other income |
| Ezhou Logistics Base | Government subsidies | 1,139 | Other income |
| Shanghai Logistics Base | Government subsidies | 1,084 | Other income |
| Hefei Smart E-commerce Industrial Park Project | Government subsidies | 1,008 | Other income |
| Wuhan Logistics Base | Government subsidies | 897 | Other income |
| Beijing Logistics Base | Government subsidies | 862 | Other income |

| | | | |
|---|---|---|---|
| Xiangyang Logistics Base | Government subsidies | 841 | Other income |
| Hefei Logistics Base | Government subsidies | 816 | Other income |
| Changchun Logistics Base | Government subsidies | 718 | Other income |
| Supply chain system construction with government subsidies in logistics and express industry | Government subsidies | 674 | Other income |
| Shenyang Xiehe Plaza Project | Government subsidies | 663 | Other income |
| Industrial and Information Industry Transformation and Upgrading Project | Government subsidies | 611 | Other income |
| Baotou Suning Appliance Plaza | Government subsidies | 550 | Other income |
| Hainan E-commerce Operation Center Project | Government subsidies | 517 | Other income |
| Linshui Landscape Base | Government subsidies | 409 | Other income |
| Shaoxing Logistics Base | Government subsidies | 403 | Other income |
| Yancheng Yanning Logistics Base | Government subsidies | 345 | Other income |
| Lanzhou Logistics Base | Government subsidies | 336 | Other income |
| Dongxihu Logistics Base | Government subsidies | 319 | Other income |
| Boning Suning Logistics Base | Government subsidies | 315 | Other income |
| Others | Government subsidies | 3,347 | Other income |
| Total | | 41,027 | |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (38) Other non-current liabilities

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Revenue for deferred extended warranty service | 877,787 | — |
| Advance payment for long-term house purchase | 424,134 | — |
| Liquidity support obligation | 67,210 | - |
| Fair value loss of forward foreign exchange contracts | 36,552 | 2,983 |
| Deferred franchisee revenue | 5,168 | - |
| Others | - | 175 |
| | 1,410,851 | 3,158 |

### (39) Issued capital

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| RMB common shares | 9,310,040 | 9,310,040 |

### (40) Capital reserve

| | December 31, 2019 | Increase in current year (i) | Decrease in current year (ii) | December 31, 2020 |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Capital stock premium (Note IV (41)) | 4,895,303 | - | (150,055) | 4,745,248 |
| Other additional paid-in capital - other | 32,353,701 | 91,687 | (3,962,392) | 28,482,996 |
| | 37,249,004 | 91,687 | (4,112,447) | 33,228,244 |

| | December 31, 2018 | Increase in current year | Decrease in current year | December 31, 2019 |
|---|---|---|---|---|
| Capital stock premium | 5,095,377 | - | (200,074) | 4,895,303 |
| Other additional paid-in capital - other | 33,192,984 | 234,702 | (1,073,985) | 32,353,701 |
| | 38,288,361 | 234,702 | (1,274,059) | 37,249,004 |

IV Notes to Items of Consolidated Financial Statement (continued)

(40) Additional paid-in capital (continued)

(i) Employee stock ownership plan

Suning passed the resolution of *Proposal on Corporate Share Repurchase to Implement Stock-based Compensation Plan* in the 3rd 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 Group Co., Ltd. (Draft)* and *Summary of Employee Stock Ownership Plan (Phase III) of Suning.Com Group Co., Ltd. (Draft)* ("Employee Stock Ownership Plan") were reviewed and passed in the 4th 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 recognized 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 Suning'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 Suning'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 shares 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 shall reach 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 Group 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. In 2019 and 2020, 40% and 30% of saleable underlying stocks in the employee stock ownership plan were sold respectively, and the remaining 30% will be sold in 2021.

The employee stock ownership plan should last for 48 months.

IV Notes to Items of Consolidated Financial Statement (continued)

(40) Additional paid-in capital (continued)

(i) Employee stock ownership plan (continued)

Impact of share payment transaction on financial situation and operating results:

2020

| | |
|---|---|
| Total amount of the expenses as a result of equity-settled share-based payments, which is accrued in the current period | RMB 88 million |
| Total amount of long-term equity investment accrued due to current equity-settled share-based payment | RMB 4 million |
| Amount of equity-settled share-based payment in additional paid-in capital | RMB 92 million |

(ii) Purchasing minority equity of subsidiary

In November 2020, Suning purchased a total of 30% equity of Jiangsu Suning.Com E-commerce Co., Ltd., a subsidiary of Suning, held by Beijing Hony 2010 Private Equity Investment Center (Limited Partnership) and Nanjing E-buy Investment Center (Limited Partnership). The trading day is November 18, 2020. Upon completion of this transaction, Suning holds 100% equity of Jiangsu Suning.Com E-commerce Co., Ltd. The adjustment of additional paid-in capital arising from this transaction is as follows:

| | Amount |
|---|---|
| Purchase cost— | |

| | |
|---|---|
| Cash paid | 180,000 |
| Payment of equity acquisition unpaid | 1,920,000 |
| Total of purchase cost | 2,100,000 |
| Minus: identifiable net liabilities of subsidiaries calculated from the merger date according to the proportion of newly acquired equity on the trading day. | |
| Share | 1,862,392 |
| Adjustment of additional paid-in capital | 3,962,392 |

(iii) On June 22, 2019, Suning International signed an equity purchase agreement with Carrefour Nederand B.V. for purchasing 80% of Carrefour China's equities held by Carrefour Nederand B.V. for a consideration of RMB 4.8 billion. According to the agreement, the put option has been granted to Carrefour Nederand. 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 (36)).

## IV Notes to Items of Consolidated Financial Statement (continued)

### (41) Treasury stocks

| | December 31, 2019 | Amount of increase in current year (Note (I)) | Amount of decrease in current year (i) | December 31, 2020 |
|---|---|---|---|---|
| Treasury stocks | 1,899,961 | 707,032 | (301,093) | 2,305,900 |

(i) In 2020, the part of saleable underlying stocks in the employee stock ownership plan, which accounts for less than 30% of the total shares, was sold. According to the situation of the saleable stocks for Suning, the 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 was about RMB 150 million (Note IV (40)).

# IV Notes to Items of Consolidated Financial Statement (continued)

## (42) Other comprehensive income

| | Other comprehensive income in the balance sheet | | | | Other comprehensive income in 2020 income statement | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | December 31, 2019 | Attributable to parent company after tax | Transference of other comprehensive earnings to retained earnings | December 31, 2020 | Pre-tax accrual | Minus: Transfer-out of other comprehensive income for the year | Minus: Income tax expense | Attributable to parent company after tax | Attributable to minority shareholders after tax |
| Other comprehensive income which cannot be reclassified into the gain and loss in future | | | | | | | | | |
| Other comprehensive incomes that cannot be reclassified into the gain and loss under the Equity Method | 5,384 | - | - | 5,384 | - | - | - | - | - |
| Fair value change in other equity instruments investment | (930,651) | (491,876) | 99,499 | (1,323,028) | (644,721) | - | 152,845 | (491,876) | - |
| Other comprehensive income which will be reclassified into the gain and loss | | | | | | | | | |
| Other comprehensive income that can be reclassified into the gain and loss under the Equity Method | 40,684 | (18,168) | - | 22,516 | (18,168) | - | - | (18,168) | - |
| Credit impairment reserves of other debt investment (including accounts receivable financing) | (4,607) | 4,607 | - | - | 6,144 | - | (1,537) | 4,607 | - |
| Translation difference in the foreign currency statements | 1,086,765 | (1,146,895) | - | (60,130) | (1,146,789) | - | - | (1,146,895) | 106 |
| | 197,575 | (1,652,332) | 99,499 | (1,355,258) | (1,803,534) | - | 151,308 | (1,652,332) | 106 |

# IV Notes to Items of Consolidated Financial Statement (continued)

## (42) Other comprehensive income (continued)

| | Other comprehensive income in the balance sheet | | | | | | Other comprehensive income in 2019 income statement | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | December 31, 2018 | Change of accounting policy | 2019 January 1 | Attributable to parent company after tax | Transference of other comprehensive earnings to retained earnings | December 31, 2019 | Pre-tax accrual | Minus: Transfer-out of other comprehensive income for the year | Minus: Income tax expense | Attributable to parent company after tax | Attributable to minority shareholders after tax |
| Other comprehensive income which cannot be reclassified into the gain and loss in future | | | | | | | | | | | |
| Other comprehensive incomes that cannot be reclassified into the gain and loss under the Equity Method | - | - | - | 5,384 | - | 5,384 | 13,257 | (7,873) | - | 5,384 | - |
| Fair value change in other equity instruments investment | - | (743,973) | (743,973) | (186,678) | - | (930,651) | (148,618) | - | (33,157) | (186,678) | 4,903 |
| Other comprehensive income which will be reclassified into the gain and loss | | | | | | | | | | | |
| Other comprehensive income that can be reclassified into the gain and loss under the Equity Method | (2,498) | - | (2,498) | 43,182 | - | 40,684 | 51,982 | (8,800) | - | 43,182 | - |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Credit impairment reserves of other debt investment (including accounts receivable financing) | - | - | - | (4,607) | - | (4,607) | (6,144) | - | 1,537 | (4,607) | - |
| Gain or loss from fair value changes of available-for-sale financial assets | (430,311) | 430,311 | - | - | - | - | - | - | - | - | - |
| Translation difference in the foreign currency statements | 732,767 | - | 732,767 | 353,998 | - | 1,086,765 | 571,253 | (159,422) | - | 353,998 | 57,833 |
| | 299,958 | (313,662) | (13,704) | 211,279 | - | 197,575 | 481,730 | (176,095) | (31,620) | 211,279 | 62,736 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (43) Surplus reserve

| | December 31, 2019 | Change of accounting policy (a) | January 1, 2020 | Amount of increase in current year | December 31, 2020 |
|---|---|---|---|---|---|
| Legal surplus reserves | 1,690,873 | (21,873) | 1,669,000 | 82,958 | 1,751,958 |
| Passive dilution disposal of subsidiaries | 57,799 | - | 57,799 | - | 57,799 |
| | 1,748,672 | (21,873) | 1,726,799 | 82,958 | 1,809,757 |

| | December 31, 2018 | Change of accounting policy | 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 |
| Passive dilution disposal of subsidiaries | - | - | - | 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 21.87 million due to the adjustment of the first implementation of the new standard (Note II (31)).

According to the Company Law of the People's Republic of China and the Articles of Association of Suning, Suning shall accrue the statutory surplus reserve by 10% of annual net profit. When the cumulative amount of statutory surplus reserve reaches more than 50% of the registered capital, the Company may no longer accrue the statutory surplus reserve. If the statutory surplus reserve was not sufficient to cover the losses of previous years, the profits of the current year would be used to cover the losses first. After approval, the statutory surplus reserve can be used to make up the

loss or increase the issued capital According to the resolution of the board of directors, the statutory surplus reserves with an amount of about RMB 82.96 million (in 2019, the amount was about RMB 154 million) were drawn with 10% of the net profit of Suning in 2020.

## IV Notes to Items of Consolidated Financial Statement (continued)

### (44) Undistributed profits

| | 2020 | 2019 |
|---|---|---|
| Undistributed profits at the beginning of the year (before adjustment) | 41,277,886 | 32,169,894 |
| Change in accounting policies (a) | (230,990) | 277,115 |
| Undistributed profits at the beginning of the year (after adjustment) | 41,046,896 | 32,447,009 |
| Plus: net profit belonging to shareholders of the parent company in current year | (4,274,696) | 9,842,955 |
| Other comprehensive income transferred in | (99,499) | - |
| General risk reserves transferred back | - | 582,883 |
| Conversion into trading financial assets by equity method | - | 7,873 |
| Minus: Accrued statutory surplus reserve (Note IV (43)) | (82,958) | (154,107) |
| Common-share dividends payment (c) | (457,878) | (1,110,364) |
| Accrual of general risk reserves (b) | (97,966) | (280,564) |
| Passive dilution disposal of subsidiaries | - | (57,799) |
| Undistributed profits at end of year | 36,033,899 | 41,277,886 |

(a) On January 1, 2020, the undistributed profit at the beginning of 2020 was about RMB 231 million due to the adjustment of the first implementation of the new standard (Note II (31)).

(b) In accordance with the *Measures on Management for Reserves Accrual of Financial Enterprises* (FJ [2012] No.20) issued on March 30, 2012 by the Ministry of Finance, the balance of general risk reserves accrued required for financial enterprises can not 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 December 31, 2020, Suning confirmed general risk reserves according to the shareholding ratio of associated enterprise.

(c) According to the resolution of the Shareholders' Meeting on May 18, 2020, Suning distributed cash dividends to all shareholders, which was RMB 0.5 (tax inclusive) for every 10 stocks. In addition to the repurchased shares of 152,493,839 for the special security account for repurchase of Suning as per the existing total issued share of Suning, the total amount was about RMB 458 million based on 9,157,545,816 shares.

## IV Notes to Items of Consolidated Financial Statement (continued)

### (45) Operating revenue and operating cost

| | 2020 | 2019 |
|---|---|---|
| Main business revenue | 245,578,423 | 263,607,719 |
| Other business revenue | 6,717,243 | 5,621,181 |
| | 252,295,666 | 269,228,900 |

| | 2020 | 2019 |
|---|---|---|
| Main business cost | 223,444,744 | 229,270,973 |
| Other business cost | 1,132,653 | 846,412 |
| | 224,577,397 | 230,117,385 |

#### (a) Income and cost of main business

Analysis by industry is as follows:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Main business revenue | Main business cost | Main business revenue | Main business cost |
| Retail and wholesaling industry | 238,502,552 | 216,542,992 | 253,655,530 | 222,081,232 |
| Delivery service | 3,839,450 | 4,784,407 | 3,267,308 | 4,328,896 |
| Installation and | 1,937,828 | 1,623,905 | 1,973,516 | 1,622,973 |

| | | | | |
|---|---|---|---|---|
| maintenance industry | | | | |
| Financial industry | - | - | 2,787,865 | 774,756 |
| Other industries (i) | 1,298,593 | 493,440 | 1,923,500 | 463,116 |
| | 245,578,423 | 223,444,744 | 263,607,719 | 229,270,973 |

(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 labor service, etc.

## IV Notes to Items of Consolidated Financial Statement (continued)

### (45) Operating revenue and operating cost (continued)

#### (a) Income and cost of main business (continued)

Analysis by product is as follows:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Main business revenue | Main business cost | Main business revenue | Main business cost |
| Communication products | 60,415,816 | 58,707,324 | 62,013,491 | 59,272,450 |
| General merchandise | 50,683,648 | 43,912,145 | 45,570,496 | 37,477,567 |
| Small appliances | 40,844,302 | 35,703,175 | 43,824,393 | 36,417,902 |
| White goods | 23,630,351 | 20,393,310 | 27,879,652 | 22,841,556 |
| Digital and IT products | 23,586,557 | 23,232,606 | 25,625,474 | 25,154,695 |
| Air-conditioner | 20,910,618 | 18,376,915 | 25,996,285 | 21,828,193 |
| Brown goods | 18,431,260 | 16,217,517 | 22,745,739 | 19,088,869 |
| Delivery service | 3,839,450 | 4,784,407 | 3,267,308 | 4,328,896 |
| Installation and maintenance business | 1,937,828 | 1,623,905 | 1,973,516 | 1,622,973 |
| Financial service | - | - | 2,787,865 | 774,756 |
| Other industries | 1,298,593 | 493,440 | 1,923,500 | 463,116 |
| | 245,578,423 | 223,444,744 | 263,607,719 | 229,270,973 |

#### (b) Other business revenue and other business costs

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Other business revenue | Other business cost | Other business revenue | Other business cost |
| Service revenue of chain | 3,152,008 | - | 2,271,764 | - |

| | | | | |
|---|---|---|---|---|
| stores (i) | | | | |
| Rental income (ii) | 2,390,380 | 1,125,870 | 1,211,931 | 559,181 |
| Information technology service income | 438,803 | - | 823,403 | - |
| Agency fee income | 148,203 | - | 405,394 | - |
| Others (iii) | 587,849 | 6,783 | 908,689 | 287,231 |
| | 6,717,243 | 1,132,653 | 5,621,181 | 846,412 |

(i) The service revenue of chain stores mainly includes advertising and display service revenue and commodity display space revenue collected from clients.

(ii) Due to COVID-19 outbreak, Suning exempted the lessee from rent of about RMB 124 million in 2020. Suning has offset the above rent relief amount against the current rent revenue.

(iii) Others mainly include logistics value-added service revenue, etc.

IV Notes to Items of Consolidated Financial Statement (continued)

(45) Operating revenue and operating cost (continued)

(c) The decomposition of Suning's annual revenue in 2020 is as follows:

| | 2020 | | | | |
|---|---|---|---|---|---|
| | Retail business | Delivery service | Installation and maintenance service | Others | Total |
| Main business revenue | 238,502,552 | 3,839,450 | 1,937,828 | 1,298,593 | 245,578,423 |
| Recognized at a certain time point | 238,502,552 | - | - | 1,298,593 | 239,801,145 |
| Recognized within a certain time period | - | 3,839,450 | 1,937,828 | - | 5,777,278 |
| Other business revenue (i) | - | - | - | 6,717,243 | 6,717,243 |
| | 238,502,552 | 3,839,450 | 1,937,828 | 8,015,836 | 252,295,666 |

(i) With the exception of rent income, other business income is confirmed within a certain time period.

As for December 31, 2020, the amount of the revenue corresponding to the performance obligations of Suning who had signed the contract but had not yet fulfilled all obligations was about RMB 12.825 billion. It is expected that about RMB 11.518 billion will be recovered in 2021 and that about RMB 1.307 billion will be recovered in 2022 and beyond.

(46) Taxes and surcharges

| | 2020 | 2019 | Calculation and payment standards |
|---|---|---|---|
| House property tax | 219,774 | 188,905 | House rent / original value of property |

| | | | Amount per book for taxable contracts, certificates of transfer of property rights, account books recording capitals, and numbers of other business books, rights, licenses and certificates |
|---|---|---|---|
| Stamp tax | 154,465 | 177,445 | |
| Urban maintenance and construction tax | 135,710 | 233,222 | VAT / consumption tax paid |
| Educational surcharge | 96,834 | 168,205 | VAT / consumption tax paid |
| Land use tax | 61,333 | 50,598 | Taxable occupied land area |
| Funds for flood control, water conservancy and security | 8,531 | 16,723 | Taxable revenue |
| Others | 296,128 | 225,809 | |
| | 972,775 | 1,060,907 | |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (47) Sales cost

| | 2020 | 2019 |
|---|---|---|
| Rental expenses | 6,742,092 | 6,966,420 |
| Salaries, bonuses, allowances and subsidies | 5,486,901 | 8,303,280 |
| Advertising and marketing expenses | 4,202,519 | 6,333,540 |
| Warehousing cost | 1,130,785 | 1,160,208 |
| Transportation and human resource cost | 1,084,428 | 3,543,433 |
| Depreciation of fixed assets | 1,028,288 | 1,044,154 |
| Electricity and water expenses | 915,772 | 917,430 |
| Amortization of long-term unamortized expenses | 882,695 | 888,577 |
| Information technology service fee | 760,994 | 652,570 |
| Amortization of intangible assets | 457,059 | 473,062 |
| Social insurance expenses | 420,308 | 913,403 |
| Office expense | 377,118 | 501,858 |
| Housing accumulation fund | 181,311 | 183,220 |
| Employee welfare expense | 152,771 | 67,868 |
| Consultation fees | 32,304 | 15,328 |
| Travel expenses | 31,659 | 83,756 |
| Insurance expenses | 31,481 | 108,937 |

| | | | |
|---|---|---|---|
| Business expenses | entertainment | 16,800 | 24,833 |
| Others | | 1,741,226 | 1,350,141 |
| | | 25,676,511 | 33,532,018 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (48) Administrative cost

| | 2020 | 2019 |
|---|---|---|
| Salaries, bonuses, allowances and subsidies | 2,226,620 | 2,173,209 |
| Amortization of intangible assets | 469,729 | 374,736 |
| Depreciation of fixed assets | 386,460 | 271,924 |
| Social insurance expenses | 192,092 | 327,075 |
| Rental expenses | 111,435 | 204,403 |
| Consultation fees | 98,459 | 194,327 |
| Housing accumulation fund | 97,974 | 95,286 |
| Electricity and water expenses | 79,663 | 113,605 |
| Employee welfare expense | 69,674 | 109,244 |
| Business entertainment expenses | 54,815 | 57,939 |
| Amortization of long-term unamortized expenses | 54,466 | 19,998 |
| Travel expenses | 43,841 | 101,489 |
| Office expense | 43,071 | 110,665 |
| Insurance expenses | 27,931 | 26,789 |
| Others | 703,490 | 764,343 |
| | 4,659,720 | 4,945,032 |

### (49) R&D cost

| | 2020 | 2019 |
|---|---|---|
| Salaries, bonuses, allowances and subsidies | 1,462,461 | 1,817,790 |
| Depreciation of fixed assets | 309,248 | 246,598 |
| Information technology service fee | 230,911 | 613,848 |
| Social insurance expenses | 106,687 | 182,997 |
| Housing accumulation fund | 51,069 | 51,627 |
| Electricity and water expenses | 22,387 | 25,533 |
| Amortization of intangible assets | 13,730 | 11,888 |
| Consultation fees | 8,991 | 137,555 |
| Amortization of long-term unamortized expenses | 4,272 | - |
| Employee welfare expense | 3,007 | 3,453 |
| Travel expenses | 2,759 | 7,600 |
| Rental expenses | 124 | - |
| Others | 48,287 | 168,721 |
| | 2,263,933 | 3,267,610 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (50) Financial cost

| | 2020 | 2019 |
|---|---|---|
| Interest expenditure | 2,218,321 | 1,850,197 |
| Minus: Capitalized interest | (80,606) | (64,389) |
| Interest expense | 2,137,715 | 1,785,808 |
| Minus: interest revenue | (562,209) | (921,612) |
| Discounted expenses of long-term payables | 56,007 | - |
| Bank's service charge | 429,201 | 1,201,077 |
| Exchange gain or loss | (95,290) | 172,147 |
| | 1,965,424 | 2,237,420 |

### (51) Expenses classified by nature

The cost of revenues, sales cost, administrative cost and R&D cost in the income statement are classified according to their nature, and are listed as follows:

| | 2020 | 2019 |
|---|---|---|
| Inventory changes | 2,199,590 | (4,708,583) |
| Goods purchased and spare parts consumed for installation and maintenance | 214,591,662 | 228,076,061 |

| | | |
|---|---|---|
| Changes in real estate project development costs | 618,240 | (70,653) |
| Employee compensation cost | 11,718,703 | 16,973,327 |
| Rental expenses (i) | 7,722,260 | 7,421,188 |
| Advertising and marketing expenses | 4,202,519 | 6,333,540 |
| Transportation and human resource cost | 3,598,704 | 3,543,433 |
| Amortization expenses | 2,169,327 | 1,995,267 |
| Depreciation expenses | 2,009,417 | 1,733,607 |
| Expenditure of labor service for installation and maintenance | 1,623,905 | 3,124,244 |
| Warehousing cost | 1,130,785 | 1,469,024 |
| Electricity and water expenses | 1,017,822 | 1,056,568 |
| Information technology service fee | 991,905 | 1,266,418 |
| Office expense | 420,487 | 613,203 |
| Consultation fees | 139,754 | 347,210 |
| Others | 3,022,481 | 2,688,191 |
| | 257,177,561 | 271,862,045 |

(i) Due to COVID-19 outbreak, leasers exempted the Suning from rent of about RMB 548 million in 2020. Suning has offset the above rent relief amount against the current rent expense.

