

# 2019 Annual Report of Suning.Com Co., Ltd.



April 2020

## Section I Important Notes, Definitions and Table of Contents

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.

Zhang Jindong, responsible person of the Company, Huang Wei, Chief Financial Officer, and Hua Zhisong, fiscal principal (person in charge of Accounting Department) state that they guarantee the authenticity, accuracy and completeness of the financial report.

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.

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

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

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

Yes

Retail-related industries

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

Will the public reserves be converted to issued capital?

☐ Yes ☒ No

The Company's plan for distribution of profits deliberated and approved by this board meeting is that: with the total issued capital on equity right registration date when the profit distribution plan is implemented in future as the equity base, the Company will distribute cash dividend RMB 0.50 (tax inclusive) and 0 bonus share for every 10 shares to all shareholders, and will not increase the equity by transferring the accumulation fund.

## Definition

Item	refers to	Details
Suning Financial Services Group	refers to	Shanghai Suning Financial Service Group Co., Ltd., Suning Financial Services (Shanghai) Co., Ltd.
Suning Convenience Store (Suning CVS)	refers to	Suning Convenience Store (Nanjing) Co., Ltd.
LAOX	refers to	LAOX, listed in the second part of the main board of Tokyo Stock Exchange (code TSE: 8202)
Carrefour China Holdings N.V.	refers to	Carrefour China Holdings N.V.
Wanda Dept. Store	refers to	Wanda Department Store Co., Ltd.

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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	苏宁易购集团股份有限公司		
Company Name in Chinese for Short	苏宁易购		
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	<a href="http://www.suning.cn">http://www.suning.cn</a> , <a href="http://www.suning.com">http://www.suning.com</a>		
E-mail	stock@suning.com		

### II. Contact Information

	Secretary of the Board of Directors	Representative for Securities Affairs
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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	

Note: The Company convened the 1st Meeting of the 7th Board of Directors on March 9, 2020 to deliberate the *Proposal on the Appointment of the Securities Affairs Representative*, and appointed Liu Jie as the securities affairs representative.

### III. Information Disclosure and Preparation Place

Name of the media for information disclosure selected by the Company	<i>Securities Times, China Securities Journal, Shanghai Securities News and Securities Daily</i>
Website designated by China's Securities Regulatory Commission (CSRC) for publishing annual report	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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 (if any)	None
All previous changes of controlling shareholders (if any)	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)
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Office address of the accounting firm	No. 202 Hubin Road, Shanghai, China
Name of signatory accountant	Qian Jin, Zheng Yijie

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

## V I . 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

	2019	2018	Increase and decrease in the current year over the last year	2017
Operating revenue	269,228,900	244,956,573	9.91%	187,927,764
Net profit attributable to the shareholders of listed company	9,842,955	13,327,559	-26.15%	4,212,516
Net Profit to the Listed Company Shareholders after Deducting Nonrecurring Gain or Loss	-5,710,867	-359,441	-1488.82%	-88,391
Net cash flows from operating activities	-17,864,555	-13,874,467	-28.76%	-6,605,293
Basic earnings per share (EPS) (RMB/share)	1.07	1.44	-25.69%	0.45

Diluted earnings per share (yuan / share)	1.07	1.44	-25.69%	0.45
Weighted average rate of return on net assets	11.77%	16.83%	-5.06%	5.76%
	End of 2019	End of 2018	Increase and decrease at the end of the current year over the end of the last year	End of 2017
Total assets	236,855,045	199,467,202	18.74%	157,276,688
Net assets attributable to the shareholders of the listed company	87,921,915	80,917,098	8.66%	78,958,410

Note 1: At the end of June 2019, the Company completed the equity transfer of Suning CVS, and the Company held 35% of the equity of Suning CVS. Since July 2019, Suning CVS was accounted according to the equity method. However, Suning CVS's income statement and cash flow statement were still included in the Company's financial statement from January to June 2019.

At the end of September 2019, the Company completed the delivery of 80% of Carrefour China's shares, and Carrefour China was included in the Company's consolidated statement.

At the end of September 2019, Suning Financial Services Group completed the increase of capital and share of series C, the Company held 41.15% of the equity of Suning Financial Services Group, and Suning Financial Services Group was no longer included in the Company's consolidated statement. As of December 31, 2019, Suning Financial Services Group's balance sheet was no longer included in the Company's consolidated statement. However, Suning Financial Services Group's income statement and cash flow statement were still included in the Company's financial statement from January to September 2019.

In the fourth quarter of 2019, LAOX completed the increase in capital and share; the Company held 29.77% of the equity of LAOX, and LAOX was no longer included in the Company's consolidated statement. According to relevant accounting standards, LAOX's balance sheet was no longer included in the Company's consolidated statement as of December 31, 2019. However, LAOX's income statement and cash flow statement were still included in the Company's relevant financial statements from January to November 2019.

Note 2: Net profit attributable to shareholders in the fourth quarter of 2019 was RMB -2.06 billion, showing slight difference from that in 2019 FY Financial Preview disclosed by the Company. It was mainly because that the Company withdrew corresponding impairment provision for the long-term assets held, including the goodwill incurred by acquiring TTK Express, as well as the intangible assets due to the uncertainty in external economic environment development.

Note 3: At the end of June 2019, the Company completed the equity transfer of Suning CVS, and held 35% of the equity of Suning CVS. Since July 2019, Suning CVS was accounted according to the equity method. The net profit attributable to shareholders with non-operating gain or loss deducted in 2019 was RMB -2.792 billion regardless of the impact of Suning CVS on the profit.

Note 4: The Company enhanced the management of operating funds, continuously optimized the modes and cycle of payment and settlement, improved the capital turnover efficiency, and achieved the net cash flow of RMB 2.099 billion in the operating activities of the fourth quarter of 2019.

Note 5: 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 113,710,321 repurchased shares during the reporting period.