## IV Notes to Items of Consolidated Financial Statement (continued)

### (52) Asset impairment loss

| | 2020 | 2019 |
|---|---|---|
| Impairment loss of goodwill | 1,092,451 | 246,328 |
| Loss from intangible assets impairment | 471,208 | 548,927 |
| Loss of inventory devaluation | 377,000 | 226,465 |
| Fixed assets impairment loss | 165,638 | 96,322 |
| Impairment loss of long-term unamortized expenses | 45,732 | 1,987 |
| Impairment loss of long-term equity investment | 35,932 | - |
| | 2,187,961 | 1,120,029 |

### (53) Credit impairment loss

| | 2020 | 2019 |
|---|---|---|
| Bad debt loss of accounts receivable | 304,152 | 68,908 |
| Bad debt loss of monetary funds | 83,543 | - |
| Bad debt loss of other accounts receivable | 39,570 | 117,427 |
| Bad debt loss/(transferred back) of long-term accounts receivable | 575 | (229) |

| | | |
|---|---|---|
| Bad debt (transferred back)/loss of notes receivable | (16,202) | 26,057 |
| Loan issued and impairment loss of advances | - | 393,870 |
| | 411,638 | 606,033 |

(54) Other income

| | 2020 | 2019 | Related to assets/income |
|---|---|---|---|
| Government subsidies | 798,270 | 298,870 | Related to income |
| Government subsidies (Note IV (37)) | 41,027 | 39,170 | Related to assets |
| | 839,297 | 338,040 | |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (55) Investment income

| | 2020 | 2019 |
|---|---|---|
| Investment income gained by disposing trading financial assets | 990,436 | 869,591 |
| Investment income from disposal of subsidiaries (Note V (1)(b)) | 810,054 | 19,663,618 |
| Investment income for trading financial assets during holding period | 219,464 | 226,532 |
| Investment income from bond repurchase | 195,273 | - |
| Investment income from other non-current financial assets during holding period | 56,158 | - |
| Investment income from other equity instruments investment during holding period | 35,373 | 38,327 |
| Investment income from other current assets during holding period | 11,390 | - |
| Investment income from debt investment during holding period | 407 | 408 |
| Long-term equity investment income accounted by equity method | 14,118 | 264,998 |

| | | |
|---|---|---|
| Investment loss arising from disposal of other non-current financial assets | (88,933) | - |
| Investment income gained by disposing derivative financial liabilities | (30,078) | - |
| Investment losses of derivative financial liabilities recognized during holding period | - | (14,560) |
| Investment income from disposal of associated company | - | 312,617 |
| Income from investment converted to trading financial assets after accounting by equity method | - | 444,259 |
| Others | - | (14,379) |
| | 2,213,662 | 21,791,411 |

There are no significant restrictions on the repatriation of investment income in Suning.

IV Notes to Items of Consolidated Financial Statement (continued)

(56) Income / (loss) from changes in fair value

| | 2020 | 2019 |
|---|---|---|
| Trading financial assets - | | |
| Designated as financial asset measured at fair value with their changes included in the current gain or loss | 532,788 | 344,672 |
| Financial products | (63,395) | (46,245) |
| Funds | 45,168 | - |
| Trading equity instrument investment | (283,365) | (261,589) |
| | 231,196 | 36,838 |
| Other non-current financial assets - | | |
| Equity investment | 394,810 | (56,762) |
| Convertible bond | 2,132 | (3,596) |
| Funds | - | 156,662 |
| Preferred stock | (65,819) | 79,815 |
| Derivative financial instruments | (58,077) | 6,414 |
| | 273,046 | 182,533 |
| Derivative financial liabilities | 400 | (799) |

| | | |
|---|---|---|
| Other non-current liabilities - | | |
| Forward exchange contract | (34,052) | (2,296) |
| Liquidity support | (3,310) | - |
| | (37,362) | (2,296) |
| | 467,280 | 216,276 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (57) Asset gain or loss on disposal

| | 2020 | 2019 | Amount included in non-recurring gain or loss in 2020 |
|---|---|---|---|
| Fixed assets disposal income/(loss) | 35,646 | (16,473) | 35,646 |

### (58) Non-operating income

| | 2020 | 2019 | Amount included in non-recurring gain or loss in 2020 |
|---|---|---|---|
| Penalty incomes | 141,108 | 152,317 | 141,108 |
| Payables with no need to be paid | 102,024 | - | 102,024 |
| Revenue from compensation for store termination | 87,853 | - | 87,853 |
| Profits from cancellation of subsidiaries | - | 10,706 | - |
| Profits on inventory | - | 424 | - |

| | | | |
|---|---|---|---|
| Others | 94,090 | 87,877 | 94,090 |
| | 425,075 | 251,324 | 425,075 |

(59) Non-operating expenses

| | 2020 | 2019 | Amount included in non-recurring gain or loss in 2020 |
|---|---|---|---|
| Penalty, indemnity and liquidated damages | 220,513 | 144,365 | 220,513 |
| Losses on retirement of fixed assets | 65,188 | 42,736 | 65,188 |
| Fire damage | 50,028 | - | 50,028 |
| Contribution expenses | 29,762 | 13,666 | 29,762 |
| Anticipated compensation in pending litigation | 26,146 | 12,991 | 26,146 |
| Others | 70,271 | 114,689 | 70,271 |
| | 461,908 | 328,447 | 461,908 |

IV Notes to Items of Consolidated Financial Statement (continued)

(60) Income tax expenses

| | 2020 | 2019 |
|---|---|---|
| Current income taxes calculated by tax law and related provisions | 452,697 | 1,103,748 |
| Deferred income tax | (1,995,472) | 4,171,062 |
| | (1,542,775) | 5,274,810 |

The income tax calculated by adopting applicable tax rate based on the total profit/(loss) in the consolidated income statement shall be adjusted as the income tax expense:

| | 2020 | 2019 |
|---|---|---|
| Total (loss)/profit | (6,900,641) | 14,594,597 |
| Income tax calculated at legal/applicable tax rate | (1,675,119) | 3,626,721 |
| Impact of preferential tax rate for some subsidiaries | 48,798 | (52,463) |
| Non-taxable revenue | (372,537) | (273,537) |
| Taxable temporary differences for unrecognized deferred tax liabilities in former period | - | 1,764,770 |
| Cost, expense and losses that can not be deductible | 381,775 | 125,302 |
| R&D cost plus deductibles | (161,176) | (60,749) |

| | | |
|---|---|---|
| Income tax settlement differences | (100,190) | 26,214 |
| Deferred income tax assets recognized in previous years transferred back | 80,645 | 42,858 |
| Deductible temporary difference of deferred income tax assets that has not been recognized in early period of usage | (32,634) | (927,260) |
| Deductible losses of unrecognized deferred income tax assets in early period of usage | (48,736) | (34,524) |
| Deductible temporary difference of deferred income tax assets that has not been recognized in current period | 5,151 | 61,814 |
| Deductible losses of unconfirmed deferred income tax assets in current period | 331,248 | 975,664 |
| Income tax expenses | (1,542,775) | 5,274,810 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (61) Earnings per share

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to common shareholders of the parent company by the weighted average of common shares issued by the parent company:

| | 2020 | 2019 |
|---|---|---|
| Combined net (loss)/profit attributable to common shareholders of the parent company (RMB 1,000) | (4,274,696) | 9,842,955 |
| Weighted average of common shares issued by Suning (1,000 shares) | 9,257,904 | 9,200,093 |
| Basic earnings per share | RMB -0.46 | RMB 1.07 |
| Including: | | |
| - Basic earnings per share for going concern | RMB -0.46 | RMB -0.13 |
| - Basic earnings per share for discontinuing operation | Not applicable | RMB 1.20 |

#### (b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit 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:

| | 2020 | 2019 |
|---|---|---|
| Combined net (loss)/profit attributable to common shareholders of Suning (RMB 1,000) | (4,274,696) | 9,842,955 |
| Weighted average of common shares issued by Suning (1,000 shares) | 9,257,904 | 9,200,093 |
| Plus: restricted stock adjustment | 3,015 | 11,901 |
| Weighted average of common shares upon adjustment issued by Suning | 9,260,919 | 9,211,994 |
| Diluted earnings per share | RMB -0.46 | RMB 1.07 |
| Including: | | |
| - Diluted earnings per share for going concern | RMB -0.46 | RMB -0.13 |
| - Diluted earnings per share for discontinuing operation | Not applicable | RMB 1.20 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (62) Notes to items of cash flow statement

#### (a) Other cashes received relating to business activities

| | 2020 | 2019 |
|---|---|---|
| Subsidy revenue | 999,358 | 547,054 |
| Deposit interest revenue | 409,193 | 787,796 |
| Indemnity revenue | 265,621 | 152,317 |
| All kinds of security funds and guarantee deposits received | 1,011,860 | 2,117,907 |
| Others | 327,835 | 115,274 |
| | 3,013,867 | 3,720,348 |

#### (b) Other cash paid relating to business activities

| | 2020 | 2019 |
|---|---|---|
| Advertising and marketing expenses | 6,140,921 | 6,275,115 |
| Rental expenses | 5,799,314 | 5,388,302 |
| Warehousing cost | 1,130,785 | 1,469,024 |
| Transportation and human resource cost | 1,084,428 | 3,543,433 |
| Electricity and water expenses | 1,034,357 | 1,099,028 |

| | | |
|---|---|---|
| Information technology service fee | 991,905 | 1,266,418 |
| All kinds of security funds, enrollment deposits, guarantee deposits, etc. paid | 804,495 | 1,853,718 |
| Bank's service charge | 429,201 | 1,201,077 |
| Office expense | 420,487 | 613,203 |
| Consultation fees | 139,754 | 347,210 |
| Others | 3,399,160 | 1,193,218 |
| | 21,374,807 | 24,249,746 |

## 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

| | 2020 | 2019 |
|---|---|---|
| Recover of security treated as collateral for short-term loans | 12,524,895 | 8,783,379 |
| Loans from related parties | 2,000,000 | - |
| Deposit recovered for L/C opening of short-term loan financing | 698,000 | - |
| | 15,222,895 | 8,783,379 |

#### (d) Other cash paid relating to financing activities

| | 2020 | 2019 |
|---|---|---|
| Cash paid for security treated as collateral for short-term loans | 16,455,443 | 9,267,179 |
| Deposit paid for L/C opening of short-term loan financing | 727,100 | 98,000 |
| Cash paid for repurchasing treasury stock under employee stock ownership | 700,894 | 1,308,725 |

| | | |
|---|---|---|
| plan | | |
| Cash paid for acquisition of minority shareholders' equity | 180,000 | - |
| Others | - | 31,197 |
| | 18,063,437 | 10,705,101 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (63) Supplementary data of cash flow statement

#### (a) Supplementary data of cash flow statement

Adjustment of consolidated net (loss)/profit to cash flow from business activities

| | 2020 | 2019 |
|---|---|---|
| Net (loss)/profit consolidated | (5,357,866) | 9,319,787 |
| Plus: asset impairment loss | 2,187,961 | 1,120,029 |
| Credit impairment loss | 411,638 | 606,033 |
| Depreciation of fixed assets and investment property | 2,009,417 | 1,733,607 |
| Amortization of intangible assets | 987,562 | 863,291 |
| Amortization of long-term unamortized expenses | 941,433 | 1,131,976 |
| Loss on asset disposal | (35,646) | 16,473 |
| Losses on retirement of fixed assets | 44,635 | 42,736 |
| Financial cost | 2,218,321 | 1,752,100 |
| Investment income | (2,213,662) | (21,791,411) |
| Non-operating revenue - cancellation of subsidiaries | - | (10,706) |
| Income from changes in fair value | (467,280) | (216,276) |
| Increase of deferred income tax assets | (1,513,371) | (1,155,051) |

| | | |
|---|---|---|
| (Decrease)/increase of deferred income tax liabilities | (482,101) | 5,326,113 |
| Decrease/(increase) in inventory | 4,471,340 | (3,610,463) |
| Decrease/(increase) of operating accounts receivable | 7,913,580 | (41,844,232) |
| (Decrease)/increase of operating accounts payable | (12,737,807) | 28,851,439 |
| Operational net cash flow of business activities | (1,621,846) | (17,864,555) |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (63) Supplementary data of cash flow statement (continued)

#### (a) Supplementary data of cash flow statement (continued)

Major business activities not involving cash receipts and payments

| | 2020 | 2019 |
|---|---|---|
| Inventory purchase payment paid by notes receivable | 37,595,737 | 71,487,056 |

Net amount variations of cash and cash equivalent

| | 2020 | 2019 |
|---|---|---|
| Cash balance at the end of the year | 11,563,877 | 17,919,907 |
| Minus: balance of cash and cash equivalent at beginning of year | (17,919,907) | (30,220,850) |
| Net decrease of cash and cash equivalent | (6,356,030) | (12,300,943) |

# 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

| | 2020 | 2019 |
|---|---|---|
| Cash paid for enterprise merger | | |
| Where: Carrefour China | - | 4,800,000 |
| Wanda Department Store | - | 1,450,000 |
| Nanjing Luchang Asset Management Co., Ltd. ("Nanjing Luchang"), Jiangsu Chenyi Asset Management Co., Ltd. ("Jiangsu Chenyi"), Nanjing Yourong Asset Management Co., Ltd. ("Nanjing Yourong"), Nanjing Yuyue Asset Management Co., Ltd. ("Nanjing Yuyue"), Nanjing Jingfu Asset Management Co., Ltd. ("Nanjing Jingfu"), and Jiangsu Zhichen Asset Management Co., Ltd. ("Jiangsu Zhichen") (hereinafter collectively referred to as "6 asset management companies") | - | 355,167 |
| Logistics business of TTK Express | 67,409 | 85,854 |
| Minus: cash held by subsidiaries on the acquisition date | | |
| Where: Carrefour China | - | (2,141,598) |
| Wanda Department Store | - | (112,376) |
| 6 asset management companies | - | (54,381) |
| Suning Intelligent Terminal | - | (295) |

| | | |
|---|---|---|
| Kakogawa | - | (79,549) |
| Net cash paid by subsidiaries and for business | 67,409 | 4,302,822 |

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)

(i) Acquisition of subsidiaries and business (continued)

Acquisition of consideration of subsidiaries and business

| | 2020 | 2019 |
|---|---|---|
| Carrefour China Holdings N.V. | - | 4,800,000 |
| Wanda Department Store | - | 2,700,000 |
| 6 asset management companies | - | 839,346 |
| Logistics business of TTK Express | - | 243,975 |
| | - | 8,583,321 |

Acquisition of net asset of subsidiaries and business

| | 2020 | 2019 |
|---|---|---|
| Current assets | - | 8,020,370 |
| Non-current assets | - | 14,340,943 |

| | | |
|---|---|---|
| Current liabilities | - | (15,038,953) |
| Non-current liabilities | - | (3,379,436) |
| Plus: Minority equity | - | (860,693) |
| | - | 3,082,231 |

# 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

| | 2020 | 2019 |
|---|---|---|
| Cash and cash equivalents received from disposal of subsidiaries for the year | | |
| Including: Shandong Boning Suning.Com Commercial and Trading Co., Ltd., Hubei Suning Logistics Co., Ltd., Tianjin Jinning Yida Logistics Co., Ltd., Xi'an High-tech Zone Suning Yida Logistics and Storage Investment Co., Ltd. and Wenzhou Suning Purchase Co., Ltd. which were no longer included in the scope of consolidation (hereinafter referred to as "5 warehousing logistics companies"). | 2,376,131 | - |
| Zhongshan Suning Logistics Co., Ltd. (hereinafter referred to as "Zhongshan Suning Logistics") | 226,756 | - |
| Suning Convenience Supermarket (Nanjing) Co., Ltd. (“Suning Convenience Supermarket”) | - | 4,262,408 |
| Shaanxi Yida Logistics Investment Co., Ltd., Neijiang Suning Yida Commercial and Trading Co., Ltd., Foshan Sanshui Suning Yida Logistics Investment Co., Ltd., Ningbo Suning Yida Logistics Investment Co., Ltd. and Hunan Suning Yida Logistics and Storage Investment Co., Ltd. (hereinafter collectively referred to as "5 Yida logistics companies”) | 27,707 | 856,785 |
| Minus: the cash and cash equivalent held by subsidiaries on the day losing control | | |

| | | |
|---|---|---|
| Including: 5 logistics investment companies | (886,589) | (299,972) |
| Zhongshan Suning Logistics | (22,499) | - |
| Suning Convenience Supermarket | - | (105,651) |
| Suning Financial Services Group | - | (7,202,137) |
| Japan LAOX | - | (1,209,027) |
| Nanjing Luchang | - | (16,293) |
| Nanjing Yourong | - | (7,456) |
| Jiangsu Chenyi | - | (6,732) |
| Net cash paid from disposal of subsidiaries and business | 1,721,506 | (3,728,075) |

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 (continued)

Price for disposal of subsidiaries

| | 2020 | 2019 |
|---|---|---|
| 5 warehouse logistics companies | 2,443,936 | |
| Zhongshan Suning Logistics | 226,756 | |
| 5 Yida logistics companies | - | 918,471 |
| Suning Convenience Supermarket | - | 745,394 |
| Nanjing Luchang | - | 274,411 |
| Nanjing Yourong | - | 108,304 |
| Jiangsu Chenyi | - | 101,464 |
| | 2,670,692 | 2,148,044 |

Disposal of subsidiaries' (net liabilities)/net assets

| | 2020 | 2019 |
|---|---|---|

| | | |
|---|---|---|
| Current assets | 1,029,721 | 50,090,383 |
| Non-current assets | 2,132,290 | 10,695,215 |
| Current liabilities | (1,225,487) | (27,171,086) |
| Non-current liabilities | (123,811) | (8,083,569) |
| Minority equity | - | (18,971,981) |
| | 1,812,713 | 6,558,962 |

(c) Cash and cash equivalents

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Cash | 11,563,877 | 17,919,907 |
| Including: Cash on hand | 25,403 | 55,725 |
| Bank deposits payable anytime | 11,149,090 | 17,384,372 |
| Other monetary fund payable anytime | 389,384 | 479,810 |
| Balance of cash and cash equivalents at end of the year | 11,563,877 | 17,919,907 |

## IV Notes to Items of Consolidated Financial Statement (continued)

### (64) Foreign currency monetary items

| | December 31, 2020 | | |
|---|---|---|---|
| | Foreign currency balance | Exchange rate for conversion | Balance (RMB) |
| Monetary fund - | | | |
| USD | 1,077,024 | 6.5249 | 7,027,474 |
| HKD | 288,506 | 0.8416 | 242,807 |
| JPY | 53 | 0.0632 | 3 |
| EUR | 5 | 8.0250 | 40 |
| Total | | | 7,270,324 |
| Accounts receivable - | | | |
| HKD | 355,798 | 0.8416 | 299,440 |
| USD | 2,632 | 6.5249 | 17,174 |
| Total | | | 316,614 |
| Interest receivable- | | | |
| USD | 7,031 | 6.5249 | 45,877 |
| Other accounts receivable - | | | |
| HKD | 3,413,819 | 0.8416 | 2,873,070 |

IV Notes to Items of Consolidated Financial Statement (continued)

(64) Foreign currency monetary items (continued)

| | December 31, 2020 | | |
|---|---|---|---|
| | Foreign currency balance | Exchange rate for conversion | Balance (RMB) |
| Long-term accounts receivable— | | | |
| HKD | 34,536 | 0.8416 | 29,065 |
| Short-term loan— | | | |
| HKD | 465,000 | 0.8416 | 391,344 |
| Accounts payable— | | | |
| HKD | 1,117,216 | 0.8416 | 940,249 |
| MOP | 19,114 | 0.8172 | 15,620 |
| EUR | 73 | 8.0250 | 586 |
| | | | 956,455 |
| Other payables— | | | |
| HKD | 170,000 | 0.8416 | 143,072 |
| USD | 4,990 | 6.5249 | 32,559 |
| | | | 175,631 |

| | | | |
|---|---|---|---|
| Non-current liability due within one year- | | | |
| USD | 475,000 | 6.5249 | 3,099,328 |
| Other non-current liabilities— | | | |
| USD | 5,602 | 6.5249 | 36,552 |

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 XIV (1) (a).

# V VI. 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 | The disposal price and the consolidated financial statement corresponding to the disposal investment shall be share of the difference in the subsidiary's share of net assets |
|---|---|---|---|---|---|---|
| | | | | | | - |
| Zhongshan Suning Logistics | 226,756 | 100% | Sale | January 15, 2020 | Actual loss of control power | 64,654 |
| Shandong Boning Suning.Com Commercial and Trading Co., Ltd. ("Shandong Boning") | 255,307 | 100% | Sale | June 29, 2020 | Actual loss of control power | 87,744 |
| Hubei Suning Logistics Co., Ltd. ("Hubei Suning") | 410,773 | 100% | Sale | June 29, 2020 | Actual loss of control power | 165,244 |
| Tianjin Jinning Yida Logistics Co., Ltd. ("Tianjin Jinning") | 900,304 | 100% | Sale | June 29, 2020 | Actual loss of control power | 299,641 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Xi'an High-tech Zone Suning Yida Logistics and Storage Investment Co., Ltd. ("Xi 'an High-tech Zone Logistics and Storage") | 530,480 | 100% | Sale | June 29, 2020 | Actual loss of control power | 166,478 |
| Wenzhou Suning Purchase Co., Ltd. ("Wenzhou Suning") | 347,072 | 100% | Sale | June 29, 2020 | Actual loss of control power | 74,218 |
| Total | 2,670,692 | | | | | 857,979 |

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):

In January 2020, Suning signed an equity transfer agreement with Suning SCGC, Zhongshan Linghong Enterprise Management Co., Ltd. and Nanjing Tongshun Enterprise Management Co., Ltd. and transferred 100% equity of Zhongshan Suning Logistics to Suning SCGC (on behalf of transferred equity of Yunxiang Warehouse Logistics Phase II 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 February 2020, Suning SCGC as the private equity fund manager, a subsidiary of Suning.Com, initiated the establishment of Suning SCGC - Yunxiang Warehouse Logistics Facility Phase III Private Equity Investment Fund ("Yunxiang Warehousing and Logistics Phase III Fund"). Suning.Com subscribed for all shares and contributed a capital of RMB 5 million.

On May 29, 2020, China International Capital Corporation Limited ("CICC") as the plan manager, was approved to issue SCGC CICC - Suning Yunxiang Warehouse Logistics Facility Asset-backed Special Scheme (epidemic prevention and control) ("Yunxiang Warehouse Special Scheme") in the Shenzhen Stock Exchange, and signed a transfer agreement with Suning to transfer all shares of Yunxiang Warehouse Special Phase III Fund held by Suning at a consideration of RMB 5 million.

In June 2020, Suning signed an equity transfer agreement with Suning SCGC, Jinan Yaoxie Enterprise Management Co., Ltd., Wuhan Daquan Enterprise Management Co., Ltd., Tianjin Rongxie Enterprise Management Co., Ltd., Xi 'an Luxie Enterprise Management Consulting Co., Ltd. and Wenzhou Chengfeng Enterprise Management Co., Ltd. ("5 SPV companies") to transfer 100% equity of Shandong Boning Suning.Com Commercial and Trading Co., Ltd., Hubei Suning Logistics Co., Ltd., Tianjin Jinning Yida Logistics Co., Ltd., Xi'an High-tech Zone Yida Logistics and Storage Investment Co., Ltd. and Wenzhou Suning Purchase Co., Ltd. ("5 warehouse logistics companies") 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 five warehouse logistics companies.

Suning subscribed for 35% of Class C asset-backed securities in the Yunxiang Warehouse Special Scheme, provided liquidity support for senior securities that had not been withdrawn, recognized its liquidity support obligations as derivative financial liabilities and carried out follow-up measurement at the fair value.

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):

In 2020, after transferring the equity of the 5 warehousing logistics 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 Yida logistics 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 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 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.

(b) Gain or loss on disposal are as follows:

(i) Gain or loss on disposal of Zhongshan Suning Logistics is calculated as follows:

| | Amount |
|---|---|
| Disposing price | 226,756 |
| Minus: share of net assets of Zhongshan Suning Logistics in the consolidated financial statements | (162,102) |
| Investment income from disposal (Note IV (55)) | 64,654 |

(ii) Gain and loss on disposal of the 5 warehousing logistics companies are calculated as follows:

| | Amount |
|---|---|
| Disposing price | 2,443,936 |
| Minus: share of net assets of the 5 warehousing logistics companies in the consolidated financial statements | (1,650,611) |
| Derivative financial liabilities - liquidity support | (63,900) |
| Deferred income tax assets | 15,975 |
| Investment income from disposal (Note IV (55)) | 745,400 |

(2) Change of merger scope by other reasons

In 2020, Suning set up 57 new subsidiaries, including Shenzhen Yunwang Wandian Technology Co., Ltd. and Beijing Suning.Com Information Technology Co., Ltd.,

# VI Equities in other subjects

## (1) Equities in subsidiaries

### (a) Composition of corporate group

| Name of major subsidiaries | Main operation location | Registration place | Business nature | Shareholding ratio | | Acquisition methods |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Beijing Suning.Com Sales Co., Ltd. | Beijing | Beijing | Chain sales of electric appliances and consumer electronics | 89% | 11% | Investment set |
| Shanghai Suning.Com Sales Co., Ltd. | Shanghai | Shanghai | Chain sales of electric appliances and consumer electronics | 100% | - | Investment set |
| Shenzhen Suning.Com Sales Co., Ltd. | Shenzhen | Shenzhen | Chain sales of electric appliances and consumer electronics | 90% | 10% | Investment set |
| Jiangsu Suning.Com E-commerce Co., Ltd. | Nanjing City | Nanjing City | Development and related sales of electronic commerce systems | - | 100% | Investment set |
| Nanjing Suning.Com E-commerce Co., Ltd. | Nanjing City | Nanjing City | Lease and business service | 100% | - | Investment set |

| | | | | | | |
|---|---|---|---|---|---|---|
| Chongqing Maoning Electronic Commerce Co., Ltd. | Chongqing | Chongqing | Chain sales of electric appliances and consumer electronics | 51% | - | Investment set |
| Nanchang Suning RedBaby Purchase Center Co., Ltd. | Nanchang City | Nanchang City | Enterprise management and information consulting services | - | 100% | Enterprise merger under different common control |
| Nanjing Suning Enterprise Management Co., Ltd. | Nanjing City | Nanjing City | Lease and business service | 100% | - | Investment set |
| Jiangsu Suning Yida Logistics Investment C Ltd. | Nanjing City | Nanjing City | Logistics investment and property management | - | 100% | Investment set |
| Suning Helper Technology Service Co., Ltd. | Hefei City | Hefei City | Sales and service of electric appliances and electronic products | - | 100% | Investment set |
| Jiangsu Suning Logistics Co., Ltd. | Nanjing City | Nanjing City | Logistics and express transportation | 93% | 7% | Investment set |
| TTK Express Co., Ltd. | Hangzhou City | Hangzhou City | Transportation, warehousing and post services | - | 100% | Enterprise merger under different common control |
| Shiny Lion Limited | Hong Kong | Cayman Islands | Foreign Investment | - | 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 |
| Shenzhen Yunwang Wandian Technology C Ltd.. | Shenzhen | Shenzhen | Business service | 100% | - | Investment set |

## VI Equities in other subjects (continued)

### (1) Equities in subsidiaries (continued)

### (b) Subsidiaries with significant minority equity

| Subsidiary name | Shareholding ratio of minority shareholders | Gain and loss attributed to minority shareholders in 2020 | Dividends distributed to minority shareholders in 2020 | December 31, 2020 Minority equity |
|---|---|---|---|---|
| Jiangsu Suning.Com E-commerce Co., Ltd. (i) | 30% | (599,927) | - | - |
| Chongqing Maoning Electronic Commerce Co., Ltd. | 49% | (269,731) | - | (536,603) |
| Carrefour China Holdings N.V. | 20% | (231,345) | - | 538,228 |
| SUNING TECHNOLOGY GROUP LIMITED | 10% | (8,794) | - | (23,531) |
| Hangzhou Nengrong IoT Technology Co., Ltd. | 54% | (3,358) | - | (52,714) |
| Suning SCGC | 49% | 28,560 | (30,870) | 9,598 |
| Jiangsu Suning Trading Co., Ltd. | 40% | 2,025 | - | 14,035 |
| Hunan Suning Pioneer Electronics Co., Ltd. | 10% | (461) | - | 18,944 |

| | | | |
|---|---|---|---|
| Others (minority equity of single subsidiary is less than RMB million) | (139) | - | 6,399 |
| Total | (1,083,170) | (30,870) | (25,644) |

(i) In November 2020, Suning acquired 30% equity of Jiangsu Suning.Com E-commerce Co., Ltd. (Note IV (40)(ii)).

## 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:

| | December 31, 2020 | | | | | | December 31, 2019 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Chongqing Maoning Electronic Commerce Co., Ltd. | 4,513,941 | 366,498 | 4,880,439 | 5,975,545 | - | 5,975,545 | 3,564,797 | 278,251 | 3,843,048 | 4,387,684 | - | 4,387,684 |
| Carrefour China Holding N.V. | 5,364,971 | 8,745,037 | 14,110,008 | 12,105,170 | 1,314,782 | 13,419,952 | 7,230,217 | 10,142,382 | 17,372,599 | 14,246,216 | 1,641,228 | 15,887,444 |
| Suning Technology Group Limited | 2,641,104 | 79,890 | 2,720,994 | 2,956,299 | - | 2,956,299 | 2,502,258 | 48,543 | 2,550,801 | 2,696,888 | - | 2,696,888 |
| Hangzhou Nengrong Io Technology Co., Ltd. | 6,647 | 8,205 | 14,852 | 80,311 | - | 80,311 | 39,881 | (14,479) | 25,402 | 106,848 | - | 106,848 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Suning SCGC | 43,336 | 119 | 43,455 | 23,866 | - | 23,866 | 29,264 | 431 | 29,695 | 6,174 | - | 6,174 |
| Jiangsu Suning Trading Co Ltd. | 2,848,862 | 37 | 2,848,899 | 2,813,812 | - | 2,813,812 | 2,694,032 | 49 | 2,694,081 | 2,664,057 | - | 2,664,057 |
| Hunan Suning Pioneer Electronics Co., Ltd. | 1,166,092 | 3,196 | 1,169,288 | 979,845 | - | 979,845 | 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 (continued):

| | 2020 | | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Operating revenue | Net (loss)/ profit | Total amount of comprehensive income | Cash flows of business activities | Operating revenue | Net (loss)/ profit | Total amount of comprehensive income | Cash flows of business activities |
| Chongqing Maoning Electronic Commerce Co. Ltd. | 14,065,942 | (550,471) | (550,471) | (1,436,489) | 33,182,377 | (263,793) | (263,793) | 4,915,671 |
| Carrefour China Holdings N.V. | 25,574,327 | (795,099) | (795,099) | (1,042,058) | 6,531,591 | (303,827) | (303,338) | 312,408 |
| SUNING TECHNOLOGY GROUP LIMITED | 2,117,265 | (87,938) | (87,952) | 12,396 | 3,299,118 | (146,532) | (146,532) | 52,049 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Hangzhou Nengrong IoT Technology Co., Ltd. | - | (6,096) | (6,096) | (1,007) | 556 | (9,243) | (9,243) | (3,760) |
| Suning SCGC | 90,644 | 58,285 | 58,285 | 51,438 | 37,789 | 16,452 | 16,452 | 15,626 |
| Jiangsu Suning Trading Co. Ltd. | 180,413 | 5,063 | 5,063 | 36 | 876,051 | 18,782 | 18,782 | (1,036) |
| Hunan Suning Pione Electronics Co., Ltd. | 547 | (4,608) | (4,608) | (945,048) | 608 | (3,605) | (3,605) | (534) |

## VI Equities in other subjects (continued)

### (2) Equities in joint ventures and associated enterprises

Suning lists the information of important joint ventures and associated enterprises and summarizes and discloses non-significant joint ventures and associated enterprises as follows:

#### (a) Basic information of important joint ventures and associated enterprises

| | Main operation location | Registration place | Business nature | Is it strategic to Suning's activities? | Shareholding ratio | |
|---|---|---|---|---|---|---|
| | | | | | Direct | Indirect |
| Joint venture - | | | | | | |
| Nanjing Heyin | Nanjing | Nanjing | Real estate development, etc. | Yes | - | 50.98% |
| Yunxiang Warehouse Logistics Phase I Fund | Nanjing | Nanjing | Investment business and others | Yes | - | 51.00% |
| Yunxiang Warehouse | Nanjing | Nanjing | Investment business and others | Yes | - | 51.00% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Logistics Phase II Fund | | | | | | |
| Associated enterprises - | | | | | | |
| Maruetsu | Hong Kong | Hong Kong | Food chain | Yes | - | 30.00% |
| Suning Consumer Finance Co., Ltd. | Nanjing | Nanjing | Consumer loans | Yes | 49.00% | - |
| Suning Bank | Nanjing | Nanjing | Private bank | Yes | 30.00% | - |
| Shenzhen Hengning | Shenzhen | Shenzhen | Commercial service facility operation management | Yes | - | 49.00% |
| Suning Financial Services Group | Shanghai | Shanghai | Financial information technology/business process/knowledge process Outsourcing and investment management | Yes | 41.15% | - |
| Japan LAOX | Japan | Japan | Chain sales of electric appliances and consumer electronics | Yes | - | 29.77% |
| Suning Smart Life | Cayman Islands | Cayman Islands | Retail | Yes | - | 35.00% |

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

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | Nanjing Heyin | Nanjing Heyin |
| Current assets | 1,279,954 | 651,522 |
| Non-current assets | 369 | 270 |
| Total assets | 1,280,323 | 651,792 |
| Current liabilities | (31,452) | (1,466) |
| Non-current liabilities | (600,000) | - |
| Total liabilities | (631,452) | (1,466) |
| Shareholders' equity | 648,871 | 650,326 |
| Net assets calculated based on shareholding proportion | | |
| Share (i) | 330,794 | 331,536 |
| Book value for equity investment of joint venture | 330,794 | 331,536 |

| | 2020 | 2019 |
|---|---|---|

| | Nanjing Heyin | Nanjing Heyin |
|---|---|---|
| Operating revenue | - | - |
| Net profit | (1,455) | (847) |
| Other comprehensive income | - | - |
| Total comprehensive income | (1,455) | (847) |
| 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)

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | Yunxiang Warehouse Logistics Phase I Fund | Yunxiang Warehouse Logistics Phase I Fund |
| Current assets | 519,776 | 460,436 |
| Non-current assets | 4,799,893 | 4,610,645 |
| Total assets | 5,319,669 | 5,071,081 |
| Current liabilities | (234,042) | (265,163) |
| Non-current liabilities | (2,267,665) | (1,744,095) |
| Total liabilities | (2,501,707) | (2,009,258) |
| Shareholders' equity | 2,817,962 | 3,061,823 |
| Net assets share calculated based on shareholding ratio (i) | 1,437,161 | 1,561,530 |
| Adjusting events | | |
| - Employee stock ownership plan | 49 | 35 |

| | | |
|---|---|---|
| Book value for equity investment of associated enterprises | 1,437,210 | 1,561,565 |

| | 2020 | 2019 |
|---|---|---|
| | Yunxiang Warehouse Logistics Phase I Fund | Yunxiang Warehouse Logistics Phase I Fund |
| Operating revenue | 402,030 | 319,005 |
| Net profit (adjusted) | 191,652 | (25,500) |
| Other comprehensive income | - | - |
| Total comprehensive income | 191,652 | (25,500) |
| Dividend received by Suning from joint ventures in current year | 349,949 | 652,130 |

VI Equities in other subjects (continued)

(2) Equities in joint ventures and associated enterprises (continued)

(b) Main financial information of important joint ventures (continued)

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | Yunxiang Warehouse Logistics Phase II Fund | Yunxiang Warehouse Logistics Phase II Fund |
| Current assets | 442,640 | 405,494 |
| Non-current assets | 2,114,505 | 2,123,959 |
| Total assets | 2,557,145 | 2,529,453 |
| Current liabilities | (220,297) | (240,632) |
| Non-current liabilities | (1,192,566) | (209,212) |
| Total liabilities | (1,412,863) | (449,844) |
| Shareholders' equity | 1,144,282 | 2,079,609 |
| Net assets share calculated based on shareholding ratio (i) | 583,584 | 1,060,601 |

| | 2020 | 2019 |
|---|---|---|
| | Yunxiang Warehouse | Yunxiang Warehouse |

| | Logistics Phase II Fund | Logistics Phase II Fund |
|---|---|---|
| Operating revenue | 161,796 | 11,664 |
| Net profit (adjusted) | 28,416 | (9,499) |
| Other comprehensive income | - | - |
| Total comprehensive income | 28,416 | (9,499) |
| Dividend received by Suning from joint ventures in current year | 491,509 | 1,985 |

(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)

#### (c) Main financial information of important associated enterprises

| | December 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Maruetsu | Suning Consumer Finance Co., Ltd. | Suning Bank | Shenzhen Hengning | Suning Smart Life | Suning Financial Services Group | Japan LAOX |
| Current assets | 101,110 | — | — | 23,322,878 | 6,777,150 | 43,367,040 | 2,824,944 |
| Non-current assets | 8,714 | — | — | - | 2,300,455 | 5,124,111 | 385,960 |
| Total assets | 109,824 | 2,392,908 | 72,651,308 | 23,322,878 | 9,077,605 | 48,491,151 | 3,210,904 |
| Current liabilities | 60,670 | — | — | 1,148,449 | 7,662,780 | 15,470,259 | 1,854,239 |
| Non-current liabilities | - | — | — | - | 2,973,223 | 5,426,533 | 492,870 |
| Total liabilities | 60,670 | 1,821,465 | 68,148,392 | 1,148,449 | 10,636,003 | 20,896,792 | 2,347,109 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Shareholders' equity | 49,154 | 571,443 | 4,502,916 | 22,174,429 | (1,558,398) | 27,594,359 | 863,795 |
| Minority equity | - | - | - | - | 2,973 | (23,768) | (38,010) |
| Shareholders' equity attributable to the parent company | 49,154 | 571,443 | 4,502,916 | 22,174,429 | (1,561,371) | 27,570,591 | 825,785 |
| Net assets share calculated based on shareholding ratio (i) | 14,746 | 280,007 | 1,350,875 | 10,865,470 | (845) | 11,345,298 | 245,816 |
| Adjusting events | | | | | | | |
| - Goodwill | - | - | - | - | - | 12,779,670 | - |
| - Employee stock ownership plan | - | - | - | - | 845 | 5,827 | - |
| Book value for equity investment of associated enterprises | 14,746 | 280,007 | 1,350,875 | 10,865,470 | - | 24,130,795 | 245,816 |

## VI Equities in other subjects (continued)

### (2) Equities in joint ventures and associated enterprises (continued)

#### (c) Main financial information of important associated enterprises (continued)

| | December 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Maruetsu | Suning Consumer Finance Co., Ltd. | Suning Bank | Shenzhen Hengning | Suning Smart Life | Suning Financial Services Group | Japan LAOX |
| Current assets | 121,574 | 3,543,230 | 50,455,706 | 21,913,291 | 6,639,372 | 50,652,453 | 3,804,540 |
| Non-current assets | 10,573 | 306,809 | 13,444,366 | - | 5,233,820 | 4,202,248 | 518,793 |
| Total assets | 132,147 | 3,850,039 | 63,900,072 | 21,913,291 | 11,873,192 | 54,854,701 | 4,323,333 |
| Current liabilities | 50,189 | 3,075,618 | 59,742,722 | 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 | 59,742,722 | 743,026 | 8,647,350 | 29,794,383 | 2,634,287 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Shareholders' equity | 81,958 | 621,162 | 4,157,350 | 21,170,265 | 3,225,842 | 25,060,318 | 1,689,046 |
| Minority equity | - | - | - | - | 349 | (24,458) | (76,007) |
| Shareholders' equity attributable to the parent company | 81,958 | 621,162 | 4,157,350 | 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 | 1,247,205 | 10,373,430 | 1,129,167 | 10,300,227 | 480,202 |
| Adjusting events | | | | | | | |
| - Goodwill | - | - | - | - | - | 13,314,620 | - |
| - Employee stock ownership plan | - | - | - | - | 475 | 2,438 | - |
| Book value for equity investment of associated enterprises | 24,587 | 304,369 | 1,247,205 | 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 affiliated 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.

| | 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Maruetsu | Suning Consumer Finance | Suning Bank | Shenzhen Hengning | Suning Smart Life | Suning Financial Services Group | Japan LAOX |
| Operating revenue | 261,507 | 429,550 | 2,802,587 | 1,513,569 | 2,681,730 | 6,901,752 | 5,283,548 |
| Net profit | (32,804) | (49,718) | 406,126 | 1,127,009 | (4,370,569) | 1,573,850 | (787,389) |
| Other comprehensive income | - | - | (60,561) | - | (345,280) | - | - |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total comprehensive income | (32,804) | (49,718) | 345,565 | 1,127,009 | (4,715,849) | 1,573,850 | (787,389) |
| Dividend received by Suning from associated enterprises in current year | - | - | - | 60,194 | - | 139,547 | - |

VI Equities in other subjects (continued)

(2) Equities in joint ventures and associated enterprises (continued)

(c) Main financial information of important associated enterprises (continued)

| | 2019 | | | | | | From establishment date to December 31, 2019 |
|---|---|---|---|---|---|---|---|
| | Maruetsu | Suning Consumer Finance | Suning Bank | Shenzhen Hengning | Suning Smart Life | Suning Financial Services Group | Japan LAOX |
| Operating revenue | 234,576 | 439,557 | 1,016,786 | 1,509,434 | 2,267,337 | 1,661,704 | 846,043 |
| Net profit | 2,350 | 10,112 | 75,734 | 1,123,934 | (2,017,410) | 490,998 | (67,464) |
| Other comprehensive income | - | - | 38,287 | - | 64,869 | - | - |
| Total comprehensive income | 2,350 | 10,112 | 114,021 | 1,123,934 | (1,952,541) | 490,998 | (67,464) |
| Dividend received by Suning from associated | - | - | - | 203,889 | - | - | - |

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 affiliated 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 adjustments include impairment reserves and unrecognized 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

| | 2020 | 2019 |
|---|---|---|
| Joint ventures: | | |
| Total book value of investment | 65,156 | 24,791 |
| The total number of following items calculated in proportion to the shareholding ratio | | |
| Net profit (i) | (4,254) | 2,539 |
| Other comprehensive income (i) | - | - |
| Total comprehensive income | (4,254) | 2,539 |
| Dividend received by Suning from joint ventures in current year | 5,381 | - |
| Associated enterprises: | | |
| Total book value of investment | 47,500 | 101,175 |
| The total number of following items calculated in proportion | | |

| | | |
|---|---|---|
| to the shareholding ratio | | |
| Net profit (i) | (16,231) | (10,738) |
| Other comprehensive income (i) | - | - |
| Total comprehensive income | (16,231) | (10,738) |
| Dividend received by Suning from associated enterprises in current year | 1,512 | - |

VI Equities in other subjects (continued)

(2) Equities in joint ventures and associated enterprises (continued)

(e) Excess losses incurred by affiliated companies

| | Accumulated unrecognized loss at the beginning of this year | Derecognized losses for the current year | Cumulative unrecognized loss at end of this year |
|---|---|---|---|
| Suning Smart Life | — | 546,480 | 546,480 |

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 China and Japan. 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 3 reportable segments in 2020, including:

- China retail segment. It is responsible for the sales and services of household appliances, consumer electronics and general merchandise in China and Hong Kong China

- China logistics segment. It is responsible for logistics services in China

- Overseas segment. It is responsible for sales, foreign investment and other services in Japan and other regions

In 2019, Suning lost its control power over Suning Financial Services Group. Therefore, there was no information report of China finance segment in 2020.