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

The Company's total issued shares as of the previous trading day before disclosure (share)	9,191,329,334
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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)	1.0709

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

## 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	62,241,506	73,329,673	65,437,433	68,220,288
Net profit attributable to the shareholders of listed company	135,885	2,003,580	9,763,848	-2,060,358
Net Profit to the Listed Company Shareholders after Deducting Nonrecurring Gain or Loss	-990,551	-2,199,229	-962,131	-1,558,956
Net cash flows from operating activities	-5,817,083	-4,450,874	-9,695,584	2,098,986

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 2019	Amount in 2018	Amount in 2017
Gain or loss on disposal of non-current assets (write-off part of provision for impairment of assets)	-16,473	-33,133	-8,988

Items	Amount in 2019	Amount in 2018	Amount in 2017
Government subsidies included in the current gain or loss, except those which are closely related to the Company's businesses, and to which the Company is continuously entitled on the basis of a certain standard quota or fixed amount	338,040	416,006	318,238
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 creditors' investment, except gain or loss from effective hedging operations related to the Company's normal business operations.	1,085,867	11,834,842	4,189,850
Earnings from investment converted to available-for-sale financial assets after accounting by equity method	-	760,766	15,083
Investment income from disposal of subsidiaries	19,663,618	1,220,422	-
Investment income from investment converted to trading financial assets after accounting by equity method	444,259	-	-
Transferred back from provisions for bad debts of single account receivable	-118	-	-
Investment income from disposal of associated company	312,617	-	-
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	-
Other non-operating revenues and expenses than the items above	-77,123	257,155	255,945
Minus: Affected income tax	6,186,584	740,617	369,475
Affected minority interest (net of tax)	10,281	159,889	99,746

Items	Amount in 2019	Amount in 2018	Amount in 2017
Total	15,553,822	13,687,000	4,300,907

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 or 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 terms of the external environment of the enterprise, the overall growth rate of consumption in 2019 was down, the growth rate of household appliances and audio and video equipment above the quota showed a YoY decrease of 3.3%, while the growth rate of communication equipment only increased by 1.4%, and the growth rate continued to slow down. Industry competition was fierce, and the external environment for enterprise development was under pressure.

During the reporting period, the Company actively responded to the market, continuously optimized the network layout of stores offline, promoted the Internet upgrade of stores, and built up the operation capability of the store community; rapidly expanded the Retail Cloud franchised stores, and further penetrated the lower-tier market; focused on the promotion of social, community, and content e-commerce capabilities online, continued to improve the construction of third-party platforms, accelerated the introduction of merchants, and enriched commodity categories; in the fourth quarter, vigorously promoted the acquisition and integration of Carrefour China, and achieved phased results through measures such as strengthening team incentives, optimizing operation management, promoting the integration of procurement supply chains, and digitalizing and upgrading stores. The Company's gross merchandise volume in 2019 achieved steady growth. In 2019, the Company realized operating revenue of RMB 269.229 billion, with a YoY growth of 9.91%.

#### 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

The Company actively responded to market changes, accelerated offline store adjustment, deepened the upgrade and integration of store formats, promoted the layout of Suning JIWU and SuFresh, strengthened the cooperation of shopping mall and supermarket, outputted the professional supply chain capacity, and opened 218 electronics stores in the shopping mall and supermarket during the reporting period. Rapidly expanded the network coverage in the lower-tier markets, and opened 2,731 Retail Cloud franchised stores during the reporting period; completed the acquisition of Wanda Dept. Store and Carrefour China, and further enriched retail formats. As of

December 31, 2019, the Company had totally 3,630 self-owned stores of all types and 4,586 Retail Cloud franchised stores of Suning.Com.

The Company continued to strengthen the construction and upgrade of Internet stores and the integrated operation of all scenarios. Deepened the development of personalized marketing methods supported by big data, and improved the operation efficiency of stores through digital management of users, commodities, basic operations and advertising resources; based on the Company's well-established offline channel network, the Company empowered the salesclerks to use the Suning Tuike, Suning Tuokey, SuTuan, store applets and store live video streaming and other Internet social tools to enhance salesclerks' operation capacity of users. Since 2019, Suning Tuike's orders of stores maintained a rapid growth, with an annual growth of more than three times. The Company will continue to push forward the digitalization and scene construction of stores, and will enable the output to Retail Cloud franchised stores and Carrefour supermarkets, further strengthening the integrated operation of all scenarios.

The company paid close attention to the online consumption characteristics of social, community and content-based users, vigorously developed social interactive matrix such as Suning Tuike, Suning Group Purchase and SuTuan, and created a combination mode of "store live video streaming + live video streaming by web celebrity"; Suning International strengthened the procurement of new and fashionable products, and continued to increase online SKU and brand richness; strengthened Carrefour China's online operation capacity and accelerated the development of delivery business; deeply integrated the Carrefour China and industrial ecology members, increased promotion of scene members and joint members, and brought about an increase in the number of company members.

As of December 31, the number of registered members of the Company was 555 million, and in December 2019, the number of orders placed from mobile terminal accounted for 94.27% of the total online orders. The number of annual active customers of the Company showed a YoY increase of 20.52% and the frequency of re-purchase of the overall users also increased. The integrated operation of all scenarios achieved certain results.

Overall, in 2019, the Company realized online gross merchandise volume of RMB 238.753 billion (tax inclusive), with a YoY growth of 14.59%, of which self-operated gross merchandise volume of RMB 158.439 billion (tax inclusive), with a YoY growth of 5.77% and RMB 80.314 billion (with tax) gross merchandise volume of third-party platform, with a YoY growth of 37.14%.

### ➤ **Commodity management**

The Company further consolidated the advantages of 3C supply chain of household appliances and established a supply chain system that is more closely integrated with upstream brand owners based on the advantages of omni-channel layout.

Given full play to the Company's service advantages, the Company rapidly penetrated to the lower-tier market by carrying out services such as "old for new service" and one-stop of delivery and installation and relying on the Retail Cloud, improving sales volume and providing supporting services; and accelerated the construction of well-established self-owned product ecological chain.