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 in 2020 and as of December 31, 2020 is as follows:

| | China retail segment | China logistics segment | Overseas segment | Set-off of report divisions | Total |
|---|---|---|---|---|---|
| Operating revenue | 240,914,849 | 12,287,820 | 7,830,214 | (8,737,217) | 252,295,666 |
| Including: foreig transaction income | 238,704,204 | 5,809,909 | 7,781,553 | | 252,295,666 |
| Cost of revenues | (216,290,718) | (11,828,327) | (7,401,637) | 10,943,285 | (224,577,397) |
| Taxes and surcharges | (617,356) | (164,214) | (191,205) | - | (972,775) |
| Sales cost | (21,654,305) | (1,234,464) | (349,308) | (2,438,434) | (25,676,511) |
| Administrative cost | (4,040,226) | (514,308) | (133,894) | 28,708 | (4,659,720) |
| R&D cost | (2,236,559) | (206,540) | (24,127) | 203,293 | (2,263,933) |
| Net financial cost | (2,179,209) | 53,398 | 160,387 | - | (1,965,424) |
| Asset impairment loss | (430,378) | (1,727,551) | (30,032) | - | (2,187,961) |
| Credit impairment (loss) transfer back | (411,208) | 1,685 | (2,115) | - | (411,638) |
| (Losses) / gains from chang in fair value | (102,045) | 9,934 | 559,391 | - | 467,280 |
| Investment income /(loss) | 2,110,066 | 931,847 | (828,251) | - | 2,213,662 |
| Including: investment income of joint ventures and associated enterprises | 1,289,280 | 112,235 | (1,387,397) | - | 14,118 |
| Loss / gain on ass disposal | 45,920 | (10,274) | - | - | 35,646 |
| Other income | 579,527 | 251,644 | 8,126 | - | 839,297 |
| Operating loss | (4,311,642) | (2,149,350) | (402,451) | (365) | (6,863,808) |
| Non-operating income | 325,570 | 85,344 | 14,161 | - | 425,075 |
| Non-operating expenses | (430,944) | (27,464) | (3,500) | - | (461,908) |

| | | | | | |
|---|---|---|---|---|---|
| Total loss | (4,417,016) | (2,091,470) | (391,790) | (365) | (6,900,641) |
| Income tax expenses | 1,282,450 | 260,331 | (6) | - | 1,542,775 |
| Net loss | (3,134,566) | (1,831,139) | (391,796) | (365) | (5,357,866) |
| Total assets | 182,904,058 | 26,734,519 | 48,078,804 | (45,642,181) | 212,075,200 |
| Total liabilities | 134,016,131 | 24,052,731 | 22,816,350 | (45,641,815) | 135,243,397 |
| Long-term equity investment in associated enterprises and joint ventures | 36,909,662 | 2,020,794 | 421,497 | - | 39,351,953 |
| Decrease in non-currer assets (i) | (1,841,123) | (609,773) | (61,515) | (216,963) | (2,729,374) |

## VII Segment information (continued)

### (b) The information related to segments in 2019 and as of December 31, 2019 is as follows:

| | China retail segment | China Logistics segment | China Financial segment | Overseas segment | Offset-off of report divisions | Total |
|---|---|---|---|---|---|---|
| Operating revenue | 249,894,805 | 15,102,883 | 3,390,213 | 12,422,680 | (11,581,681) | 269,228,900 |
| Including: foreign transaction income | 249,098,099 | 5,241,449 | 2,466,672 | 12,422,680 | - | 269,228,900 |
| Cost of revenues | (223,351,722) | (12,705,788) | (1,156,214) | (9,873,390) | 16,969,729 | (230,117,385) |
| Taxes and surcharges | (767,781) | (158,498) | (29,501) | (105,127) | - | (1,060,907) |
| Sales cost | (22,246,351) | (1,848,866) | (284,136) | (2,380,525) | (6,772,140) | (33,532,018) |
| Administrative cost | (3,853,558) | (445,691) | (405,058) | (367,430) | 126,705 | (4,945,032) |
| R&D cost | (3,830,131) | (279,675) | (199,488) | (5,514) | 1,047,198 | (3,267,610) |
| Net financial cost | (2,564,601) | 6,861 | (174,247) | 242,386 | 252,181 | (2,237,420) |
| Asset impairment loss | (192,681) | (760,841) | - | (166,507) | - | (1,120,029) |
| Credit impairment (loss) transfer back | (115,846) | (51,753) | (447,119) | 8,685 | - | (606,033) |
| (Losses) / gains from change in fair value | (158,490) | (27,866) | 23,621 | 379,011 | - | 216,276 |
| Investment income /(loss) | 6,071,708 | 928,068 | 15,582,443 | (765,801) | (25,007) | 21,791,411 |
| Including: investment income of joint ventures and associated enterprises | 1,009,255 | (17,849) | - | (726,408) | - | 264,998 |
| Loss / gain on asset disposal | (4,003) | (1,500) | 1 | (10,971) | - | (16,473) |
| Other income | 187,835 | 120,068 | 30,137 | - | - | 338,040 |
| Operating incomes (losses) | (930,816) | (122,598) | 16,330,652 | (622,503) | 16,985 | 14,671,720 |
| Non-operating income | 72,733 | 141,236 | 150 | 37,205 | - | 251,324 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Non-operating expenses | (250,800) | (26,724) | (633) | (50,290) | - | (328,447) |
| Total incomes / (losses) | (1,108,883) | (8,086) | 16,330,169 | (635,588) | 16,985 | 14,594,597 |
| Income tax expenses | 792,843 | (239,578) | (5,852,386) | 24,311 | - | (5,274,810) |
| Net (losses) / incomes | (316,040) | (247,664) | 10,477,783 | (611,277) | 16,985 | 9,319,787 |
| Total assets | 214,247,514 | 27,627,732 | - | 46,823,842 | (51,844,043) | 236,855,045 |
| Total liabilities | 155,402,299 | 23,337,507 | - | 23,289,588 | (52,319,162) | 149,710,232 |
| Long-term equity investment in associated enterprises and joint ventures | 35,791,798 | 2,622,165 | - | 1,844,454 | - | 40,258,417 |
| Increase / (decrease) non-current assets (i) | 17,073,289 | 3,336,271 | (416,913) | (1,959,046) | 216,597 | 18,250,198 |

(i) Non-current assets do not include financial assets, long-term accounts receivable, long-term equity investments, and deferred income tax assets.

(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 accounts receivable, long-term equity investment and deferred income tax assets are as follows:

| Foreign transaction income | 2020 | 2019 |
|---|---|---|
| China | 244,514,113 | 256,806,220 |
| Overseas | 7,781,553 | 12,422,680 |
| | 252,295,666 | 269,228,900 |

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 accounts receivable, long-term equity investment and deferred income tax assets are as follows (continued):

| Total non-current assets | December 31, 2020 | December 31, 2019 |
|---|---|---|
| China | 51,090,484 | 53,758,343 |
| Overseas | 18,691 | 80,206 |
| | 51,109,175 | 53,838,549 |

VIII Related Party Relationships and Transaction

(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

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Shareholding ratio (direct+indirect) | Voting rights ratio | Shareholding ratio (direct+indirect) | Voting rights ratio |
| Mr. Zhang Jindong (note) | 33.30% | 24.94% | 33.30% | 24.94% |

Note: On December 31, 2020, Mr. Zhang Jindong directly held 20.96% equity of Suning and 50% equity of Suning Appliance Group Co., Ltd.; Mr. Zhang Jindong, Mr. Steven Zhang 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 19.98% 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.

(3) Information of joint ventures

For the basic information of joint ventures, please refer to Note VI (2) (b).

(4) Information of associated enterprises

For the basic information of associated enterprises, please refer to Note VI (2) (c).

# 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 ("Suning Appliance") | Institutional shareholder holding more than 5% shares of Suning |
| Suning Holdings Group ("Suning Holdings") | Under the control of the same actual controller as Suning |
| 66 Galaxy property companies under Suning Real Estate Group | Subsidiaries of Suning Real Estate Group |
| 45 real estate, building materials companies and branches under Suning Real Estate Group | Subsidiaries of Suning Real Estate Group and branches of subsidiaries |
| 29 hotels, catering companies and branches under Suning Real Estate Group | Subsidiaries of Suning Real Estate Group and branches of subsidiaries |
| 45 studios, cinema companies and branches under Suning Holdings Group | Subsidiaries of Suning Holdings Group and branches of subsidiaries |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Subsidiaries of Suning Appliance Group Co., Ltd. |
| 1 football club companies under Suning Real Estate Group | Subsidiaries of Suning Real Estate Group |
| 14 culture and cinema chain investment companies under Suning Holdings Group | Subsidiaries of Suning Holdings Group |
| Other 14 sports companies under Suning Holdings Group | Subsidiaries of Suning Holdings Group |
| 3 Tongshi Mingtai companies under Suning Holdings Group | Subsidiaries of Suning Holdings Group |
| 9 management consulting companies under Suning Holdings Group | Subsidiaries of Suning Holdings Group |
| 8 investment companies under Suning Holdings Group | Subsidiaries of Suning Holdings Group |
| 107 Sufu, Suyuan companies under Suning Holdings Group | Subsidiaries of Suning Holdings Group |
| Shanghai Juli Media Technology Co., Ltd. (“Shanghai Juli”) | Subsidiaries of Suning Holdings Group |
| Beijing Branch of Shanghai Juli Media Technology Co., Ltd. ("Beijing Branch of Shanghai Juli") | Branches of subsidiaries of Suning Holdings Group |
| Shanghai Jushi Network Technology Co., Ltd. ("Shanghai Jushi") | Subsidiaries of Suning Holdings Group |
| Shanghai Suning Football Sports Development Co., Ltd. ("Shanghai Suning Football") | Subsidiaries of Suning Holdings Group |

| | |
|---|---|
| Shanghai Sushi Information Technology Co., Ltd. ("Shanghai Sushi") | Subsidiaries of Suning Holdings Group |
| Beijing Jingzhao Suning Appliance Co., Ltd. (“Beijing Jingzhao”) | Subsidiaries of Suning Holdings Group |
| Nanjing Juyiteng Network Technology Co., Ltd. (“Nanjing Juyiteng”) | Subsidiaries of Suning Holdings Group |
| Nanjing Suning Football Sports Industry Development Co., Ltd. ("Nanjing Suning Football Sports Industry Development") | Subsidiaries of Suning Holdings Group |
| Nanjing Yuhua Suning Football Sports Co., Ltd. ("Yuhua Suning Football Sports") | Subsidiaries of Suning Holdings Group |
| Nanjing Suning Sports Equipment Co., Ltd. ("Nanjing Suning Sports Equipment") | Subsidiaries of Suning Holdings Group |
| Tianjin Juli Media Technology Co., Ltd. (“Tianjin Juli”) | Subsidiaries of Suning Holdings Group |
| Taicang Juyitang Network Technology Co., Ltd. (“Juyitang Network”) | Subsidiaries of Suning Holdings Group |
| Jiangsu Guosen Parma Football Development Co., Ltd. ("Guosen Parma") | Subsidiaries of Suning Holdings Group |
| JIANGSU INTER BUSINESS DEVELOPMENT CO., LTD. (“Jiangsu Inter Business”) | Subsidiaries of Suning Holdings Group |
| Jiangsu Suning Star Brokerage Service Co. Ltd. ("Suning Star Brokerage") | Subsidiaries of Suning Holdings Group |
| Jiangsu Suning Sports Industry Co., Ltd. (“Suning Sports Industry”) | Subsidiaries of Suning Holdings Group |
| Jiangsu Suning Sporting Goods Co., Ltd. (“Suning Sporting Goods”) | Subsidiaries of Suning Holdings Group |
| Jiangsu Suning Plaza Commercial Management Co., Ltd. ("Suning Plaza Commercial Management") | Subsidiaries of Suning Holdings Group |
| Synapse Computer System (Shanghai) Co., Ltd. (“Synapse Computer”) | Subsidiaries of Suning Holdings Group |
| Beijing Branch of Synapse Computer System (Shanghai) Co., Ltd. ("Beijing Branch of Synaptic Computer") | Branches of subsidiaries of Suning Holdings Group |
| Suning Sports and Cultural Media (Beijing) Co., Ltd. (“Suning Sports and Cultural Media”) | Subsidiaries of Suning Holdings Group |
| Jiangsu Suning Commercial Management Co., Ltd. (“Jiangsu Suning Commercial Management”) | Subsidiaries of Suning Holdings Group |
| Jiangsu Suning Ladies Football Club (“Ladies Football Club”) | Subsidiaries of Suning Holdings Group |
| Communist Party Committee of Suning Holdings Group Co. Ltd. (“Party Committee of Holding Group") | Subsidiaries of Suning Holdings Group |
| Nanjing Xin Jiekou Suning Novotel Hptel of Suning Appliance Group Co., Ltd. (“Xin Jiekou Novotel Hptel”) | A branch of Suning Appliance Group Co., Ltd. |
| Beijing Chinatown Chamber of Commerce Conference Center Co., Ltd. (“Chinatown Chamber of Commerce Conference | Subsidiaries of Suning Appliance Group Co., Ltd. |

| | |
|---|---|
| Center") | |
| Wuxi Suning Business Management Co., Ltd ("Wuxi Suning Business Management") | Subsidiaries of Suning Appliance Group Co., Ltd. |
| Nanjing Suning Galaxy International Shopping Plaza Co., Ltd. ("Galaxy International Plaza") | Subsidiaries of Suning Appliance Group Co., Ltd. |
| Suning Plaza Shopping Branch of Lianyungang Suning Real Estate Co., Ltd. ("Suning Plaza Branch of Lianyungang Suning Real Estate") | Branches of subsidiaries of Suning Holdings Group |
| Chengdu Hongye Real Estate Co., Ltd. and its branches | Subsidiaries of Suning Holdings Group and branches of subsidiaries |

# VIII Related Party Relationship and Transaction (continued)

## (5) Profile of other related parties (continued)

| Name of related parties | Relationship with Suning |
|---|---|
| Qingliang Gate Branch of Suning Real Estate Group Co., Ltd. ("Qingliang Gate Branch of Suning Real Estate") | A branch of Suning Real Estate Group |
| Nanjing Dingchen Architectural Design Co., Ltd. ("Nanjing Dingchen") | Subsidiaries of Suning Real Estate Group |
| Suning Consumer Finance Co., Ltd. ("Consumer Finance") | Joint venture of Suning |
| Suning Financial Services Group and its subsidiaries | Suning's associated enterprises and subsidiaries |
| Jiangsu Suning Bank Co., Ltd. (“Suning Bank”) | Joint venture of Suning |
| Suning CVS and its subsidiaries | An associated company of Suning and its subsidiaries |
| Suning Goldstone (Tianjin) Fund Management Co., Ltd. (“Suning Goldstone") | Joint ventures of Suning |
| Taobao (China) Software Co., Ltd. (“Taobao (China)”) | Institutional shareholders holding more than 5% shares of Suning |
| Alibaba Group (“Alibaba”) | Ultimate holding companies and subsidiaries of institutional shareholders holding more than 5% shares of Suning |
| 40 subsidiaries of TCL ("TCL") | Suning has a significant influence on them |
| Laox and its seven subsidiaries ("Laox") | Suning has a significant influence on them |
| Dalian Wanda Commercial Management Group Co., Ltd. (“Wanda Commercial Management”) | Suning has a significant influence on them |
| MHI Residential Air-Conditioners (Shanghai) Co., Ltd. (MHIRS) | Suning has a significant influence on them |
| Beijing Qili Software Technology Co., Ltd. ("Beijing Qili") | Suning has a significant influence on them |
| Wuxi Beitang Suning Global Real Estate Development Co. Ltd. ("Beitang Suning Global Real Estate") | The actual controller is a member of Mr. Zhang Jindong's family. |
| Nanjing Zhongshan International Golf Real Estate Co., Ltd. and its two subsidiaries | The actual controller is a member of Mr. Zhang Jindong's family. |
| Shaanxi Suning Yida Logistics Investment Co., Ltd.("Shaanxi Suning Yida") | A wholly owned subsidiary of an joint company of Suning |
| Hunan Suning Yida Logistics and Storage Investment Co., Ltd. (“Hunan Suning Yida”) | A wholly owned subsidiary of an joint company of Suning |

| | |
|---|---|
| Ningbo Suning Yida Logistics Investment Co., Ltd. (“Ningbo Suning Yida”) | A wholly owned subsidiary of an joint company of Suning |
| Neijiang Suning Yida Commercial and Trading Co., Ltd. (“Neijiang Suning Yida”) | A wholly owned subsidiary of an joint company of Suning |
| Foshan Sanshui Suning Yida Logistics Investment Co., Ltd. (“Sanshui Suning Yida”) | A wholly owned subsidiary of an joint company of Suning |
| SCGC Real Estate Fund Management Co., Ltd. ("SCGC Real Estate") | A wholly owned subsidiary of an joint company of Suning |
| SCGC Real Estate Fund Management (Shenzhen) Co., Ltd. ("SCGC Real Estate (Shenzhen)") | 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 |
| Shanghai Hushen Suning Appliance Co., Ltd. (“Shanghai Hushen”) | A wholly owned subsidiary of an joint company of Suning |
| Nanjing Yourong Asset Management Co., Ltd.("Nanjing Yourong") | A wholly owned subsidiary of an joint company of Suning |
| Nanjing Luchang Asset Management Co., Ltd. ("Nanjing Luchang") | A wholly owned subsidiary of an joint company of Suning |
| Xuzhou Suning Yunshang Logistics Co., Ltd. (“Xuzhou Suning Commerce”) | A wholly owned subsidiary of an joint company of Suning |
| Jiangsu Chenyi Asset Management Co., Ltd. ("Jiangsu Chenyi") | A wholly owned subsidiary of an joint company of Suning |
| Shenyang Suning Logistics Co., Ltd. (“Shenyang Suning Logistics”) | A wholly owned subsidiary of an joint company of Suning |
| Hunan Suning Purchase Co., Ltd. (“Hunan Suning Purchase”) | A wholly owned subsidiary of an joint company of Suning |
| Neijiang Haojie Enterprise Management Co., Ltd. ("Neijiang Haojie") | A wholly owned subsidiary of an joint company of Suning |
| Zhongshan Suning Logistics Co., Ltd. ("Zhongshan Suning Logistics") (i) | A wholly owned subsidiary of an joint company of Suning |
| Shandong Boning Suning.Com Commercial and Trading Co., Ltd. ("Boning Suning.Com") (ii) | A wholly owned subsidiary of an joint company of Suning |
| Tianjin Jinning Yida Logistics Co., Ltd. ("Jinning Yida Logistics") (ii) | A wholly owned subsidiary of an joint company of Suning |
| Wenzhou Suning Purchase Co., Ltd. ("Wenzhou Suning Purchase") (ii) | A wholly owned subsidiary of an joint company of Suning |
| Hubei Suning Logistics Co., Ltd. ("Hubei Suning Logistics") (ii) | A wholly owned subsidiary of an joint company of Suning |
| Xi'an High-tech Zone Suning Yida Logistics and Storage Investment Co., Ltd. ("Xi 'an High-tech Zone Suning Yida") (ii) | A wholly owned subsidiary of an joint company of Suning |

## VIII Related Party Relationship and Transaction (continued)

### (5) Profile of other related parties (continued)

(i) 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 Suning Logistics is a related party of Suning. The transactions with related party of Zhongshan Suning Logistics disclosed during the reporting period are ones from January 15, 2020 to December 31, 2020.

(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 5 related parties of Suning Yida companies disclosed during the reporting period are ones from June 29, 2020 to December 31, 2020.

### (6) Related party transactions

#### (a) Purchasing and selling commodities, providing and receiving labor services

Selling commodities and providing related services

| Related parties | Contents of related party transaction | Pricing policy for related party transactions | 2020 | 2019 |
|---|---|---|---|---|
| Suning CVS and its subsidiaries | Selling commodities and providing related services | Market price | 1,867,669 | 1,291,883 |
| 45 real estate, building materials companies and branches under Suning Real Estate Group | Selling commodities and providing related services | Market price | 140,862 | 19,910 |
| Suning Sports and Cultural Media | Selling commodities and providing related services | Market price | 115,163 | 2,014 |
| 45 studios, cinema companies and branches | Selling commodities and | Market price | 29,101 | 21,600 |

| | | | | |
|---|---|---|---|---|
| under Suning Holdings Group | providing related services | | | |
| 29 hotels, catering companies and branches under Suning Real Estate Group | Selling commodities and providing related services | Market price | 18,950 | 13,068 |
| 107 Sufu, Suyuan companies under Suning Holdings Group | Selling commodities and providing related services | Market price | 15,024 | 107,930 |
| Suning Bank | Selling commodities and providing related services | Market price | 11,258 | 13,789 |
| 66 Galaxy property companies under Suning Real Estate Group | Selling commodities and providing related services | Market price | 4,879 | 1,167 |
| Nanjing Zhongshan International Golf Real Estate Co., Ltd. and its two subsidiaries | Selling commodities and providing related services | Market price | 3,538 | - |
| Other related parties | Selling commodities and providing related services | Market price | 10,688 | 48,462 |
| | | | 2,217,132 | 1,519,823 |

VIII Related Party Relationship and Transaction (continued)

(6) Related party transactions (continued)

(b) Purchase of commodities

| | 2020 | 2019 |
|---|---|---|
| TCL Industrial Holdings | 1,828,734 | 2,026,762 |
| Laox | 343,526 | - |
| 3 Tongshi Mingtai companies under Suning Holdings Group | 330,111 | 884,634 |
| Alibaba | 94,323 | 56,671 |
| Suning CVS and its subsidiaries | 13,514 | - |
| Shanghai Chengyu | 10,870 | - |
| Mitsubishi Heavy Industries Air-conditioners | 5,166 | 146,428 |
| Jiangsu Suning Sports | 1,810 | - |
| | 2,628,054 | 3,114,495 |

(c) Provide logistics after-sale, labor outsourcing services

| | 2020 | 2019 |
|---|---|---|
| Alibaba | 403,202 | 480,528 |

| | | |
|---|---|---|
| Suning CVS and its subsidiaries | 123,232 | 66,595 |
| Suning Financial Services Group and its subsidiaries | 50,899 | 19,502 |
| 3 Tongshi Mingtai companies under Suning Holdings Group | 16,677 | 56,771 |
| Other related parties | 6,971 | 33,738 |
| | 600,981 | 657,134 |

(d) Accept engineering design service

| | 2020 | 2019 |
|---|---|---|
| Nanjing Dingchen | 6,690 | 14,370 |

VIII Related Party Relationship and Transaction (continued)

(6) Related party transactions (continued)

(e) Provide information technology consulting service

| | 2020 | 2019 |
|---|---|---|
| Suning Financial Services Group and its subsidiaries | 97,750 | 73,533 |
| Suning CVS and its subsidiaries | 87,681 | 58,291 |
| Nanjing Juli | 7,391 | - |
| Shanghai Juli | 4,789 | 44 |
| 66 Galaxy property companies under Suning Real Estate Group | 3,077 | 5,348 |
| 29 hotels, catering companies and branches under Suning Real Estate Group | 2,696 | - |
| 1 football club company under Suning Real Estate Group | 1,469 | - |
| Other related parties | 5,067 | 6,267 |
| | 209,920 | 143,483 |

(f) Accept investment attraction operation service

| | 2020 | 2019 |
|---|---|---|
| Jiangsu Suning Commercial Management | 22,941 | 8,694 |
| Suning Real Estate | 816 | - |
| | 23,757 | 8,694 |

VIII Related Party Relationship and Transaction (continued)

(6) Related party transactions (continued)

(g) Provide marketing service

| | 2020 | 2019 |
|---|---|---|
| Suning Financial Services Group and its subsidiaries | 840,520 | 196,395 |
| Alibaba | 499,054 | 537,758 |
| 45 real estate companies, building materials companies and branches under Suning Real Estate Group | 245,283 | - |
| Wanda Commercial Management | 146,674 | 176,941 |
| Suning Sports and Cultural Media | 82,870 | 158,215 |
| Nanjing Juli | 9,949 | - |
| Suning Bank | 7,622 | 35,308 |
| Shanghai Juli | 6,799 | 37,544 |
| Other related parties | 10,283 | 9,298 |
| | 1,849,054 | 1,151,459 |

(h) Related parties provide financial assistance

| | 2020 | 2019 |
|---|---|---|
| TCL Industrial Holdings | 2,000,000 | - |

(i) Acknowledged interests

| | 2020 | 2019 |
|---|---|---|
| Suning Financial Services Group and its subsidiaries | 384,281 | - |
| TCL Industrial Holdings | 19,333 | - |
| Alibaba | - | 19,386 |
| | 403,614 | 19,386 |

## VIII Related Party Relationship and Transaction (continued)

### (6) Related party transactions (continued)

#### (j) Leased

Lease revenue recognized by Suning as the lessor in the current year:

| Name of the lessee | Type of leasing asset | 2020 | 2019 |
|---|---|---|---|
| Other 14 sports companies under Suning Holdings Group | Nanjing Commerce and Trade Center Store | 18,767 | 10,610 |
| Suning CVS and its subsidiaries | Stores of Suning CVS | 16,446 | 17,106 |
| 29 hotels, catering companies and branches under Suning Real Estate Group | Novotel Hotel Building | 14,094 | 20,696 |
| Suning Financial Services Group and its subsidiaries | Office area of branches of Suning Financial Services Group | 9,012 | - |
| Other 14 sports companies under Suning Holdings Group | | 7,835 | - |
| Suning Real Estate | Building 1, Suning Headquarters | 5,647 | 8,566 |
| 29 hotels, catering companies and branches under Suning Real Estate Group | Rizhao Suning Plaza | 5,390 | 10,365 |
| 45 real estate, building materials companies and branches under Suning Real Estate Group | Suqian Life Plaza | 4,481 | 17,143 |
| 66 studios, cinema companies and branches under Suning Holdings Group | Headquarters Wangzhuang Lake | 2,521 | 3,810 |
| Suning Consumer Finance Co., Ltd. | Building 5, Suning Headquarters | 1,896 | 4,984 |
| Jiangsu Suning Commercial Management | Building 1, Suning Headquarters | 1,746 | 1,922 |

| | | | |
|---|---|---|---|
| 66 studios, cinema companies and branches under Suning Holdings Group | Xi'an Suning.Com Plaza | 1,651 | 1,354 |
| Suning Bank | No.2 building, Anime Corridor | 1,648 | 2,364 |
| Suning Appliance Group Co., Ltd. | Building 1, Suning Headquarters | 906 | 1,409 |
| 66 studios, cinema companies and branches under Suning Holdings Group | Fengxian Suning Square | 755 | 2,099 |
| Others | Various stores and office areas | 8,882 | 28,999 |
| | | 101,677 | 131,427 |

## VIII Related Party Relationship and Transaction (continued)

### (6) Related party transactions (continued)

### (j) Lease (continued)

Lease expenses recognized by Suning as the lessee in the current year:

| Name of the lessor | Type of leasing asset | 2020 | 2019 |
|---|---|---|---|
| Wanda Commercial Management | Wanda Department Store | 1,151,975 | 653,879 |
| Shanghai Hushen | Shanghai Logistics Base | 128,314 | 117,585 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Shanghai Pudong Store 1 | 106,806 | 88,510 |
| Hunan Suning Yida | Changsha Wangcheng Logistics Base | 89,996 | - |
| Chongqing Shouheng | Chongqing Logistics Base 2 | 69,955 | - |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Chongqing Guanyin Bridge Store | 63,875 | 75,737 |
| Nanjing Yourong | Guangzhou Logistics Base | 62,208 | 43,550 |
| Shaanxi Suning Yida | Xi'an Logistics Base | 44,475 | - |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Tianjin Hai Guang Temple Store | 37,881 | 30,097 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Wuhan Central South Store | 37,207 | 37,211 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Store at Chunxi Road, Chengdu | 36,329 | - |
| Xuzhou Suning Commerce | Xuzhou Logistics Base | 32,789 | 31,532 |
| 25 assets management companies under Suning | Chongqing Jiefangbei Store | 32,139 | 49,529 |

| | | | |
|---|---|---|---|
| Appliance Group Co., Ltd. | | | |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Beijing Tongzhou West Gate Store | 32,136 | 34,529 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Jinan Quancheng Road Store 2 | 31,459 | 39,192 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Changzhou South Street Store | 30,368 | 36,165 |
| Nanjing Luchang | Wuxi Logistics Base | 29,567 | 20,435 |
| Chongqing Shouheng | Chongqing Logistics Base | 28,782 | 52,002 |
| Ningbo Suning Yida | Ningbo Logistics Base | 28,456 | - |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Kunming Small Garden Store | 28,185 | 35,201 |
| Zhongshan Suning Logistics | Zhongshan Logistics Base | 27,633 | - |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Beijing Liujiayao Bridge East Store | 27,586 | 32,303 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Wuhan Tangjiadun Store | 27,489 | 30,723 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Dalian Shengli Plaza Store | 27,142 | 20,564 |
| Jiangsu Chenyi | Nanchang Logistics Base | 26,996 | 18,247 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Xi’an Jinhua Road Store | 26,952 | 31,089 |

## VIII Related Party Relationship and Transaction (continued)

### (6) Related party transactions (continued)

### (j) Lease (continued)

Lease expenses recognized by Suning as the lessee in the current year (continued):

| Name of the lessor | Type of leasing asset | 2020 | 2019 |
|---|---|---|---|
| Shenyang Suning Logistics | Liaoning Logistics Base | 22,144 | 56,080 |
| Wuxi Suning Business Management | Wuxi Suning Plaza Store | 16,855 | 20,991 |
| Suning Real Estate | Xinjiekou Store | 16,770 | 63,827 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Chengdu West Street Store | 16,580 | 22,106 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Datong Suning Appliance Plaza Store | 16,303 | 19,406 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Chengdu Wannianchang Store | 15,498 | 20,387 |
| Beijing Jingzhao | Beijing Balizhuang Life Square Appliance Store | 14,433 | 10,072 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Xiamen Fortune Bay Store | 14,044 | 20,114 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Zhengzhou Mianfang Road Store | 12,120 | 12,023 |
| Chengdu Hongye Real Estate Co., Ltd. and its branches | Tianfu Flyover Store | 12,089 | 11,368 |
| 25 assets management companies under Suning | Store at Neijiang Department Store | 11,225 | 11,580 |

| | | | |
|---|---|---|---|
| Appliance Group Co., Ltd. | | | |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Jiaxing Jiangnan Mall Store | 9,983 | 9,790 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Taizhou Xibakou Store 2 | 9,047 | 11,230 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Beijing Qingta West Road Store | 9,007 | 11,108 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Ma'anshan Jiefang Road store | 7,992 | 9,939 |
| 25 assets management companies under Suning Appliance Group Co., Ltd. | Chenzhou Guoqing North Road Store | 7,890 | 7,743 |
| Others | Various stores and office areas | 133,831 | 202,189 |
| | | 2,612,511 | 1,998,033 |

## VIII Related Party Relationship and Transaction (continued)

### (6) Related party transactions (continued)

#### (k) 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. | 550,000 | 2019/6/28 | 2021/6/28 | No |
| Suning Financial Services (Shanghai) Co., Ltd. | 250,050 | 2019/7/10 | 2020/6/30 | Yes |
| Suning Financial Services (Shanghai) Co., Ltd. | 46,418 | 2019/7/31 | 2020/7/30 | Yes |
| 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 | Yes |

| | | | | |
|---|---|---|---|---|
| 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 |
| | 4,059,978 | | | |

In 2020, Suning provided a total amount of guarantee for Suning Financial Services Group to borrow money from financial institutions of about RMB 3.231 billion and a total amount of guarantee for Suning Commercial Factoring Co., Ltd. ("Suning Factoring") to borrow from financial institutions of about RMB 829 million (in 2019, Suning provided a total amount of guarantee for Suning Financial Services Group to borrow money from financial institutions of about RMB 4.008 billion and a total amount of guarantee for Suning Commercial Factoring Co., Ltd. ("Suning Factoring") to borrow from financial institutions of about RMB 1.63 billion.)

## VIII Related Party Relationship and Transaction (continued)

### (6) Related party transactions (continued)

### (k) Guarantee (continued)

The Company provides guarantee for its subsidiaries:

| Secured party | Amount guaranteed | Starting date of guarantee | Due date of guarantee | Has the guarantee been finished |
|---|---|---|---|---|
| Suning International Group Co., Limited | 2,356,501 | 20/09/2019 | 25/09/2022 | No |
| Suning International Group Co., Limited | 672,786 | 21/10/2019 | 26/09/2022 | No |
| Suning International Group Co., Limited | 336,803 | 28/10/2019 | 26/09/2022 | No |
| Suning International Group Co., Limited | 1,200,000 | 26/09/2019 | 25/09/2022 | No |
| Nanjing Suning Department Store Co., Ltd. | 620,000 | 27/09/2019 | 26/09/2024 | No |
| Nanjing Suning Department Store Co., Ltd. | 700,000 | 21/10/2019 | 26/09/2024 | No |
| Hong Kong Suning Purchase Co., Ltd. | 103,784 | 26/09/2019 | 30/09/2020 | Yes |
| Hong Kong Suning Purchase Co., Ltd. | 69,666 | 18/02/2020 | 27/11/2020 | Yes |
| Hong Kong Suning Purchase Co., Ltd. | 14,274 | 06/03/2020 | 21/12/2020 | Yes |
| Hong Kong Suning Purchase Co., Ltd. | 97,497 | 12/03/2020 | 12/03/2021 | No |
| Hong Kong Suning Purchase Co., Ltd. | 101,053 | 30/09/2020 | 21/09/2021 | No |
| Nanjing Suning E-commerce Co., Ltd. | 3,000,000 | 14/10/2019 | 31/08/2020 | Yes |
| Qingdao Carrefour Commercial Co., Ltd. | 6,536 | 09/04/2020 | 09/12/2020 | Yes |

| | | | | |
|---|---|---|---|---|
| Qingdao Carrefour Commercial Co., Ltd. | 7,980 | 27/04/2020 | 09/12/2020 | Yes |
| Qingdao Carrefour Commercial Co., Ltd. | 5,852 | 26/05/2020 | 09/12/2020 | Yes |
| Qingdao Carrefour Commercial Co., Ltd. | 6,080 | 21/07/2020 | 09/12/2020 | Yes |
| Qingdao Carrefour Commercial Co., Ltd. | 11,552 | 25/08/2020 | 09/12/2020 | Yes |
| Chongqing Carrefour Commercial Co., Ltd. | 26,000 | 15/04/2020 | 13/04/2021 | No |
| Chongqing Carrefour Commercial Co., Ltd. | 9,360 | 10/06/2020 | 13/04/2021 | No |
| Chongqing Carrefour Commercial Co., Ltd. | 4,680 | 24/06/2020 | 13/04/2021 | No |
| Chongqing Carrefour Commercial Co., Ltd. | 6,760 | 23/07/2020 | 13/04/2021 | No |
| Chongqing Carrefour Commercial Co., Ltd. | 5,200 | 25/09/2020 | 13/04/2021 | No |
| Haikou Carrefour Commercial Co., Ltd. | 10,640 | 09/04/2020 | 21/12/2020 | Yes |
| Haikou Carrefour Commercial Co., Ltd. | 14,160 | 27/04/2020 | 21/12/2020 | Yes |
| Haikou Carrefour Commercial Co., Ltd. | 15,200 | 20/07/2020 | 21/12/2020 | Yes |
| | 9,402,364 | | | |

In 2020, Suning provided a total amount of guarantee for subsidiaries of about RMB 9.402 billion (in 2019, Suning provided a total amount of guarantee for subsidiaries of about RMB 10.314 billion).

VIII Related Party Relationship and Transaction (continued)

(6) Related party transactions (continued)

(l) Interest revenue

| | 2020 | 2019 |
|---|---|---|
| Suning Consumer Finance Co., Ltd. | 15,070 | 5,001 |
| Suning Bank | 11,444 | 37,621 |
| | 26,514 | 42,622 |

(m) Accept project management service

| | 2020 | 2019 |
|---|---|---|
| Suning Real Estate | 16,152 | 45,007 |
| 45 real estate, building materials companies and branches under Suning Real Estate Group | - | 1,736 |
| | 16,152 | 46,743 |

(n) Accept property service

| | 2020 | 2019 |
|---|---|---|

| | | |
|---|---|---|
| 66 Galaxy property companies under Suning Real Estate Group | 276,033 | 203,210 |

(o) Accept the supporting property service of the self-built store for sale

| | 2020 | 2019 |
|---|---|---|
| Suning Real Estate | 816 | 14,909 |
| Shanghai Suning Real Estate Development | - | 22,397 |
| | 816 | 37,306 |

(p) Purchase extended warranty services

| | 2020 | 2019 |
|---|---|---|
| Suning Financial Services Group and its subsidiaries | 166,082 | 73,905 |

VIII Related Party Relationship and Transaction (continued)

(6) Related party transactions (continued)

(q) Catering and meeting services provided by related parties for Suning

| | 2020 | 2019 |
|---|---|---|
| Wanda Commercial Management | 9,495 | - |
| 29 hotels, catering companies and branches under Suning Real Estate Group | 8,247 | 15,345 |
| Suning Real Estate | 2,217 | - |
| 45 real estate, building materials companies and branches under Suning Real Estate Group | 333 | - |
| Xinjiekou Novotel Hptel | 196 | 379 |
| Chengdu Hongye Real Estate Co., Ltd. and its branches | 34 | - |
| Galaxy International Shopping Plaza | 2 | - |
| Nanjing Zhongshan International Golf Real Estate Co., Ltd. and its two subsidiaries | - | 1,123 |
| Chinatown Chamber of Commerce Conference Center | - | 634 |

| | | |
|---|---|---|
| | 20,524 | 17,481 |

(r) Marketing and information technology services

| | 2020 | 2019 |
|---|---|---|
| Alibaba | 1,486,553 | 862,022 |
| Suning Financial Services Group and its subsidiaries | 513,985 | 22,306 |
| Jiangsu Suning Sports Industry | 101,039 | 82,975 |
| Suning Sports and Cultural Media | 94,830 | 42,335 |
| Shanghai Juli | 47,871 | 83,111 |
| Nanjing Juli | 23,477 | 13,303 |
| 45 studios, cinema companies and branches under Suning Holdings Group | 22,950 | 189 |
| Others | 92,637 | 245,177 |
| | 2,383,342 | 1,351,418 |

In 2020, about RMB 955 million used for marketing and information technology services during related party transaction was taken as the consideration payable to clients to offset the main business revenue recognized in the current period.

VIII Related Party Relationship and Transaction (continued)

(6) Related party transactions (continued)

(s) Trademark License Agreement

(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 Licensing 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 Licensing 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.

Suning Appliance Group Co., Ltd. paid Suning a trademark license fee of RMB 2 million in 2020 during the reporting period.

VIII Related Party Relationship and Transaction (continued)

(6) Related party transactions (continued)

(s) Trademark License Agreement (continued)

(4) On April 22, 2016, the 2015 annual general meeting of the Company deliberated and passed *the Proposal on Related Party Transactions on Partial Trademark Assignment and Use License*. 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.

Suning Holdings Group paid a trademark license fee of RMB 2 million in 2020 during the reporting period.