For fast moving consumer goods (FMCGs), during the reporting period, the Company made a

breakthrough in the development of FMCGs and general merchandise through the acquisition of Wanda Dept. Store and Carrefour China. Wanda Dept. Store has given full play to its location advantages, and been upgraded to Suning.Com Plaza and built as a service center for urban life. With gradual integration of Carrefour China, the Company formed a full-coverage channel network of online Suning Supermarket, offline Carrefour Supermarket, SuFresh Supermarket and Suning CVS. While giving full play to the advantages of economic of scale, the Company constructed an integrated supply chain for FMCGs of Suning CVS and Carrefour Supermarket, which promotes FMCGs to be sold in stores and at home in all-scenario, with high timeliness and low cost.

During the reporting period, the Company accelerated bringing in third-party merchants, continued to empower merchants, opened members to merchants, shared marketing resources, provided tools such as live video streaming, Suning Group Purchase and Suning Tuike, and accelerated the opening of warehouse distribution service capabilities. During the reporting period, the proportion of non-electrical appliance merchants on the Company's third-party platform increased to 85.53%, and the number and activity of merchants also increased significantly.

## ■ Logistics business

Suning Logistics is a leading logistics infrastructure provider in China, which can provide integrated and comprehensive logistics solutions for users.

Suning Logistics has a leading in-house logistics network in the retail industry. As of December 2019, Suning Logistics had a warehouse and related supporting area of 12.1 million m<sup>2</sup> and 25,881 express outlets. During the reporting period, Suning Logistics opened and expanded 13 logistics bases, completed the construction of 13 logistics bases, accelerated the storage of logistics warehouse land, received licenses of 20 cities such as Hefei, Chongqing, Nanning, Jinan, Guiyang and Shenyang for logistics warehouse land. As of December 31, the Company had put 57 logistics bases into operation in 44 cities, and 18 logistics bases were under construction and expansion in 16 cities. With the help of Carrefour China, the Company had 8 central warehouses in China, covering 53 cities in China, and improved the construction of the national supply chain warehouse and delivery network of FMCGs. 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 continued to optimize its operation mode and improve its resource efficiency. Relying on the Company's widely distributed physical stores, it effectively integrated Carrefour Supermarket store warehouses and further optimized the deployment of forwarding warehouses, providing users with "delivery within 30 min" and "delivery within 1 h" instant delivery services and store self-pick-up services. Meanwhile, the number of cities covered by "delivery on time", "delivery within half a day" and "next-day delivery" logistics express products continued to increase. During the reporting period, Suning Logistics strengthened the capacity building of after-sales service, and the number of cities covered by "integration of delivery and installation" increased to 318. Taking Suning CVS as the carrier, after-sales services such as household appliances, home decoration and express delivery for community residents were provided; the construction of 1,500 Suning Helper county service centers were completed in the county market to provide one-stop worry-free commodity services such as distribution, installation, maintenance and cleaning for users in counties, towns and villages, so as to meet the demand of "delivery and installation within 24h" in

the lower-tier market.

Based on a self-built warehouse network with cost advantages, relying on diversified and efficient economic delivery performance capabilities, Suning Logistics will continue to open up warehouse and distribution resources and further provide socialized and customized supply chain performance programs.

## ■ Construction of the Company's store network

### (1) Development of offline chain network

#### 1) Mainland China

##### ➤ Suning.Com Plaza

Through the development strategy of "rent, build, purchase, merge and unit", the Company promoted the construction of Suning.Com Plaza. In 2019, the Company reserved 6 Suning.Com Plaza projects and newly opened one Suning.Com Plaza; completed the acquisition of 37 Wanda Dept. Stores, which renamed and upgraded to Suning.Com Plaza, providing consumers with a richer digital and scenario shopping experience.

##### ➤ 3C Home Life Specialty Store

During the reporting period, the Company continued to focus on the layout of the blank business circle and high-quality shopping centers in the primary and secondary markets, explored the upgrading and optimization of store forms, integrated Suning JIWU, built benchmark stores, and continued to promote cooperation with shopping mall & supermarket. In 2019, 327 3C speciality stores were opened, including 218 shopping mall & supermarket stores. Effectively responded to changes in the market and business circle, accelerated adjustment and closure, and replaced and closed 125 stores during the reporting period. As of December 31, 2019, the Company had 2,307 3C speciality stores.

##### ➤ Direct-sale stores and Retail Cloud stores

The Company strengthened the empowerment to merchants in the low-tier market, continued to push forward the opening of Retail Cloud franchised stores of Suning.Com, and strengthened the examination and management of franchised stores. In 2019, 2,731 Retail Cloud franchised stores of Suning.Com were opened and 216 were closed. According to the local market environment and the quality of store operation, the Company made adjustments such as replacement, closure, upgrading and transformation, transferred direct-sale stores to franchising, and prudently pushed forward the opening of direct-sale stores. In 2019, 222 direct-sale stores of Suning.Com were opened and 1,757 were closed.

As of December 31, 2019, the Company had 833 direct-sale stores and 4,586 franchised stores of Suning.Com. In 2020, the Company will continue to speed up the opening of Retail Cloud franchised stores of Suning.Com and further seize the lower-tier market.

##### ➤ Carrefour Supermarket

At the end of September, the Company completed the acquisition of 80% of Carrefour China's share. In the fourth quarter, the Company opened 1 Carrefour convenience store and closed 3 Carrefour

supermarkets and convenience stores. As of December 31, 2019, the Company had 209 Carrefour supermarkets and 24 Carrefour convenience stores. The number of stores in the first-tier market accounted for 82.4%, which further improves the all-scenario format layout of the Company.

➤ SuFresh supermarket

Centering on O2O boutique supermarket positioning, the Company had steadily pushed forward the opening of stores. In 2019, 9 SuFresh supermarkets were opened and 2 were closed. As of December 31, 2019, the Company had 15 SuFresh supermarkets.

➤ Suning RedBaby

The Company continued to focus on the opening of Redbaby in shopping centers, strengthen the storefront daily management and promote the area-effectiveness. In 2019, the Company opened 44 stores and closed 26 stores. As of December 31, 2019, the Company had 175 Suning RedBaby stores.

➤ Hong Kong

The Company maintained a steady store management strategy in Hong Kong. In 2019, the Company opened 3 stores and closed 1 store in Hong Kong. As of December 31, 2019, the Company had 30 stores in Hong Kong.