(t) Compensation of key management personnel

| | 2020 | 2019 |
|---|---|---|

| | | |
|---|---|---|
| Compensation of key management personnel | 18,370 | 18,760 |

(u) Accept financial consultancy service

| | 2020 | 2019 |
|---|---|---|
| Suning Rundong | 1,811 | 44,009 |

VIII Related Party Relationship and Transaction (continued)

(6) Related party transactions (continued)

(v) Collect dividends from related parties

| | 2020 | 2019 |
|---|---|---|
| Yunxiang Warehouse Logistics Phase II Fund | 491,509 | 1,985 |
| Yunxiang Warehouse Logistics Phase I Fund | 349,949 | 652,130 |
| Wanda Commercial Management | 167,672 | 175,532 |
| Suning Financial Services Group and its subsidiaries | 139,547 | - |
| Shenzhen Hengning | 60,194 | 203,889 |
| Yunxiang Warehouse Logistics Phase III Fund | 22,221 | - |
| Shenzhen Capital Group Co., Ltd. | 6,630 | - |
| Suning Goldstone | 5,381 | - |
| Huatai Securities | - | 83,987 |
| | 1,243,103 | 1,117,523 |

(w) Equity transfer

| | 2020 | 2019 |
|---|---|---|

| | | |
|---|---|---|
| Yunxiang Warehouse Logistics Phase III Fund | 2,443,936 | - |
| Yunxiang Warehouse Logistics Phase II Fund | 226,756 | - |
| Nanjing Yunzhixiang | - | 745,394 |
| Yunxiang Warehouse Logistics Phase I Fund | - | 484,179 |
| Foshan Jingling | - | 402,474 |
| Changsha Guikun | - | 216,086 |
| Shaanxi Junshanfeng | - | 170,695 |
| Ningbo Shenglin | - | 99,105 |
| Neijiang Haojie | - | 30,111 |
| | 2,670,692 | 2,148,044 |

(x) Factored accounts payable

| | 2020 | 2019 |
|---|---|---|
| Suning Financial Services Group and its subsidiaries | 17,020,773 | 6,141,988 |

## VIII Related Party Relationship and Transaction (continued)

### (7) Balance of accounts receivable and accounts payable by related party

#### Accounts receivable of related parties:

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Accounts receivable | Suning CVS and its subsidiaries | 601,279 | 623,354 |
| Accounts receivable | 45 real estate, building materials companies and branches under Suning Real Estate Group | 272,730 | 11,033 |
| Accounts receivable | Suning Sports and Cultural Media | 146,666 | 91,465 |
| Accounts receivable | Alibaba | 133,340 | 86,584 |
| Accounts receivable | Hunan Suning Yida | 73,723 | 73,723 |
| Accounts receivable | 3 Tongshi Mingtai companies under Suning Holdings Group | 39,649 | 45,779 |
| Accounts receivable | 45 studios, cinema companies and branches under Suning Holdings Group | 29,842 | 11,633 |
| Accounts receivable | Neijiang Suning Yida | 13,758 | - |
| Accounts receivable | Shanghai Chengyu | 12,745 | - |
| Accounts receivable | 29 real estate, under Suning Real Estate Group | 10,056 | 21,150 |
| Accounts receivable | 107 Sufu, Suyuan companies under Suning Holdings Group | 9,637 | 6,926 |
| Accounts receivable | Shanghai Juli | 8,504 | 11,447 |

| | | | |
|---|---|---|---|
| Accounts receivable | Nanjing Juli | 7,937 | 7,563 |
| Accounts receivable | Other related parties | 68,102 | 77,780 |
| | | 1,427,968 | 1,068,437 |

| | | 2020 December 31 | 2019 December 31 |
|---|---|---|---|
| Prepayment | 3 Tongshi Mingtai companies under Suning Holdings Group | 199,366 | - |
| Prepayment | Alibaba | 152,810 | 39 |
| Prepayment | Laox | 34,779 | 176 |
| Prepayment | Shanghai Hushen | 19,355 | 13,710 |
| Prepayment | TCL Industrial Holdings | 8,699 | 23,285 |
| Prepayment | Other related parties | 34,030 | 29,971 |
| | | 449,039 | 67,181 |

## 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):

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Interests receivable | Suning Consumer Finance Co., Ltd. | - | 6,004 |

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Other accounts receivable | Alibaba | 404,366 | 418,739 |
| Other accounts receivable | Shenzhen Capital Group Co., Ltd. | 113,784 | - |
| Other accounts receivable | Beijing Jingzhao | 8,689 | 100 |
| Other accounts receivable | Other related parties | 31,798 | 66,935 |
| | | 558,637 | 485,774 |

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Other current assets | Wanda Commercial Management | 132,390 | 32,213 |
| Other current assets | 25 asset management companies under Suning Appliance Group | 74,228 | 39,375 |
| Other current assets | Shanghai Hushen | 26,284 | 11,777 |

| | | | | |
|---|---|---|---|---|
| Other assets | current | 45 Galaxy property companies under Suning Real Estate Group | 19,957 | 15,366 |
| Other assets | current | Jinning Yida Logistics | 18,562 | - |
| Other assets | current | Xuzhou Suning Commerce | 17,485 | 2,152 |
| Other assets | current | Boning Suning.Com | 14,796 | - |
| Other assets | current | Shenyang Suning Yida | 14,168 | 6,658 |
| Other assets | current | Nanjing Luchang | 13,054 | 5,461 |
| Other assets | current | Hunan Suning Yida | 12,780 | 4,362 |
| Other assets | current | Chongqing Shouheng | 12,130 | 4,875 |
| Other assets | current | Suning Real Estate | 11,068 | - |
| Other assets | current | Sanshui Suning Yida | 10,513 | 9,471 |
| Other assets | current | Shaanxi Suning Yida | 10,204 | 8,168 |
| Other assets | current | Hubei Suning Logistics | 7,968 | - |
| Other assets | current | Beijing Jingzhao | 7,799 | 208 |
| Other assets | current | Wenzhou Suning Purchase | 7,068 | - |
| Other assets | current | Wuxi Suning Business Management | 6,926 | 14,887 |
| Other assets | current | Zhongshan Suning Logistics | 6,521 | - |
| Other assets | current | Nanjing Yourong | 5,827 | 4,468 |
| Other assets | current | Other related parties | 25,835 | 135,643 |
| | | | 455,563 | 295,084 |

## 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):

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Long-term accounts receivable | Wanda Commercial Management | 58,951 | 52,250 |
| Long-term accounts receivable | 13 asset management companies under Suning Appliance Group | 23,116 | 52,856 |
| Long-term accounts receivable | Nanjing Luchang | 7,736 | 7,736 |
| Long-term accounts receivable | Shanghai Hushen | 5,360 | - |
| Long-term accounts receivable | Jinning Yida Logistics | 4,233 | - |
| Long-term accounts receivable | Hunan Suning Yida | 3,860 | 3,860 |
| Long-term accounts receivable | Sanshui Suning Yida | 3,160 | 3,160 |
| Long-term accounts receivable | Jiangsu Chenyi | 2,840 | 2,840 |
| Long-term accounts receivable | Shenyang Suning Logistics | 2,641 | - |
| Long-term accounts receivable | Chongqing Shouheng | 2,436 | 2,436 |

| | | | |
|---|---|---|---|
| Long-term accounts receivable | Qingliang Gate Branch of Suning Real Estate | 2,241 | 2,241 |
| Long-term accounts receivable | Shaanxi Suning Yida | 2,080 | 2,080 |
| Long-term accounts receivable | Other related parties | 9,488 | 6,942 |
| | | 128,142 | 136,401 |

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Accounts payable | Suning Financial Services Group and its subsidiaries | 6,289,284 | 16,855,728 |
| Accounts payable | TCL Industrial Holdings | 334,848 | 500,232 |
| Accounts payable | Laox | 45,859 | 130 |
| Accounts payable | Alibaba | 42,527 | 53,780 |
| Accounts payable | 3 Tongshi Mingtai companies under Suning Holdings Group | 21,870 | 123,470 |
| Accounts payable | Other 14 sports companies under Suning Holdings Group | 17,331 | 1,054 |
| Accounts payable | Suning Sports Goods | 12,055 | 4,079 |
| Accounts payable | Other related parties | 32,847 | 82,938 |
| | | 6,796,621 | 17,621,411 |

## 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):

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Notes payable | 3 Tongshi Mingtai companies under Suning Holdings Group | 430,000 | 76,751 |
| Notes payable | Nanjing Juli | 5,284 | - |
| Notes payable | Shanghai Juli | - | 1,210 |
| | | 435,284 | 77,961 |

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Contract liabilities | Hunan Suning Yida | 72,093 | 72,093 |
| Contract liabilities | Shaanxi Suning Yida | 22,334 | 22,334 |
| Contract liabilities | Neijiang Suning Yida | 22,114 | - |
| Contract liabilities | Laox | 12,685 | 176 |
| Contract liabilities | Sanshui Suning Yida | 12,432 | 12,432 |
| Contract liabilities | Shanghai Hushen | 12,060 | 12,062 |
| Contract liabilities | Alibaba | 11,518 | 11,426 |
| Contract liabilities | Ningbo Suning Yida | 8,462 | 8,462 |
| Contract liabilities | Hunan Suning Purchase | 8,370 | 8,370 |
| Contract liabilities | Chongqing Shouheng | 5,683 | 5,002 |
| Contract liabilities | Boning Suning.Com | 4,936 | - |

| | | | |
|---|---|---|---|
| Contract liabilities | 3 Tongshi Mingtai companies under Suning Holdings Group | 4,619 | 3,931 |
| Contract liabilities | Suning Sports and Cultural Media | 4,253 | 4,402 |
| Contract liabilities | Wenzhou Suning Purchase | 3,864 | - |
| Contract liabilities | Xuzhou Suning Commerce | 3,498 | 3,498 |
| Contract liabilities | Hubei Suning Logistics | 3,294 | - |
| Contract liabilities | 45 real estate, building materials companies and branches under Suning Real Estate Group | 2,777 | 853 |
| Contract liabilities | Other related parties | 11,124 | 230,179 |
| | | 226,116 | 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):

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Other payables | TCL (i) | 2,012,674 | 2,069 |
| Other payables | Suning Real Estate | 121,657 | 78,890 |
| Other payables | 45 real estate, under Suning Real Estate Group | 68,644 | 17,753 |
| Other payables | 36 real estate, building materials companies and branches under Suning Real Estate Group | 48,442 | 27,020 |
| Other payables | Shanghai Juli | 37,117 | 60,327 |
| Other payables | Alibaba | 31,272 | 33,110 |
| Other payables | Suning Sports Goods | 29,137 | 39,999 |
| Other payables | Suning Sports and Cultural Media | 15,786 | 59,887 |
| Other payables | Nanjing Dingchen | 15,492 | 487 |
| Other payables | Nanjing Juli | 15,229 | 12,312 |
| Other payables | Other related parties | 127,464 | 66,157 |
| | | 2,522,914 | 398,011 |

(i) On December 31, 2020, Suning borrowed RMB 2 billion from a subsidiary of TCL, taking about 23.26% shares of TCL Holdings Co., Ltd. as a pledge. The interest was paid quarterly, and the principal will be repaid in a lump sum on December 6, 2021.

| | | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|---|
| Other liabilities | current | Galaxy International Shopping Plaza | 24,719 | - |
| Other liabilities | current | Suning Appliance Group Co., Ltd. | 23,937 | - |
| Other liabilities | current | 66 Galaxy property companies under Suning Real Estate Group | 2,627 | - |
| Other liabilities | current | Wanda Commercial Management | 171 | - |
| Other liabilities | current | 45 real estate, building materials companies and branches under Suning Real Estate Group | 26 | 7,787 |
| Other liabilities | current | 25 asset management companies under Suning Appliance Group | - | 41,303 |
| Other liabilities | current | Nanjing Luchang | - | 8,598 |
| Other liabilities | current | Suning Real Estate | - | 8,283 |
| Other liabilities | current | Nanjing Yourong | - | 5,372 |
| Other liabilities | current | Jiangsu Chenyi | - | 4,858 |
| Other liabilities | current | Beijing Jingzhao | - | 3,643 |
| Other liabilities | current | Xuzhou Suning Commerce | - | 1,761 |
| Other liabilities | current | Neijiang Suning Yida | - | 81 |
| | | | 51,480 | 81,686 |

VIII Related Party Relationship and Transaction (continued)

(8) Monetary funds deposited in related parties

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Bank deposits | Suning Bank | 214,891 | 739,408 |
| Other monetary fund | Suning Consumer Finance Co., Ltd. (Note IV (1)) | 200,000 | 350,000 |
| Bank deposits - receivable Interest | Suning Consumer Finance Co., Ltd. | 10,678 | - |
| | | 425,569 | 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:

Accepting labor service

| | 2020 | 2019 |
|---|---|---|
| - Project management service | | |
| Suning Real Estate | 73,392 | 90,513 |

| | | |
|---|---|---|
| 45 real estate, building materials companies and branches under Suning Real Estate Group | 38,406 | 37,136 |
| Shanghai Suning Real Estate Development | - | 1,270 |
| Chengdu Hongye Real Estate Co., Ltd. and its branches | - | 1,029 |
| | 111,798 | 129,948 |

VIII Related Party Relationship and Transaction (continued)

(9) Commitment of related parties (continued)

Leased

| | 2020 | 2019 |
|---|---|---|
| - Rent in | | |
| Wanda Commercial Management | 16,667,701 | 17,732,209 |
| Shanghai Hushen | 934,603 | 1,044,077 |
| Chongqing Shouheng | 512,213 | 301,238 |
| Shenyang Suning | 430,618 | 484,991 |
| Hunan Suning | 364,725 | 200,778 |
| Hunan Suning Yida | 315,137 | - |
| Nanjing Luchang | 305,450 | - |
| 45 real estate, building materials companies and branches under Suning Real Estate Group | 302,427 | 420,122 |
| Shaanxi Suning Yida | 248,035 | - |
| Jiangsu Chenyi | 203,996 | - |
| Ningbo Suning Yida | 142,393 | - |
| Nanjing Yourong | 139,671 | - |
| Other related parties | 403,100 | 1,333,306 |
| | 20,970,069 | 21,516,721 |

VIII Related Party Relationship and Transaction (continued)

(9) Commitment of related parties (continued)

Lease (continued)

| | 2020 | 2019 |
|---|---|---|
| - Rent out | | |
| 29 hotels, catering companies and branches under Suning Real Estate Group | 394,954 | 352,947 |
| Other 14 sports companies under Suning Holdings Group | 80,277 | 90,974 |
| Suning Sports Industry | 36,746 | 37,061 |
| 45 studios, cinema companies and branches under Suning Holdings Group | 36,151 | 47,177 |
| Shanghai Juli | 10,059 | 19,035 |
| 45 real estate, building materials companies and branches under Suning Real Estate Group | 4,577 | 976 |
| Consumer Finance | 3,558 | 5,567 |
| Suning Real Estate | 1,513 | 8,970 |
| Suning Commercial Management | 1,349 | 2,013 |
| Qingliang Gate Branch of | 551 | 551 |

| | | |
|---|---|---|
| Suning Real Estate | | |
| 66 Galaxy property companies under Suning Real Estate Group | 402 | 942 |
| 3 football club companies under Suning Holdings Group | 390 | 5,366 |
| TCL Industrial Holdings | 87 | - |
| Other 14 sports companies under Suning Holdings Group | 52 | - |
| Galaxy International Shopping Plaza | 34 | |
| 14 culture and cinema chain investment companies under Suning Holdings Group | - | 6,873 |
| Suning Appliance Group Co., Ltd. | - | 282 |
| Suning Bank | - | 152 |
| | 570,700 | 578,886 |

## IX Contingencies

On December 31, 2020, there was no major contingency in Suning.

## X Commitments of capital expenditure

Capital expenditure commitments that have been signed and are not required to be listed on the balance sheet:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Houses, buildings and machinery equipment | 5,798,011 | 5,188,154 |

## XI Commitments of operating lease

According to the irrevocable operating lease contract, Suning's future minimum rental payable are summarized below:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Within 1 year | 8,185,518 | 8,236,916 |
| 1 to 2 year(s) | 6,262,171 | 5,661,006 |
| 2 to 3 years | 5,200,523 | 4,946,369 |
| More than 3 years | 26,540,160 | 31,265,472 |
| | 46,188,372 | 50,109,763 |

## XII Events after the Balance Sheet Date

### (1) Major non-adjusting events

(i) According to the announcement of Suning on March 1, 2021, Mr., Zhang Jindong, a controlling shareholder and the actual controller of Suning, and other shareholders intended to transfer their shares, accounting for 23% of the total share capital of the listed company, to Shen International Holdings (Shenzhen) Co., Ltd. and Shenzhen Kunpeng Equity Investment Management Co., Ltd. or their designated investment entities ("share transfer matters"). As of the reporting date of this financial statement, these share transfer matters had not been completed.

(ii) In November 2020, Suning signed capital increase documents with some investment institutions respectively. The investment institution planned to make a valuation of RMB 25 billion before investment and jointly invest RMB 6 billion to increase the capital of Shenzhen Yunwang Wandian Technology Co., Ltd., a subsidiary of Suning, and its subsidiaries. As of April 23, 2021, Suning had received a capital increase of about RMB 1.4 billion. As of the reporting date of this financial statement, these share transfer matters had not been completed.

(iii) The Ministry of Finance revised *No.21 Accounting Standards for Business Enterprises - Lease* in 2018 (hereinafter referred to as "new lease standards"). This revision improves the definition of lease, adds lease identification, splitting and merging of lease contracts, etc., cancels the classification of the lessee's operating lease and financial lease, requires to recognize right-of-use assets and lease liabilities for all leases (except short-term lease and low-value asset lease) improve the lessee's follow-up measurement and adds option revaluation and accounting treatment in the case of lease change. The above amendments were come into force on January 1, 2021.

For the cumulative impact of the first implementation of the new lease standards, Suning did not adjust comparison information in previous years, but only adjusted the number at the beginning of 2021. According to the management's assessment, the implementation of new lease standards has no significant impact on the leasing business of Suning as the lessor. The impact on the leasing business of the Suning as the lessee mainly includes: measure lease liabilities based on the present value of remaining lease payments discounted at the lessee incremental borrowing rate on January 1, 2021 and make necessary adjustments based on the amount equivalent to the lease liabilities to recognize right-of-use assets, without influence on the net assets of Suning.

(iv) According to the announcement of Suning on March 22, 2021, Suning participated in the establishment of Zhuhai Puyi Logistics Industry Investment Partnership (Limited Partnership) ("Partnership"). According to the arrangement in the equity transfer agreement and cooperation framework agreement signed between Suning and the Partnership in March and April, 2021, Suning planned to transfer the equity of several subsidiaries of logistics real estate projects to the Partnership.

## XIII Enterprise merger

See Note V.

## XIV 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:

XIV Financial Instruments and Risks (continued)

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 in accordance with the policies approved by the board of directors. 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 recognized 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.

On December 31, 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:

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | JPY item | HKD item | USD item | Other foreign currency projects | Total |
| Foreign currency financial assets - | | | | | |
| Monetary fund | - | - | 29,656 | - | 29,656 |
| Foreign currency financial liabilities - | | | | | |
| Short-term loan | - | 294,560 | - | - | 294,560 |

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | JPY item | HKD item | USD item | Other foreign currency projects | Total |
| Foreign currency financial assets - | | | | | |
| Monetary fund | - | - | 14,523 | - | 14,523 |
| Long-term accounts receivable | 606 | 150 | - | - | 756 |
| | 606 | 150 | 14,523 | - | 15,279 |
| Foreign currency financial liabilities - | | | | | |
| Short-term loan | - | 627,060 | 313,929 | - | 940,989 |

XIV Financial Instruments and Risks (continued)

(1) Market risk (continued)

(a) Foreign exchange risk (continued)

On December 31, 2020, Suning's subsidiaries whose recording currency was RMB had no JPY financial assets and financial liabilities (December 31, 2019: increase or decrease by about RMB 61,000.)

As of December 31, 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 29.46 million (December 31, 2019: increase or decrease by about RMB 62.69 million) for various kinds of HKD financial assets and financial liabilities of companies whose recording currency is RMB within Suning.

As of December 31, 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 2.97 million (December 31, 2019: increase or decrease by about RMB 29.94 million) for various kinds of HKD financial assets and financial liabilities of companies whose recording currency is RMB within Suning.

On December 31, 2020 and December 31, 2019, the amount of foreign currency financial assets and foreign currency financial liabilities held by the company whose recording currency is HKD in Suning is shown below:

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | JPY item | USD item | RMB item | Other foreign currency projects | Total |

| | | | | | |
|---|---|---|---|---|---|
| Foreign currency financial assets - | | | | | |
| Monetary fund | - | 6,958,767 | 114,061 | - | 7,072,828 |
| Interests receivable | - | 45,877 | - | - | 45,877 |
| Trading financial assets | - | 2,333,431 | 10,520,709 | - | 12,854,140 |
| | - | 9,338,075 | 10,634,770 | - | 19,972,845 |

| | | | | | |
|---|---|---|---|---|---|
| Foreign currency financial liabilities - | | | | | |
| Non-current liability due within one year | - | 3,099,328 | - | - | 3,099,328 |
| Other non-current liabilities | - | 36,552 | - | - | 36,552 |
| | - | 3,135,880 | - | - | 3,135,880 |

## XIV Financial Instruments and Risks (continued)

### (1) Market risk (continued)

#### (a) Foreign exchange risk (continued)

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | JPY item | USD item | RMB item | Others Foreign currency item | 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 |
| Other equity instruments investment | - | 36,726 | - | - | 36,726 |
| | - | 11,739,990 | 10,605,662 | 919 | 22,346,571 |
| Foreign currency financial liabilities - | | | | | |
| Long-term loans | - | 3,488,100 | - | - | 3,488,100 |
| Other non-current liabilities | - | 2,983 | - | - | 2,983 |
| | - | 3,491,083 | - | - | 3,491,083 |

On December 31, 2020, 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.

As of December 31, 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 1.063 billion (December 31, 2019: decrease or increase by about RMB 1.061 billion) for various kinds of JPY financial assets and financial liabilities of companies whose recording currency is HKD within Suning.

XIV Financial Instruments and Risks (continued)

(1) Market risk (continued)

(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. As of December 31, 2020 and 2019, Suning's interest-bearing debts and assets mainly included:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Bonds payable (Note IV (35)) | 499,777 | 8,488,802 |
| Long-term loans (Note IV (34)) | - | 7,720,895 |
| Total of long-term interest-bearing debts | 499,777 | 16,209,697 |
| Including: floating rate debts | - | 4,933,695 |
| Fixed rate debts | 499,777 | 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 2020 and 2019, Suning had signed interest rate swap contracts with third-party commercial banks to reduce

the interest rate risk of loans.

As of December 31, 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 not change (December 31, 2019: decrease or increase by about RMB 16.21 million).

XIV 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.

As of December 31, 2020, Suning has no significant collateral and other credit enhancements held due to the debtor's mortgage (December 31, 2019: none).

(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.

On December 31, 2020, see Note II (1) for cash flow risk assessment by Suning’s management.