In conclusion, as of December 31, 2019, the Company had 3,630 self-owned stores of various types<sup>1</sup>, with a store property area of 8,182,000 m<sup>2</sup>, including 323,100 m<sup>2</sup> of self-owned store property area and 1,747,200 m<sup>2</sup> of property area through innovative asset operation and long-term stable cooperation with large real estate developers. There were 4,586 Retail Cloud franchised stores of Suning.Com.

## (2) Operation of offline chain network

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

#### ① Distribution based on the operating format

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

	December 31, 2019		
	Quantity	Area	Area ratio
Suning.Com Plaza (Note)	37	98.28	12.02%
3C Home Life Specialty Store	2,307	522.35	63.90%

<sup>1</sup>For Suning.Com Plaza, except for department stores, other stores have been included in each corresponding types of store, so the number and area of Suning.Com Plaza are not included.

	December 31, 2019		
	Quantity	Area	Area ratio
Direct-sale stores of Suning.Com	833	26.60	3.25%
Carrefour Supermarket	233	144.60	17.69%
SuFresh supermarket	15	3.72	0.45%
RedBaby	175	21.96	2.69%
Total	3,600	817.51	100.00%

Note: 1. For Suning.Com Plaza, except for department stores, other stores have been included in each store, so the number and area of Suning.Com Plaza are not included (the same as below).

2. The area refers to the usable area agreed in the contracts signed with stores, the same as below.

② Distribution based on the location of stores

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

	Suning.Com Plaza		3C Home Life Specialty Store		RedBaby		SuFresh supermarket		Carrefour Supermarket		Direct-sale stores of Suning.Com	
	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area
East China Region I	7	17.86	534	118.35	75	9.78	9	2.24	25	18.06	167	4.72
East China Region II	7	19.66	390	80.23	19	2.23	1	0.34	63	28.94	85	2.67
Central China Region	4	9.79	228	49.81	11	1.36	-	-	16	10.24	112	3.34
South China Region	2	5.23	283	55.05	18	2.20	2	0.22	25	16.87	127	3.49

	Suning.Com Plaza		3C Home Life Specialty Store		RedBaby		SuFresh supermarket		Carrefour Supermarket		Direct-sale stores of Suning.Com	
	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area
North China Region	8	22.05	246	67.06	12	1.31	1	0.24	36	22.92	78	2.99
Southwest China Region	3	7.01	327	82.47	34	4.19	1	0.45	39	27.19	125	4.55
Northwest China Region	3	8.15	129	35.07	6	0.89	1	0.23	3	1.82	72	2.45
Northeast China Region	3	8.53	170	34.31	-	-	-	-	26	18.56	67	2.39
Total	37	98.28	2307	522.35	175	21.96	15	3.72	233	144.60	833	26.60

Note: 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.

③ Distribution based on the market type of stores

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

	Suning.Com Plaza	3C Home Life Specialty Store	RedBaby	SuFresh supermarket	Carrefour Supermarket	Direct-sale stores of Suning.Com
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	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area	Quantity	Area
Primary market	25	69.34	767	207.40	65	8.71	11	2.71	192	117.48	53	2.22
Secondary market	12	28.94	772	174.05	74	9.22	3	0.78	35	23.30	103	4.12
Tertiary market	-	-	700	130.23	36	4.03	1	0.23	6	3.82	452	14.73
Fourth market	-	-	68	10.67	-	-	-	-	-	-	225	5.53
Total	37	98.28	2307	522.35	175	21.96	15	3.72	233	144.60	833	26.60

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 Chinese Mainland in the reporting period

① Based on the operating format

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

	New stores opened in 2019		Stores closed down in 2019		Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
3C Home Life Specialty Store	327	34.76	125	26.30	202	8.46
RedBaby	44	3.99	26	2.87	18	1.12
SuFresh supermarket	9	2.44	2	0.77	7	1.67
Carrefour Supermarket	1	0.01	3	0.76	-2	-0.75
Direct-sale stores of	222	9.84	1757	36.37	-1,535	-26.53



Suning.Com						
Total	603	51.04	1913	67.07	-1,310	-16.03

## ② Based on the location of stores

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

	3C Home Life Specialty Store					
	New stores opened in 2019		Stores closed down in 2019		Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
East Region I China	51	6.70	19	3.67	32	3.03
East Region II China	58	5.50	23	4.95	35	0.55
Central Region China	33	3.63	12	2.39	21	1.24
South Region China	32	2.35	31	6.12	1	-3.77
North Region China	48	4.66	16	3.43	32	1.23
Southwest Region China	62	7.29	10	2.10	52	5.19
Northwest Region China	9	1.99	8	1.91	1	0.08
Northeast Region China	34	2.64	6	1.73	28	0.91
Total	327	34.76	125	26.30	202	8.46
	RedBaby					
	New stores opened in		Stores closed down in		Net increase (+) / Net	

		2019		2019		decrease (-)	
		Quantity	Area	Quantity	Area	Quantity	Area
East Region I	China	18	1.54	5	0.47	13	1.07
East Region II	China	4	0.35	4	0.36	-	-0.01
Central Region	China	-	-	4	0.46	-4	-0.46
South Region	China	5	0.45	3	0.28	2	0.17
North Region	China	7	0.74	6	0.86	1	-0.12
Southwest Region	China	7	0.59	3	0.34	4	0.25
Northwest Region	China	3	0.32	1	0.10	2	0.22
Northeast Region	China	-	-	-	-	-	-
Total		44	3.99	26	2.87	18	1.12
		SuFresh supermarket					
		New stores opened in 2019		Stores closed down in 2019		Net increase (+) / Net decrease (-)	
		Quantity	Area	Quantity	Area	Quantity	Area
East Region I	China	5	1.42	1	0.45	4	0.97
East Region II	China	1	0.35	-	-	1	0.35

Central Region	China	-	-	-	-	-	-
South Region	China	1	0.11	-	-	1	0.11
North Region	China	1	0.24	-	-	1	0.24
Southwest Region	China	-	-	-	-	-	-
Northwest Region	China	1	0.32	1	0.32	-	-
Northeast Region	China	-	-	-	-	-	-
Total		9	2.44	2	0.77	7	1.67
		Direct-sale stores of Suning.Com					
		New stores opened in 2019		Stores closed down in 2019		Net increase (+) / Net decrease (-)	
		Quantity	Area	Quantity	Area	Quantity	Area
East Region I	China	39	1.65	454	8.12	-415	-6.47
East Region II	China	21	0.85	264	5.11	-243	-4.26
Central Region	China	28	1.01	211	4.66	-183	-3.65
South Region	China	30	1.07	228	4.17	-198	-3.10
North Region	China	35	1.60	244	5.94	-209	-4.34
Southwest	China	33	1.84	172	3.99	-139	-2.15

Region						
Northwest China Region	17	0.83	111	2.63	-94	-1.80
Northeast China Region	19	0.99	73	1.75	-54	-0.76
Total	222	9.84	1757	36.37	-1535	-26.53

## ③ Changes according to market type

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

	3C Home Life Specialty Store					
	New stores opened in 2019		Stores closed down in 2019		Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
Primary market	206	16.92	40	10.10	166	6.82
Secondary market	77	9.93	37	8.75	40	1.18
Tertiary market	42	7.55	42	6.72	-	0.83
Fourth market	2	0.36	6	0.73	-4	-0.37
Subtotal	327	34.76	125	26.30	202	8.46
	RedBaby					
	New stores opened in 2019		Stores closed down in 2019		Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
Primary market	19	1.61	12	1.51	7	0.10
Secondary	20	1.94	9	0.87	11	1.07

market						
Tertiary market	5	0.44	5	0.49	-	-0.05
Fourth market	-	-	-	-	-	-
Subtotal	44	3.99	26	2.87	18	1.12
	SuFresh supermarket					
	New stores opened in 2019		Stores closed down in 2019		Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
Primary market	7	1.93	2	0.77	5	1.16
Secondary market	1	0.28	-	-	1	0.28
Tertiary market	1	0.23	-	-	1	0.23
Fourth market	-	-	-	-	-	-
Total	9	2.44	2	0.77	7	1.67
	Direct-sale stores of Suning.Com					
	New stores opened in 2019		Stores closed down in 2019		Net increase (+) / Net decrease (-)	
	Quantity	Area	Quantity	Area	Quantity	Area
Primary market	10	0.48	66	1.70	-56	-1.22
Secondary market	26	1.30	115	3.58	-89	-2.28
Tertiary market	124	5.64	715	16.44	-591	-10.80
Fourth market	62	2.42	861	14.65	-799	-12.23
Total	222	9.84	1757	36.37	-1535	-26.53

### (3) Performance of comparable stores in Chinese Mainland in the reporting period

Under the influence of weak external market environment, the revenue from offline retail sales of the Company's comparable 3C Home Life Specialty Stores (referring to stores opened on or before January 1, 2018, excluding stores in Hong Kong, the same as below) in 2019 showed a YoY decrease of 9.25%. On the one hand, the Company will strengthen the use of Internet marketing tools to enhance its store management capability through social and community marketing. On the other hand, the Company will increase the customer volumes to the store and conversions of purchase by enriching the store operating formats and speeding up the development of Suning JIWU and other business formats.

During the reporting period, the operation of the Company's RedBaby was stable, and the revenue from offline retail sales of comparable stores showed a YoY increase of 7.75%.

The revenue from offline retail sales of comparable Retail Cloud direct-sale stores of Suning.Com showed a YoY decrease of 7.02%. On the one hand, the Company will further explore the local market consumption demand. On the other hand, the Company will actively optimize the store layout and speed up the opening of franchised stores.

Table 1 Based on the Operating Formats of Stores

Unit: RMB / square meter

	Area-effectiveness		YoY change of revenue
	Amount	YoY change	
3C Home Life Specialty Store	14,446.91	-7.80%	-9.25%
Direct-sale stores of Suning.Com	15,311.34	-9.36%	-7.02%
RedBaby	7,640.01	24.52%	7.75%

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.

In primary and secondary market, the Company continuously built diversified consumption scene experiences of household lifestyle, to provide users with one-stop consumption service. It promoted the diversification of 3C Speciality Store: on one hand, created such theme zones as "Household Appliances, Happy Life", "Color TV Set, Delightful Vision", "Selection Hall of Kitchen and Bathroom Stores", "5G Mobile Phone Experience Zone", etc.; on the other hand, incorporated commodities into the scene and enhanced service linkage to create high-end and comfortable experience. Meanwhile, in order to effectively explore the consumption demand, increase the sample production of Internet mid and low-end supply chain in stores and continuously expand the offline mid and low

end product pool, it continuously focused on the use of Tuike, Tuoke, Live Streaming of stores and other community and social Internet tools, to improve the Internet sales of stores.

RedBaby continuously focused on all-scenario operation of stores, expanded the study area, recreation area and other interactive experience scene area of stores, integrated Tuike, Live Streaming, Suning Group Purchase and other Internet operation tools and methods, and deeply cultivated social private domain flow operation of stores, to improve the activity and loyalty of users. It continuously focused on the major brands of industry, strengthened the operation ability of commodity supply chain, and promoted the abundance of online and offline goods, to create the maternal and infant brand with brand influence.

In tertiary and fourth market, the Company insisted on creating low-tier market empowering platform by regarding Retail Cloud franchised stores of Suning.Com with higher efficiency as the carrier. It realized the transformation and upgrading of digitalized and social Retail Cloud franchised stores by sharing the brand image, supply chain, logistics after-sales service, IT system, Internet tools and other retail infrastructures. It cultivated “all-scenario new retail” talents with Internet thinking and tools fundamentally through system training and supporting of franchisees. As for low-tier market consumption demand, Retail Cloud quickly launched exclusive C2M products of lower-tier market to provide core competitive advantages for products of stores. Meanwhile, it linked with Suning Group Purchase to shape local characteristic agricultural product brand, achieve agricultural products ascending and offer consumers diversified selections of brand, after-sales service and commodity.