XIV Financial Instruments and Risks (continued)

(4) Liquidity risk (continued)

(i) On December 31, 2020, Suning considered the impact of default events as disclosed in Note II (1), which led that relevant banks and other financial institutions would require to repay all principal and interest of relevant loans in advance and listed its various financial liabilities as undiscounted cash flow by the due date as follows:

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1 to 2 year(s) | 2-5 years | More than 5 years | Total |
| Short-term loan | 23,839,892 | - | - | - | 23,839,892 |
| Notes payable | 21,021,224 | - | - | - | 21,021,224 |
| Accounts payable | 31,051,572 | - | - | - | 31,051,572 |
| Other payables | 15,800,050 | - | - | - | 15,800,050 |
| Long-term loans | 9,285,749 | - | - | - | 9,285,749 |
| Other non-current liabilities | - | - | 67,210 | - | 67,210 |
| Bonds payable | 7,713,429 | 25,000 | 524,777 | - | 8,263,206 |
| Long-term payables | 1,200,000 | 986,801 | - | - | 2,186,801 |
| | 109,911,916 | 1,011,801 | 591,987 | - | 111,515,704 |

On the reporting date of this financial statement, based on the loan amount and principal and interest repayment arrangement agreed in the loan contract and taking into account the influence of the written exemption letters of relevant banks and other financial institutions for default matters obtained after the balance sheet date and the exemption conditions of relevant banks for default matters disclosed in Note II (1), Suning's financial liabilities as for December 31, 2020 are listed in the form of

undiscounted contract cash flow by the due date as follows:

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1 to 2 year(s) | 2-5 years | More than 5 years | Total |
| Short-term loan | 23,839,892 | - | - | - | 23,839,892 |
| Notes payable | 21,021,224 | - | - | - | 21,021,224 |
| Accounts payable | 31,051,572 | - | - | - | 31,051,572 |
| Other payables | 15,800,050 | - | - | - | 15,800,050 |
| Long-term loans | 2,433,516 | 6,225,746 | 845,525 | - | 9,504,787 |
| Other non-current liabilities | - | - | 67,210 | | 67,210 |
| Bonds payable | 7,713,429 | 25,000 | 524,777 | - | 8,263,206 |
| Long-term payables | 1,200,000 | 986,801 | - | - | 2,186,801 |
| | 103,059,683 | 7,237,547 | 1,437,512 | - | 111,734,742 |

XIV Financial Instruments and Risks (continued)

(4) Liquidity risk (continued)

(ii) Suning's financial liabilities as for December 31, 2019 are listed in the form of undiscounted contract cash flow by the due date as follows:

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1 to 2 year(s) | 2-5 years | More than 5 years | Total |
| Short-term loan | 19,185,821 | - | - | - | 19,185,821 |
| Notes payable | 26,158,849 | - | - | - | 26,158,849 |
| Accounts payable | 44,380,475 | - | - | - | 44,380,475 |
| Other payables | 12,612,303 | - | - | - | 12,612,303 |
| Long-term loans | 6,199,258 | 1,124,906 | 6,672,350 | 755,915 | 14,752,429 |
| Bonds payable | 2,031,251 | 8,715,536 | - | - | 10,746,787 |
| Long-term payables | - | 2,530,171 | - | - | 2,530,171 |
| | 110,567,957 | 12,370,613 | 6,672,350 | 755,915 | 130,366,835 |

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:

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1 to 2 year(s) | 2-5 years | More than 5 years | Total |
| Financial guarantee | 550,000 | 2,384,731 | - | - | 2,934,731 |

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1 to 2 year(s) | 2-5 years | More than 5 years | Total |
| Financial guarantee | 1,125,247 | - | 3,384,731 | - | 4,509,978 |

## XV 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.

## XV Fair Value Estimation (continued)

### (1) Assets and liabilities continuously measured at fair value

As of December 31, 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 financial assets— | | | | |
| Financial products | - | 3,514,285 | - | 3,514,285 |
| Trading equity instrument investment | 81,560 | - | - | 81,560 |
| Designated to be measured at fair value with the changes included in the current gain or loss | - | - | 12,303,803 | 12,303,803 |
| Other current assets— | | | | |
| Equity of listed company | 231,726 | - | - | 231,726 |
| Other non-current financial assets - | | | | |
| Equity investment | - | - | 1,842,935 | 1,842,935 |
| Preferred stock | - | - | 40,784 | 40,784 |
| Convertible bond | - | - | 53,017 | 53,017 |
| Financial products | - | 39,004 | - | 39,004 |
| Other equity instruments investment - | | | | |
| Equity of listed company | 1,306,003 | 1,244,359 | - | 2,550,362 |

| | | | | |
|---|---|---|---|---|
| Equity of unlisted company | - | - | 3,007,707 | 3,007,707 |
| Total financial assets | 1,619,289 | 4,797,648 | 17,248,246 | 23,665,183 |

As of December 31, 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 | | | | |
| Other non-current liabilities | - | 36,552 | 67,210 | 103,762 |

## XV Fair Value Estimation (continued)

### (1) Assets and liabilities continuously measured at fair value (continued)

As of 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 | | | | |
| Trading financial assets— | | | | |
| Financial products | - | 6,075,901 | - | 6,075,901 |
| Trading equity instrument investment | 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 receivable financing | - | - | 497,858 | 497,858 |
| Other current assets— | | | | |
| 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 and preferred stock of non-listed company | - | - | 3,008,341 | 3,008,341 |
| Total financial assets | 753,585 | 11,942,595 | 18,701,953 | 31,398,133 |

As of December 31, 2019, 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 | | | | |
| Trading 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 recognizing 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.

## XV 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 assets | Other equity instruments investment | | Accounts receivable financing | Other non-current liabilities |
|---|---|---|---|---|---|---|---|---|---|---|
| | Funds | Preferred stock | Equity investment | Convertible bond | Derivative financial instruments | Designated as financial assets measured at fair value and whose changes are included in current gain or loss | Preferred equity of listed companies | Equity of unlisted company | Accounts receivable financing | Liquidity support |
| December 31, 2019 | - | 106,501 | 12,091,088 | 50,885 | 61,884 | 2,848,671 | 36,725 | 3,008,341 | 497,858 | - |
| Purchase | - | - | 100,000 | - | - | 189,300 | - | - | - | 63,900 |
| Sale | - | - | (235,943) | - | - | (1,040,781) | (33,937) | - | (497,858) | - |
| Reclassification at end of period | - | - | (10,507,020) | - | - | 10,507,020 | - | - | - | - |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Total of current profits or losses | - | (65,717) | 394,810 | 2,132 | (61,884) | (200,407) | (2,788) | (634) | - | 3,310 |
| Gains or losses included in profits or losses (i) | - | (65,819) | 394,810 | 2,132 | (58,077) | 577,956 | - | - | - | 3,310 |
| Profits or losses included in other comprehensive incomes | - | 102 | - | - | (3,807) | (778,363) | (2,788) | (634) | - | - |
| December 31, 2020 | - | 40,784 | 1,842,935 | 53,017 | - | 12,303,803 | - | 3,007,707 | - | 67,210 |
| Changes in unrealized profit or loss of assets still held on December 31, 2020 and included in gain or loss in 2020 | | | | | | | | | | |
| —Income from changes in fair value/ (loss) | - | (65,819) | 249,719 | 2,132 | (58,077) | 748,271 | - | - | - | (3,310) |

(i) Gain or loss included in the current gain or loss is respectively included in the income from changes in fair value, investment income and other items in the income statement.

## XV 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 financial 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 | Listed company Preferred equity | 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 | - |
| 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 profits or losses | 165,136 | 87,813 | 118,770 | (3,596) | 7,391 | 573,621 | 4,060 | 10,101 | (6,144) |
| Gains or losses included in profits or losses (i) | 156,662 | 79,815 | 118,770 | (3,596) | 6,414 | 344,672 | 1,895 | - | - |
| Profits or losses included in other comprehensive incomes | 8,474 | 7,998 | - | - | 977 | 228,949 | 2,165 | 10,101 | (6,144) |
| 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 profit or loss of assets still held on December 31, 2019 and included in gain or loss in 2019 | | | | | | | | | |
| —Income from changes in fair value/ (loss) | 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, credit impairment loss, and other items in the income statement.

The appraisal of financial assets and liabilities is done by external independent evaluators entrusted by Suning's investment department. The above appraisal results are independently verified and accounted by Suning's financial department, and the disclosure information related to fair value is prepared on the basis of verified appraisal results.

## XV Fair Value Estimation (continued)

### (1) Assets and liabilities continuously measured at fair value (continued)

The information related to the measurement of the third level fair value is as follows:

| | December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Fair value | Valuation techniques | Input value | | | |
| | | | Name | Range/weighted average | Relationship with fair value | Observable/unobservable |
| Trading financial assets - | | | | | | |
| Investment 1 designated as trading financial assets | 10,520,709 | /alue ratio/equity value allocation model of comparable listed companies | Price/book value ratio | 1.00 | Change in the same direction as the fair alue of financial assets | Unobservable |
| | | | Expected liquidation / redemption period | 2.8 years /2.8 years | Change in the same direction as the fair alue of financial assets | Unobservable |
| | | | Guaranteed profit discount rate | 13.00% | Change in the reverse direction as the fair alue of financial assets | Unobservable |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | Expected stock price volatility | 37.07% | Change in the same direction as the fair alue of financial assets | Unobservable |
| Investment 2 designated as trading financial assets | 149,234 | Asset-based method | Asset fair value | 2,684,230.10 | Change in the same direction as the fair alue of financial assets | Unobservable |
| | | | Fair value of liabilities - return on Senior A bonds | 5% | Change in the reverse direction as the fair alue of financial assets | Unobservable |
| | | | Fair value of liabilities - return on Senior B bonds | 5.5% | Change in the reverse direction as the fair alue of financial assets | Unobservable |
| Investment 3 designated as trading financial assets | 50,282 | Asset-based method | Appraisal value of investment target | 3,071,230.00 | Change in the same direction as the fair alue of financial assets | Unobservable |
| Investment 4 designated as trading financial assets | 121,114 | Asset-based method | Appraisal value of investment target 1 | 478,297.00 | Change in the same direction as the fair alue of financial assets | Unobservable |
| | | | Appraisal value of investment target 2 | - | Change in the same direction as the fair alue of financial assets | Unobservable |
| Investment 5 designated as trading financial assets | 330,232 | Asset-based method | Appraisal value of investment target | 794,935.78 | Change in the same direction as the fair alue of financial assets | Unobservable |

| | | | | | | |
|---|---|---|---|---|---|---|
| Investment 6 designated as trading financial assets | 1,132,232 | Asset-based method | Appraisal value of investment target | 13,067,331 | Change in the same direction as the fair alue of financial assets | Unobservable |

## XV Fair Value Estimation (continued)

### (1) Assets and liabilities continuously measured at fair value (continued)

The information related to the measurement of the third level fair value is as follows (continued):

| | December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Fair value | Valuation techniques | Input value | | | |
| | | | Name | Range/weighted average | Relationship with fair value | )bservable/unobservable |
| Other non-current financial assets - | | | | | | |
| Equity investment 1 | 13,006 | /alue ratio/equity value allocation model of comparable listed companies | Enterprise value / revenue | 3.82 | Change in the same direction as the fair alue of financial assets | Unobservable |
| | | | Expected liquidation / redemption period | 1.67 years /1.67 years | Change in the reverse direction as the fair alue of financial assets | Unobservable |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | Expected stock price volatility | 40.90% | Change in the reverse direction as the fair alue of financial assets | Unobservable |
| Equity investment 2 | 1,729,929 | /alue ratio/equity value allocation model of comparable listed companies | Price/book value ratio | 2.60 | Change in the same direction as the fair alue of financial assets | Unobservable |
| | | | Expected liquidation / redemption period | 3.29 years /3.29 years | Change in the reverse direction as the fair alue of financial assets | Unobservable |
| | | | Expected stock price volatility | 39.80% | Change in the reverse direction as the fair alue of financial assets | Unobservable |
| Equity investment 3 | 100,000 | Reference to recent investment price method | Not applicable | Not applicable | Not applicable | Not applicable |
| Convertible bond | 53,017 | Cash flows Discounted cash flow method / equity value distribution model | Discount rate | 27% | Change in the reverse direction as the fair alue of financial assets | Unobservable |
| | | | Sustainable growth rate | 3% | Change in the same direction as the fair alue of financial assets | Unobservable |

| | | | | |
|---|---|---|---|---|
| Expected liquidation / redemption period | 1.8 years /1.8 years | Change in the reverse direction as the fair alue of financial assets | | Unobservable |
| Expected stock price volatility | 43.8% | Change in the reverse direction as the fair alue of financial assets | | Unobservable |

## XV Fair Value Estimation (continued)

### (1) Assets and liabilities continuously measured at fair value (continued)

The information related to the measurement of the third level fair value is as follows (continued):

| December 31, 2020 | | | | | |
|---|---|---|---|---|---|
| Fair value | Valuation techniques | Input value | | | |
| | | Name | Range/weighted average | Relationship with fair value | )bservable/unobservable |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | /alue ratio/equity value allocation model | | | | |
| Preferred stock 1 | 15,973 | of comparable listed companies | Enterprise value / revenue | 10.54 | Change in the same direction as the fair alue of financial assets | Unobservable |
| | | | Expected liquidation / redemption period | 3 years /3 years | Reverse change as the fair value of financial assets | Unobservable |
| | | | Expected stock price volatility | 43.1% | Reverse change as the fair value of financial assets | Unobservable |
| | | /alue ratio/equity value allocation model | | | | |
| Preferred stock 2 | 24,811 | of comparable listed companies | Price-earnings ratio | 23.02 | Change in the same direction as the fair alue of financial assets | Unobservable |
| | | | Expected liquidation / redemption period | 3 years /3 years | Change in the same direction as the fair alue of financial assets | Unobservable |
| | | | Expected stock price volatility | 40% | Reverse change as the fair value of financial assets | Unobservable |

## XV Fair Value Estimation (continued)

### (1) Assets and liabilities continuously measured at fair value (continued)

The information related to the measurement of the third level fair value is as follows (continued):

| | December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Fair value | Valuation techniques | Input value | | | |
| | | | Name | Range/weighted average | Relationship with fair value | Observable/unobservable |
| Other equity instruments investment - | | | | | | |
| Investment 1 in preferred stock of non-listed companies | 3,000,000 | According to the nature of each invested enterprise held before and the availability of data, different parameters such as market price, market multiples of comparable listed companies and recent transaction price are adopted. | Not applicable | Not applicable | Not applicable | Not applicable |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | /alue ratio/equity value allocation model | | | | |
| Equity investment of unlisted company 2 | 7,707 | of comparable listed companies | Price/book value ratio | 0.79 | Change in the same direction as the fair alue of financial assets | Unobservable |
| | | | Discount of lack of marketability | 20% | Reverse change as the fair value of financial assets | Unobservable |
| Other non-current liabilities - | | | | | | |
| Liquidity support | 67,210 | Option pricing model | Risk premium for bonds | 0.63% | Change in the same direction as the fair value of financial liabilities | Unobservable |

XV Fair Value Estimation (continued)

(1) Assets and liabilities continuously measured at fair value (continued)

The information related to the measurement of the second level fair value is as follows:

| | December 31, 2020 Fair value | Valuation techniques | Observable input value | |
|---|---|---|---|---|
| | | | Name | Range/weighted average |
| Trading financial assets — financial products | 3,514,285 | Discounted cash flow model | USD/HKD exchange rate | 7.753 |

| | | | | |
|---|---|---|---|---|
| Other equity instruments investment | 1,244,359 | Reference to stock price of target companies | Closing price per share | 4.46 |
| Other non-current liabilities | 36,552 | Discounted cash flow model | USD/HKD exchange rate | 7.753 |
| Other non-current financial assets | 39,004 | Discounted cash flow model | USD/HKD exchange rate | 7.753 |

XV 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 amortized cost 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.

XVI 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 December 31, 2020 and December 31, 2019, Suning's asset-liability ratio is shown as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Asset-liability ratio | 63.77% | 63.21% |

## XVII Notes to Financial Statements of Company

### (1) Notes receivable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Commercial acceptance bill | 2,394,368 | 7,485,658 |
| Bank's acceptance bill | 1,014,280 | - |
| | 3,408,648 | 7,485,658 |
| Minus: bad debt reserves | (24,177) | (40,050) |
| | 3,384,471 | 7,445,608 |

(a) On December 31, 2020, the endorsed or discounted but not yet due notes receivable were as follows:

| | Derecognized | Not derecognized |
|---|---|---|
| Commercial acceptance bill | - | 1,233,308 |
| Banker's acceptance bill | 9,413,203 | 1,014,280 |
| | 9,413,203 | 2,247,588 |

(b) Bad debt reserves

Notes receivable of Suning were generated from daily business activities such as selling commodities and providing services, regardless of whether there was any significant financing component, the loss reserves were measured according to the expected credit loss in the whole duration.

(i) The analysis of notes receivable with comprehensively accrued bad debt reserves was as follows:

Combination - commercial acceptance bills:

On December 31, 2020, Suning measured the reserves for bad debt according to the expected credit loss in the whole duration, with the relevant amount of about RMB 24.18 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 reserves for bad debt accrued in this year was about RMB 24.18 million, of which the amount of reserves for bad debt transferred back or recovered was about RMB 40.05 million, and the corresponding book balance was about RMB 7.486 billion. Major amounts recovered or transferred back are listed as follows:

| | | Reason for reversal or recovery | Basis and rationality for recognizing original bad debt reserves | Amount recovered or transferred back | Recovery method |
|---|---|---|---|---|---|
| Notes client | receivable-A | Due payment of notes | Expected bad debt reserves for credit loss according to the whole duration | 40,050 | Cash collection/end orsement from third party |

XVII Notes to Financial Statements of Company (continued)

(2) Accounts receivable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Accounts receivable | 109,981,390 | 93,555,439 |
| Minus: bad debt reserves | (32,820) | (37,287) |
| | 109,948,570 | 93,518,152 |

(a) Analysis on accounts receivable age is as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Within 1 year | 109,940,060 | 93,536,947 |
| 1 to 2 year(s) | 31,927 | 14,330 |
| 2 to 3 years | 6,398 | 3,157 |
| 3 to 4 years | 2,006 | 576 |
| 4 to 5 years | 570 | 428 |
| More than 5 years | 429 | 1 |
| | 109,981,390 | 93,555,439 |

(b) On December 31, 2020, the gathered accounts receivable based on debt party with top five balances were summarized and analyzed as follows:

| | Balance | Amount of bad debt reserves | Proportion in total balance of accounts receivable |
|---|---|---|---|
| Total accounts receivable with the top five balances | 1,337,293 | (9,941) | 1.22% |

(c) Other accounts receivable derecognized due to the transfer of financial assets are analyzed as follows:

In 2020, Suning had no accounts receivable derecognized due to the transfer of financial assets (2019: none).

XVII Notes to Financial Statements of Company (continued)

(2) Accounts receivable (continued)

(d) Bad debt reserves

For accounts receivable, regardless of whether there is any significant financing component, Suning shall measure the loss reserves according to the expected credit loss in the whole duration. No accounts receivable with individually accrued bad debt reserves on December 31. 2020.

(i) Accounts receivable whose bad debt reserves are accrued comprehensively are analyzed as follows:

Portfolio - Clients based on aging classification

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Book balance | Bad debt reserves | | Book balance | Bad debt reserves | |
| | Amount | Expected credit loss rate in the whole duration | Amount | Amount | Expected credit loss rate in the whole duration | Amount |
| Within 1 year | 2,145,608 | 1.18% | (25,339) | 2,492,452 | 1.23% | (30,537) |
| 1 to 2 year(s) | 31,927 | 10.18% | (3,250) | 14,330 | 18.06% | (2,588) |
| 2 to 3 years | 6,398 | 26.41% | (1,690) | 3,157 | 100.00% | (3,157) |
| 3 to 4 years | 2,006 | 76.87% | (1,542) | 576 | 100.00% | (576) |
| 4 to 5 years | 570 | 100.00% | (570) | 428 | 100.00% | (428) |
| More than 5 years | 429 | 100.00% | (429) | 1 | 100.00% | (1) |

| | | | | |
|---|---|---|---|---|
| 2,186,938 | (32,820) | 2,510,944 | (37,287) |

Portfolio - Accounts receivable from Suning within the consolidation scope

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Book balance | Bad debt reserves | | Book balance | Bad debt reserves | |
| | Amount | Expected credit loss rate in the whole duration | Amount | Amount | Expected credit loss rate in the whole duration | Amount |
| Accounts receivable from Suning within the consolidation scope | 107,794,452 | - | - | 91,044,495 | - | - |

(ii) The amount of bad debt reserves transferred back in this year was about RMB 2.06 million, and there was no significant amount transferred back.

(e) The book balance of accounts receivable actually written off this year is about RMB 2.4 million, and no important accounts receivable have been written off.

(f) In 2020, Suning has no accounts receivable transferred to financial institutions without recourse (2019: none).