Table 2 Based on the Market Level of Stores

Unit: RMB / square meter

	3C Home Life Specialty Store			RedBaby		
	Area-effectiveness		YoY change of revenue	Area-effectiveness		YoY change of revenue
	Amount	YoY change		Amount	YoY change	
Primary market	18,983.24	-6.07%	-8.02%	7,361.79	26.57%	5.69%
Secondary market	12,153.45	-9.05%	-10.08%	7,771.96	18.14%	6.66%
Tertiary market	10,031.09	-10.59%	-11.65%	7,969.66	30.33%	13.38%
Fourth market	11,665.20	-7.28%	-9.96%	-	-	-

Total	14,446.91	-7.80%	-9.25%	7,640.01	24.52%	7.75%
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Unit: RMB / square meter

	Direct-sale stores of Suning.Com		
	Area-effectiveness		YoY change of revenue
	Amount	YoY change	
Primary market	14,192.52	-7.87%	2.17%
Secondary market	14,798.27	-7.39%	-5.91%
Tertiary market	15,551.20	-10.37%	-8.18%
Fourth market	15,357.52	-8.39%	-7.13%
Total	15,311.34	-9.36%	-7.02%

Table 3 Based on the Location of Stores

Unit: RMB / square meter

	3C Home Life Specialty Store			RedBaby		
	Area-effectiveness		YoY change of revenue	Area-effectiveness		YoY change of revenue
	Amount	YoY change		Amount	YoY change	
East China Region I	15,146.84	-5.54%	-7.91%	7,126.80	13.13%	-0.23%
East China Region II	14,864.64	-5.21%	-6.04%	6,855.79	16.23%	3.22%
Central China Region	12,699.10	-10.32%	-10.38%	8,432.53	73.81%	37.17%



South China Region	13,823.05	-3.30%	-7.05%	10,124.37	50.94%	23.33%
North China Region	16,143.46	-6.71%	-8.09%	14,640.99	-7.70%	-23.99%
Southwest China Region	13,946.99	-12.44%	-12.43%	7,377.74	38.41%	18.97%
Northwest China Region	12,985.68	-14.00%	-13.68%	14,322.41	35.00%	19.41%
Northeast China Region	13,956.55	-9.79%	-13.57%	-	-	-
Total	14,446.91	-7.80%	-9.25%	7,640.01	24.52%	7.75%

Unit: RMB / square meter

	Direct-sale stores of Suning.Com		
	Area-effectiveness		YoY change of revenue
	Amount	YoY change	
East China Region I	14,702.57	-5.63%	-5.25%
East China Region II	13,961.19	-6.09%	-4.68%
Central China Region	14,953.09	-12.64%	-8.04%
South China Region	15,701.41	-6.30%	-5.64%
North China Region	12,802.90	-19.18%	-10.49%

Southwest China Region	16,633.32	-11.61%	-10.87%
Northwest China Region	18,057.22	-11.54%	-10.58%
Northeast China Region	18,076.91	2.24%	4.28%
Total	15,311.34	-9.36%	-7.02%

**(4) Information of stores with gross merchandise volume ranking top 10 in 2019**

Unit: square meter

No.	Store name	Address	Opening date	Contract area	Operating format	Business model	Property ownership status
1	Nanjing Xinjiekou Store	Baixia District, Nanjing City	1999/12/28	16,490.35	3C household appliances	Direct sales	Properties leased
2	Chongqing Guanyin Bridge Pedestrian Street Store	Jiangbei District, Chongqing City	2006/10/1	13,812.69	3C household appliances	Direct sales	Other ownership status (note)
3	Chengdu Tianfu Interchange Store	Chengdu Hi-Tech Industrial Development Zone	2011/1/22	9,342.00	3C household appliances	Direct sales	Properties leased
4	Beijing Lianxiang Bridge Store	Haidian District, Beijing	2002/10/1	10,195.85	3C household appliances	Direct sales	Properties leased

5	Tianjin Nanlou Store	Hexi District, Tianjian City	2003/3/15	7,985.96	3C househ old applian ces	Direct sales	Properties leased
6	Shanghai Changning Road Store	Changning District, Shanghai	2005/10/1	10,582.1 6	3C househ old applian ces	Direct sales	Properties leased
7	Shanghai Wujiaochang Store	Yangpu District, Shanghai	2010/12/25	8,508.73	3C househ old applian ces	Direct sales	Properties leased
8	Nanjing Shanxi Road Store	Gulou District, Nanjing City	2003/3/15	12,683.6 3	3C househ old applian ces	Direct sales	Own properties
9	Wuxi Suning.Com Plaza Store	Chong'an District, Wuxi City	2013/9/30	18,704.9 3	3C househ old applian ces	Direct sales	Properties leased
10	Xi'an Jinhua Road Store	Xincheng District, Xi'an City	2007/10/1	10,165.1 4	3C househ old applian ces	Direct sales	Other ownership status (note)

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

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

Unit: stores

Area	December 31, 2019	December 31, 2018	Increase/decrease in
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			quantity
East China Region I	1,031	506	525
Central China Region	729	340	389
Southwest China Region	562	273	289
South China Region	686	301	385
North China Region	652	269	383
East China Region II	478	215	263
Northwest China Region	245	81	164
Northeast China Region	203	86	117
Total	4,586	2,071	2,515

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

In the reporting period, the Company collected franchise fee, brand and technology service fee from franchisees of Retail Cloud franchised stores of Suning.Com. At the beginning of the development period, the Company offered policy support to encourage franchise, so the revenue from services of franchised stores takes up a very low proportion in main business.

## II. Significant Changes in Main Assets

### 1. Significant changes in main assets

Main Assets	Description of Significant Changes
Equity asset	As of December 31, 2019, the investment balance of long-term equity showed an increase of 127.78% compared with that at the beginning of the period, mainly because that Suning Financial Services Group and LAOX were no longer incorporated into the consolidated statements of the Company and converted into accounting by equity method as they finished the increase in capital and share, and the Company increased the capital and became a shareholder of Suning Smart Life Holding Limited in the reporting period.

Fixed assets	As of December 31, 2019, the balance of fixed assets showed an increase of 17.17% compared with that at the beginning of the period, with no major change.
Intangible assets	As of December 31, 2019, the balance of intangible assets showed an increase of 52.22% compared with that at the beginning of the period, mainly because that Wanda Dept. Store, Carrefour China, etc. were incorporated into the consolidated statements and the Company increased reserve of lands for logistics base in the reporting period.
Construction in progress	As of December 31, 2019, the balance of projects in progress showed an increase of 110.50% compared with that at the beginning of the period, mainly because that the Company accelerated the construction of logistics base in the reporting period.

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

## 2. Main foreign assets

Unit: RMB 1,000

Specific contents of the assets	Causes	Net asset size	Location	Operation mode	Control measures for guaranteeing assets security	Earnings	Proportion of net foreign assets in net assets of the Company	Whether there is major impairment risk?
Suning.Com (Hong Kong) Co., Ltd.	Acquisition	245,474	Hong Kong	Wholesale and retail	Not applicable	5,031,600	0.28%	No

Others	<p>1. Subsidiaries of the Company in Hong Kong are mainly engaged in commodity retailing and wholesaling business such as 3C household appliances. They achieved a revenue of RMB 5.032 billion in main business in 2019;</p> <p>2. The Company set an institute in Silicon Valley, mainly engaged in cloud computing, big data and other IT research and development;</p> <p>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.</p>
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### III. Analysis on Core Competitiveness

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

Yes

Retail-related industries

#### **1. Owning the most complete point location flow network, Suning provides user-friendly near field service and store experiences, beneficial for continuously getting stable and low-cost flow.**

As of December 31, 2019, the Company had 3,630 self-owned stores of various types and 4,586 Retail Cloud franchised stores offline, including various forms such as life plaza, 3C appliances store, supermarket, maternal and infant store, department store, covering the market of urban core commercial sphere, community, rural area and campus, and referring to the nearest life service center to consumers; it formed multi-access platform composed of Suning.Com, Suning.Com Tmall Flagship Store, Applet, Suning Group Purchase, and Live Streaming online, to reach the clients instantly. Based on the O2O development idea, the Company has realized free switching of online and offline all-scenario in terms of product experience, transaction concluding, interaction form and service demand. All-scenario construction is beneficial for the Company to acquire continuous, stable and low-cost flow.

#### **2. Suning can simultaneously take hold of the lower-tier consumers in urban and rural market through Carrefour supermarket, Suning CVS and Retail Cloud, hence conducive to acquiring incremental market.**

As of December 31, 2019, the Company had 4,586 Retail Cloud franchised stores, and output the commodity supply chain, logistics and after-sales service, and financial services by empowering rural market partners, to achieve win-win cooperation. Suning consistently promoted the development of Retail Cloud in low-tier market, to further enhance its competitiveness in low-tier market.

Relying on the network covering of Carrefour supermarket and Suning CVS in urban communities, the Company provided users with large-scale and efficient store-delivery and home-delivery services, to take hold the community market and improve user loyalty.

#### **3. Suning owns complete distributed flexible supply chain network, conducive to reducing**

**logistics cost and improving the operation efficiency.**

With professional self-owned supply chain management ability, all-scenario integrated consumption ecology and strong commodity combination capability, Suning is devoted to building professional operation ability of various purposes by equal stress on self-owned and third-party platforms. 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.

**4. With all-scenario service and marketing capability, Suning can accurately reach the target user and realize brand exposure and product conversion more effectively.**

With online multi-access, brick and mortar Internet stores as well as shopping mall and industry format relying on the Group, Suning can achieve complete coverage and accurate reaching with various consumption needs. The Company enhanced external empowering output and the cooperation with partners, brand owners and third-party merchants, to 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.

## Section IV Discussion and Analysis on Operation

### I. Overview

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

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

#### 1. Changes in operating revenue

Unit: RMB 1,000

Items	2019	2018	Increase or decrease rate (%)
Operating revenue	269,228,900	244,956,573	9.91%
Cost of revenues	230,117,385	208,216,606	10.52%
Selling cost	33,532,018	26,066,677	28.64%
Administration cost	4,945,032	5,200,684	-4.92%
R&D cost	3,267,610	2,261,875	44.46%
Financial cost	2,237,420	1,234,626	81.22%
Operating income	14,671,720	13,658,550	7.42%
Total profit	14,594,597	13,945,455	4.65%
Net profit	9,319,787	12,642,548	-26.28%
Net profit attributable to the shareholders of listed company	9,842,955	13,327,559	-26.15%

In terms of the external environment of the enterprise, the overall growth rate of consumption in 2019 was down, the growth rate of household appliances and audio and video equipment above the quota in China showed a YoY decrease of 3.3%, while the growth rate of communication equipment only increased by 1.4%, and the growth rate continued to slow down. Industry competition was fierce, and the external environment for enterprise development was under pressure.



During the reporting period, the Company actively responded to the market, continuously optimized the network layout of stores offline, promoted the Internet upgrade of stores, and built up the operation capability of the store community; rapidly expanded the Retail Cloud franchised stores, and further penetrated the lower-tier market; focused on the promotion of social, community, and content e-commerce capabilities online, continued to improve the construction of third-party platforms, accelerated the introduction of merchants, and enriched commodity categories; in the fourth quarter, vigorously promoted the acquisition and integration of Carrefour China, and achieved phased results through measures such as strengthening team incentives, optimizing operation management, promoting the integration of procurement supply chains, and digitalizing and upgrading stores.

During the reporting period, the Company's gross merchandise volume achieved steady growth. In 2019, the Company realized operating revenue of RMB 269.229 billion, with a YoY growth of 9.91%. Overall, the Company's total gross merchandise volume (with tax, covering mainland China, Hong Kong and Japan, including online and offline self-operated and third-party platforms, as well as providing logistics, finance and after-sales services, the same as below) in 2019 was RMB 378.740 billion, with a YoY growth of 12.47%.