XVII Notes to Financial Statements of Company (continued)

(3) Other accounts receivable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Intercourse funds within Suning | 26,160,561 | 22,455,434 |
| Return of information service expenses | 402,428 | 417,912 |
| Subsidiary dividends receivable | 335,098 | 31,215 |
| Deposits and security funds receivable | 42,826 | 59,752 |
| Employee loans | 8,168 | 4,709 |
| Interest on deposit | - | 23,253 |
| Interest from time deposit receivable | - | 5,739 |
| Equity disposal costs receivable | - | 189,999 |
| Others | 145,577 | 193,014 |
| Total | 27,094,658 | 23,381,027 |
| Minus: bad debt reserves | (26,081) | (24,782) |
| | 27,068,577 | 23,356,245 |

(a) Analysis on other accounts receivable age is as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|

| | | |
|---|---|---|
| Within 1 year | 27,056,174 | 23,353,558 |
| 1 to 2 year(s) | 14,137 | 21,045 |
| 2 to 3 years | 20,244 | 3,239 |
| More than 3 years | 4,103 | 3,185 |
| | 27,094,658 | 23,381,027 |

## XVII Notes to Financial Statements of Company (continued)

### (3) Other accounts receivable (continued)

#### (b) Statement of loss reserves and changes in book balance:

| | Phase I | | | | | Phase II: | | Phase III | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Expected credit loss in the next 12 months (portfolio) | | Expected credit loss in the next 12 months (single) | | Subtotal | Expected credit loss in the whole duration (with credit impairment) | | Expected credit loss in the whole duration (with credit impairment) (portfolio) | | Expected credit loss in the whole duration (with credit impairment) (single) | | Subtotal | Total |
| | Book balance | Bad debt reserves | Book balance | Bad debt reserves | Bad debt reserves | Book balance | Bad debt reserves | Book balance | Bad debt reserves | Book balance | Bad debt reserves | Bad debt reserves | Bad debt reserves |
| December 31, 2019 | 22,694,557 | (6,298) | 668,118 | (132) | (6,430) | - | - | - | - | 18,352 | (18,352) | (18,352) | (24,782) |
| New payment of this year | 3,656,005 | (10,739) | 737,526 | (83) | (10,822) | - | (2,214) | - | (177) | - | - | (177) | (13,213) |
| Decreased payment of this year | (11,782) | 11,782 | (668,118) | 132 | 11,914 | - | - | - | - | - | - | - | 11,914 |
| Including: write-c of this year | (11,782) | 11,782 | - | - | 11,782 | - | - | - | - | - | - | - | 11,782 |
| Transferred back this year | - | - | (668,118) | 132 | 132 | - | - | - | - | - | - | - | 132 |
| Transferred into Phase III (i) | (2,512) | 2,335 | - | - | 2,335 | - | - | 2,512 | (2,335) | - | - | (2,335) | - |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Transferred into Phase II (ii) | (21,835) | 2,075 | - | - | 2,075 | 21,835 | (2,075) | - | - | - | - | - | - |
| December 31, 2020 | 26,314,433 | (845) | 737,526 | (83) | (928) | 21,835 | (4,289) | 2,512 | (2,512) | 18,352 | (18,352) | (20,864) | (26,081) |

i) As of December 31, 2020, the book balance of other receivables transferred to the third stage is about RMB 2.51 million.

ii) As of December 31, 2020, the book balance of other receivables transferred to the second stage is about RMB 21.84 million.

XVII Notes to Financial Statements of Company (continued)

(3) Other accounts receivable (continued)

(b) Statement of loss reserves and changes in book balance (continued):

(i) Other accounts receivable with individually accrued bad debt reserves on December 31 of 2020 are analyzed as follows:

| | Book balance | Expected credit loss rate in the next 12 months | Bad debt reserves | Reason |
|---|---|---|---|---|
| Phase I | | | | |
| Return of information service expenses receivable | 402,428 | 0.02% | (83) | Low credit risk |
| Dividends receivable | 335,098 | 0.00% | - | Low credit risk |
| | 737,526 | | (83) | |

| | Book balance | Expected credit loss rate in the whole duration | Bad debt reserves | Reason |
|---|---|---|---|---|
| Phase III | | | | |
| Investment amount receivable | 17,044 | 100% | (17,044) | It's not expected to be recovered |
| Deposit for receivables | 1,308 | 100% | (1,308) | It's not expected to be recovered |
| | 18,352 | | (18,352) | |

Other accounts receivable with individually accrued bad debt reserves on December 31 of 2019 are analyzed as follows:

| | Book balance | Expected credit loss rate in the next 12 months | Bad debt reserves | Reason |
|---|---|---|---|---|
| Phase I | | | | |
| Return of information service expenses receivable | 417,912 | 0.02% | (86) | Low credit risk |
| Huatai investment funds receivable | 189,999 | 0.02% | (40) | Low credit risk |
| Dividends receivable | 31,215 | 0.02% | (6) | Low credit risk |
| Interests receivable | 28,992 | - | - | Low credit risk |
| | 668,118 | | (132) | |

| | Book balance | Expected credit loss rate in the whole duration | Bad debt reserves | Reason |
|---|---|---|---|---|
| Phase III | | | | |
| Investment amount receivable | 17,044 | 100% | (17,044) | It's not expected to be recovered |
| Receivables of asset disposal | 1,308 | 100% | (1,308) | It's not expected to be recovered |
| | 18,352 | | (18,352) | |

XVII Notes to Financial Statements of Company (continued)

(3) Other accounts receivable (continued)

(b) Statement of loss reserves and changes in book balance (continued):

(ii) On December 31, 2020 and December 31, 2019, other receivables with comprehensively accrued bad debt reserves were in the first stage, as follows:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Book balance | Loss reserve | | Book balance | Loss reserve | |
| | Amount | Amount | Accrual oportion % | Amount | Amount | Accrual oportion % |
| Accounts receivable from Suning within the consolidation scope | 26,160,561 | - | - | 22,455,434 | - | - |
| Combination of other accounts receivable | 153,872 | (845) | 0.55% | 239,123 | (6,298) | 2.63% |
| | 26,314,433 | (845) | | 22,694,557 | (6,298) | |

As for December 31, 2020 and December 31, 2019, other accounts receivable with comprehensively accrued bad debt reserves in the second stage are analyzed as follows:

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Book balance | Loss reserve | Book balance | Loss reserve |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Amount | Amount | Accrual oportion % | Amount | Amount | Accrual oportion % |
| Combination of other accounts receivable | 21,835 | (4,289) | 19.64% | - | - | - |
| | 21,835 | (4,289) | | - | - | |

On December 31, 2020 and December 31, 2019, other receivables with comprehensively accrued bad debt reserves were in the third stage, as follows:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Book balance | Loss reserve | | Book balance | Loss reserve | |
| | Amount | Amount | Accrual oportion % | Amount | Amount | Accrual oportion % |
| Combination of other accounts receivable | 2,512 | (2,512) | 100% | - | - | - |
| | 2,512 | (2,512) | | - | - | |

(c) The amount of reserves for bad debt accrued in this year was about RMB 13.21 million (2019: about RMB 17.66 million), and there was no significant transferred back or recovered amount.

XVII Notes to Financial Statements of Company (continued)

(3) Other accounts receivable (continued)

(d) Other receivables actually written off in this year were about RMB 11.78 million (2019: about RMB 24.84 million), and there was no significant write-off of other receivables.

(e) On December 31, 2020, the other gathered accounts receivable based on debt party with top five balances were analyzed as follows:

| Company name | Nature | Balance | Account age | Proportion in total balance of other accounts receivables | Bad debt reserves |
|---|---|---|---|---|---|
| Jiangsu Suning Logistics Co., Ltd. | Currencies deposit inside Suning | 15,698,272 | Within 1 year | 58% | - |
| Nanjing Yuhua Suning Appliance Co., Ltd. | Currencies deposit inside Suning | 2,383,289 | Within 1 year | 9% | - |
| Nanjing Suning Software Technology Co., Ltd. | Currencies deposit inside Suning | 2,310,794 | Within 1 year | 9% | - |
| Nanjing Suning Electronic Information Technology Co., Ltd. | Currencies deposit inside Suning | 857,679 | Within 1 year | 3% | - |
| GREAT UNIVERSE LIMITED | Currencies deposit inside Suning | 794,520 | Within 1 year | 3% | - |
| | | 22,044,554 | | | - |

(4) Long-term equity investment

| | December 31, 2020 | December 31, 2019 |
|---|---|---|

| | | |
|---|---|---|
| Subsidiaries (a) | 37,118,468 | 34,144,177 |
| Joint venture | 26,695 | 29,393 |
| Associated enterprises (b) | 12,546,026 | 11,960,011 |
| | 49,691,189 | 46,133,581 |
| Minus: impairment reserves of long-term equity investment | (125,282) | (4,602) |
| | 49,565,907 | 46,128,979 |

## XVII Notes to Financial Statements of Company (continued)

### (4) Long-term equity investment (continued)

#### (a) Subsidiary

| | | Increase/decrease changes in this year | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2019 | Additional investment | Negative investment | Accrual of impairment reserves | Others | December 31, 2020 | Balance of impairment reserves at the end of the year | Cash dividends declared for distribution this year |
| Suning International Group Co., Limited | 13,579,198 | - | (3,947,589) | - | - | 9,631,609 | - | - |
| Shenzhen Yunwang Wandian Technology Co., Ltd. | - | 7,031,051 | - | - | 1,968 | 7,033,019 | - | - |
| Jiangsu Suning Logistics Co., Ltd. | 5,360,425 | 133,707 | - | - | 1,266 | 5,495,398 | - | - |
| Nanjing Suning Department Store Co., Ltd. | 1,343,000 | - | - | - | - | 1,343,000 | - | - |
| Nanjing Suning Electronic Information Technology Co., Ltd. | 959,374 | - | - | - | 383 | 959,757 | - | - |
| Shanghai Suning.Com Sales Co., Ltd. | 739,725 | 2,728 | - | - | 1,603 | 744,056 | - | - |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Chongqing Suning.Com Sales Co., Ltd. | 592,881 | 36,211 | - | - | 815 | 629,907 | - | 329,588 |
| Beijing Suning.Com Sales Co., Ltd. | 541,457 | 9,254 | - | - | 2,431 | 553,142 | - | - |
| Guangzhou Suning.Com Logistics Co., Ltd. | 516,560 | 1,047 | - | - | 159 | 517,766 | - | - |
| Fujian Suning.Com Commercial and Trading Co., Ltd. | 468,565 | - | - | - | 136 | 468,701 | - | - |
| Nanjing Suning Software Technology Co., Ltd. | 458,384 | - | - | - | 10,006 | 468,390 | - | - |
| Suning.Com (Shenyang) Sales Co., Ltd. | 432,716 | - | - | - | - | 432,716 | - | - |
| Wuhan Suning.Com Sales Co., Ltd. | 413,624 | 6,784 | - | - | 460 | 420,868 | - | - |
| Guangdong Suning.Com Sales Co., Ltd. | 374,632 | 4,231 | - | - | 228 | 379,091 | - | - |
| Jiangsu Suning Commercial Investment Co., Ltd. | 367,987 | - | - | - | - | 367,987 | - | - |
| Sichuan Suning.Com Sales Co., Ltd. | 360,957 | - | - | - | 447 | 361,404 | - | - |
| Zhejiang Suning.Com Commercial and Trading Co., Ltd. | 330,218 | 6,683 | - | - | 273 | 337,174 | - | - |

## XVII Notes to Financial Statements of Company (continued)

### (4) Long-term equity investment (continued)

#### (a) Subsidiaries (continued)

| | | Increase/decrease changes in this year | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2019 | Additional investment | Negative investment | Accrual of impairment reserves | Others | December 31, 2020 | Balance of impairment reserves at the end of the year | Cash dividends declared for distribution this year |
| Suzhou Suning.Com Co., Ltd. | 252,377 | - | - | - | 90 | 252,467 | - | - |
| Changchun Suning.Com Sales Co., Ltd. | 241,616 | 1,361 | - | - | 102 | 243,079 | - | - |
| Qingdao Jiaoning Suning.Com Commercial and Trading Co., Ltd. | 205,807 | - | - | - | 75 | 205,882 | - | - |
| Jiangxi Kuiguang Logistics Co., Ltd. | 179,632 | - | - | - | 84 | 179,716 | - | - |
| Shaanxi Suning.Com Sales Co., Ltd. | 179,054 | - | - | - | - | 179,054 | - | - |
| Shenzhen Suning.Com Sales Co., Ltd. | 160,637 | - | - | - | 687 | 161,324 | - | - |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Henan Suning.Com Sales Co., Ltd. | 154,472 | - | - | - | 265 | 154,737 | - | - |
| Xuzhou Suning.Com Sales Co., Ltd. | 149,928 | - | - | - | 141 | 150,069 | - | - |
| Tianjin Tianning Suning.Com Commercial and Trading Co., Ltd. | 149,638 | - | - | - | 232 | 149,870 | - | - |
| Baotou Binhe Suning.Com Co., Ltd. | 139,768 | - | - | - | - | 139,768 | - | - |
| Nanjing RedBaby Enterprise Management Co., Ltd. | 624,583 | - | (492,607) | - | - | 131,976 | - | - |
| Hunan Suning.Com Co., Ltd. | 129,037 | 1,895 | - | - | 266 | 131,198 | - | - |
| Anhui Suning.Com Sales Co., Ltd. | 122,739 | 2,391 | - | - | 271 | 125,401 | - | - |
| Suzhou Suning.Com Sales Co., Ltd. | 93,433 | 20,732 | - | - | 213 | 114,378 | - | - |
| Neijiang Baida Commercial and Trading Co., Ltd. | 111,430 | - | - | - | - | 111,430 | - | - |
| Xinjiang Suning.Com Commercial and Trading Co., Ltd. | 102,654 | - | - | - | - | 102,654 | - | - |
| Suning (Tianjin) Purchase Co., Ltd. | 100,000 | - | - | - | - | 100,000 | - | - |
| Other subsidiaries | 4,207,669 | 326,476 | (202,000) | (120,680) | 9,335 | 4,220,800 | (120,680) | 4,754 |
| | 34,144,177 | 7,584,551 | (4,642,196) | (120,680) | 31,936 | 36,997,788 | (120,680) | 334,342 |

## XVII Notes to Financial Statements of Company (continued)

### (4) Long-term equity investment (continued)

### (b) Associated company (continued)

| | | Increase/decrease changes in this year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | December 31, 2019 | Increase in this year | Negative investment | Net gain or loss adjusted by equity method | Other comprehensive income adjustment | Other equity variation | Cash dividends or benefit to be issued | Accrual of impairment reserves | Others | December 31, 2020 | Balance of impairment reserves at end of year |
| Suning Financial Services Group | 10,356,161 | - | - | 647,640 | - | - | (139,547) | - | 3,389 | 10,867,643 | - |
| Consumer Finance | 304,369 | - | - | (24,362) | - | - | - | - | - | 280,007 | - |
| Suning Bank | 1,247,205 | - | - | 121,838 | (18,168) | - | - | - | - | 1,350,875 | - |
| Others | 52,276 | - | - | (4,019) | - | - | (756) | - | - | 47,501 | - |
| Total | 11,960,011 | - | - | 741,097 | (18,168) | - | (140,303) | - | 3,389 | 12,546,026 | - |

## XVII Notes to Financial Statements of Company (continued)

### (5) Operating revenue and operating cost

| | 2020 | 2019 |
|---|---|---|
| Main business revenue | 167,507,440 | 192,706,635 |
| Other business revenue | 3,987,819 | 2,325,665 |
| | 171,495,259 | 195,032,300 |

| | 2020 | 2019 |
|---|---|---|
| Main business cost | 163,951,375 | 186,175,838 |
| Other business cost | 22,836 | 32,211 |
| | 163,974,211 | 186,208,049 |

#### (a) Income and cost of main business

Analysis by industry is as follows:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Main business revenue | Main business cost | Main business revenue | Main business cost |
| Retail and wholesaling industry | 167,257,489 | 163,766,279 | 192,454,254 | 185,982,950 |
| Installation and maintenance industry | 136,600 | 114,658 | 156,824 | 126,941 |

| | | | | |
|---|---|---|---|---|
| Other industries | 113,351 | 70,438 | 95,557 | 65,947 |
| | 167,507,440 | 163,951,375 | 192,706,635 | 186,175,838 |

## XVII 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:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Main business revenue | Main business cost | Main business revenue | Main business cost |
| Communication products | 43,178,204 | 42,914,777 | 46,651,394 | 46,182,681 |
| Small appliances | 33,026,900 | 31,819,141 | 39,491,091 | 37,271,095 |
| White goods | 22,212,865 | 21,556,323 | 24,861,606 | 23,648,720 |
| Air-conditioner | 19,552,280 | 18,961,487 | 23,810,217 | 22,649,321 |
| Digital and IT products | 17,581,932 | 17,487,600 | 22,632,033 | 22,394,873 |
| Brown goods | 17,454,698 | 17,220,992 | 21,078,328 | 20,582,431 |
| Household supplies | 14,250,610 | 13,805,959 | 13,929,585 | 13,253,829 |
| Installation and maintenance business | 136,600 | 114,658 | 156,824 | 126,941 |
| Other industries | 113,351 | 70,438 | 95,557 | 65,947 |
| | 167,507,440 | 163,951,375 | 192,706,635 | 186,175,838 |

#### (b) Other business revenue and other business costs

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Other business revenue | Other business cost | Other business revenue | Other business cost |

| | | | | |
|---|---|---|---|---|
| Service revenue of chain stores (i) | 3,508,964 | - | 1,829,420 | - |
| Information technology service fee income | 254,685 | - | 288,051 | - |
| Rental income (ii) | 224,170 | 22,836 | 208,194 | 32,211 |
| | 3,987,819 | 22,836 | 2,325,665 | 32,211 |

(i) The service revenue of chain stores mainly includes advertising and display service revenue and commodity display space revenue collected from clients.

(ii) Due to COVID-19 outbreak, Suning exempted the lessee from rent of about RMB 573,000 in 2020. Suning has offset the above rent relief amount against the current rent revenue.

XVII Notes to Financial Statements of Company (continued)

(5) Operating revenue and operating cost (continued)

(c) The decomposition of Suning's operation revenue is as follows:

| | 2020 | | | |
|---|---|---|---|---|
| | Retail business | Installation and maintenance service | Others | Total |
| Main business revenue | 167,257,489 | 136,600 | 113,351 | 167,507,440 |
| Recognized at a certain time point | 167,257,489 | 136,600 | - | 167,394,089 |
| Recognized within a certain time period | - | - | 113,351 | 113,351 |
| Other business revenue (i) | - | - | 3,987,819 | 3,987,819 |
| | 167,257,489 | 136,600 | 4,101,170 | 171,495,259 |

(i) With the exception of rent income, other business income is confirmed within a certain time period.

On December 31, 2020, the amount of the revenue corresponding to the performance obligations of Suning who had signed the contract but had not yet fulfilled all obligations was about RMB 75.642 billion. It is expected that all amount will be recovered in 2021.

XVII Notes to Financial Statements of Company (continued)

(6) Investment income

| | 2020 | 2019 |
|---|---|---|
| Long-term equity investment income accounted by equity method | 743,780 | 446,426 |
| Investment income gained by disposing trading financial assets | 431,316 | 759,140 |
| Subsidiary dividends | 334,342 | 5,551 |
| Investment income for trading financial assets during holding period | 222,686 | 51,000 |
| Investment income from bond repurchase | 195,273 | - |
| Investment income for other non-current financial assets during holding period | 56,158 | - |
| Investment income from other equity instruments investment during holding period | 35,373 | 31,215 |
| Investment income from disposal of subsidiaries | 1,038 | 4,340,641 |
| Investment income from debt investment during holding period | 407 | 408 |
| Investment income gained by disposing derivative financial liabilities | (30,078) | - |
| Recognition of gain or loss for financial assets measured at | (76,286) | |

| | | |
|---|---|---|
| amortized cost | | |
| Investment income from disposal of other non-current assets | (88,933) | - |
| Income from investment converted to trading financial assets after accounting by equity method | - | 327,834 |
| Investment income from disposal of associated company investment | - | 312,617 |
| Investment losses of derivative financial liabilities recognized during holding period | - | (14,560) |
| | 1,825,076 | 6,260,272 |

There are no significant restrictions on the repatriation of investment income in Suning

## I Statement of non-recurring gains and losses

| | 2020 | 2019 |
|---|---|---|
| Gain and loss on disposal of non-current assets | 35,646 | (16,473) |
| Government subsidies included in current gain and loss | 839,297 | 338,040 |
| Income from changes in fair value | 467,280 | 216,276 |
| Investment income gained by disposing trading financial assets | 990,436 | 869,591 |
| Investment income from disposal of other non-current financial assets | (88,933) | - |
| Investment income gained by disposing other debt investment | 195,273 | - |
| Earnings from investment converted to available-for-sale financial assets after accounting by equity method | - | - |
| Investment income from disposal of subsidiaries | 810,054 | 19,663,618 |
| Investment income from debt investment during holding period | 407 | - |
| Investment income gained by disposing derivative financial liabilities | (30,078) | - |
| Investment income from investment converted to trading financial assets after accounting by equity method | - | 444,259 |

| | | |
|---|---|---|
| Transferred back from accrued bad debt reserves of single account receivable | (17,296) | (118) |
| Investment income from disposal of associated company | - | 312,617 |
| Other non-operating revenues and expenses than the items above | (36,833) | (77,123) |
| | 3,165,253 | 21,750,687 |
| Affected income tax | (607,102) | (6,186,584) |
| Affected minority equity (net of tax) | (25,999) | (10,281) |
| | 2,532,152 | 15,553,822 |

Basis for the preparation of statement of non-recurring gains and losses

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.

## II Rate of return on net assets and earnings per share

| Weighted average | Earnings per share (RMB/share) | |
|---|---|---|
| Profit margin on net assets (%) | Basic earnings per share | Diluted earnings per share |

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)

| | | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Net profit attributable to common shareholders of the Company | -5.08 | 11.77 | -0.46 | 1.07 | -0.46 | 1.07 |
| Net profit attributable to common shareholders of the Company after deducting non-recurring gain or loss | -8.09 | -6.85 | -0.74 | -0.62 | -0.74 | -0.62 |

# Section XIII 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) Original copy of auditing report stamped by accounting firm and signed and stamped by certified public accountants.

(III) Originals of all documents and announcements published in the website designated by China Securities Regulatory Commission within reporting period

(IV) Annual report published in other securities market.

Suning.Com Co., Ltd.

Chairman: Zhang Jindong

April 24, 2021