## 2. Changes in gross profit rate

Items	2019	2018	Increase or decrease
Gross profit rate of main business	13.03%	13.93%	-0.90%
Gross profit rate of other business	1.81%	1.31%	0.50%
Comprehensive gross profit rate	14.84%	15.24%	-0.40%

Due to fierce competition of retail market and the cooling of real estate market in the reporting period, the Company energetically developed Internet business, maintained active price competition strategy, and planned to continuously promote commodity structure adjustment, optimize commodity supply chain and focus on self-product construction, thus beneficial for improving the gross profit of commodities. In terms of service, logistics business actively coped with market competition and increased the input to impose great impact on gross profit and enable rapid development of third-party platform, thus enhancing the monetization ability of platform to a certain degree. Rapid development of third-party platform and logistics service will be conducive to improving the gross profit; meanwhile, the Company enhanced the optimization of store operation area-effectiveness in the reporting period, which leads to increase in revenues from service, sublease and advertising space use. Overall, the Company's comprehensive gross profit rate is decreased by 0.40% over the same period.

### 3. Changes in expense ratio

Items	2019	2018	Increase or decrease
Sales cost rate	12.72%	10.81%	1.91%
Administrative cost rate	1.88%	2.16%	-0.28%
R&D cost rate	1.24%	0.94%	0.30%
Operating cost rate	15.84%	13.91%	1.93%
Financial cost rate	0.85%	0.51%	0.34%
Total expense ratio	16.69%	14.42%	2.27%

In terms of operation cost, due to the business needs of store development, IT capability building and new category operation, many talents were introduced and reserved, and affected by amortization of withdrawing management cost for phase III employee stock ownership plan, personnel expense witnessed a YoY growth; the sales of comparable stores showed certain decline and the sales of Suning CVS were improved in the first half, which brought about YoY growth of rental expenses; the Company accelerated the inventory deployment of small commodities and promoted the construction of forwarding warehouse, which improved the service quality and brought about staged logistics expense increase; in the reporting period, the Company paid attention to social operation and gradually formed the brand awareness, which effectively controlled the advertising input and ensured a YoY decrease in advertising cost.

Moreover, the supply chain financing and consumption finance business of the Company and Suning Financial Services Group developed rapidly, the fund raising was reinforced and the rapid retail business development of the Company put forward more requirements on operation and investment funds, thus increasing the loan scale; meanwhile, the Company withdrew the interests of issuing the corporate bonds of 2018 in the reporting period, leading to increase in financial expense. Therefore, the above factors jointly led to a YoY growth of 2.27% in total expense ratio of the Company.

In addition, since Suning CVS and Suning Financial Services Group were no longer included in the consolidated statement during the reporting period, Suning SCGC - Yunxiang Warehouse Logistics Fund completed the acquisition of five logistics projects such as Foshan and Ningbo, and LAOX was no longer included in the Company's consolidated statement, resulting in an increase in non-recurring gain or loss.

Overall, during the reporting period, the Company realized operating income and total profits of RMB 14.672 billion and RMB 14.595 billion respectively, with a YoY growth of 7.42% and 4.65%;

realized net profit attributable to shareholders of the listed company of RMB 9.843 billion. In the same period, the Company sold some Alibaba shares and the net profit increased accordingly. As a result, the net profit attributable to shareholders of the listed company showed a YoY decrease of 26.15%.

Whether it is the same as that in the Overview of Operation Discussion and Analysis

√ Yes ☐ No

Refer to relevant contents in “I. Overview” of this section.

## II. Main Business Analysis

### 1. Revenue and cost

#### (1) Composition of operating revenue

Unit: RMB 1,000

	2019		2018		YoY increase or decrease
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	269,228,900	100.00%	244,956,573	100%	9.91%
Core business revenue	263,607,719	97.91%	241,107,814	98.43%	9.33%
Other business revenue	5,621,181	2.09%	3,848,759	1.57%	46.05%
Core business by industry					
Retailing (note)	253,655,530	94.22%	232,665,535	94.98%	9.02%
Service and others	9,952,189	3.69%	8,442,279	3.45%	17.89%
Core business by product					
Communication products	62,013,491	23.03%	64,378,973	26.28%	-3.67%
General merchandise (note)	45,570,496	16.93%	21,152,452	8.64%	115.44%
Small appliances	43,824,393	16.28%	35,885,964	14.65%	22.12%
Refrigerator and washing	27,879,652	10.36%	28,458,065	11.62%	-2.03%

machine					
Air-conditioner	25,996,285	9.66%	26,454,543	10.80%	-1.73%
Digital products and computer	25,625,474	9.52%	30,359,336	12.39%	-15.59%
Brown goods	22,745,739	8.44%	25,976,202	10.60%	-12.44%
Logistics service	3,267,308	1.21%	2,801,347	1.14%	16.63%
Financial service	2,787,865	1.04%	2,572,412	1.05%	8.38%
Installation and maintenance business	1,973,516	0.73%	1,585,124	0.65%	24.50%
Other revenues (note)	1,923,500	0.71%	1,483,396	0.61%	29.67%
Main business by region					
East China Region I	81,783,847	30.38%	71,569,992	29.22%	14.27%
East China Region II	42,592,205	15.82%	38,286,427	15.63%	11.25%
North China Region	37,376,945	13.88%	36,782,830	15.02%	1.62%
South China Region	30,505,272	11.33%	28,051,718	11.45%	8.75%
Southwest China Region	22,836,029	8.48%	22,119,852	9.03%	3.24%
Central China Region	16,902,902	6.28%	15,735,245	6.42%	7.42%
Northeast China Region	10,068,892	3.74%	9,113,948	3.72%	10.48%
Northwest China Region	9,184,769	3.40%	9,201,468	3.76%	-0.18%
Hong Kong	5,031,600	1.87%	3,169,251	1.29%	58.76%
Japan (note)	7,325,258	2.73%	7,077,083	2.89%	3.51%

Note: 1. In the reporting period, the Company achieved operating revenue of RMB 3,471,899,000 by selling commodities to and providing services for related party.

2. General merchandise includes household products, maternal and infant products, beauty makeup

products, department store and supermarket products, fresh food, etc. Other income mainly includes service income of third-party platform, revenue of supporting property of self-built stores, etc.

3. Revenue from financial service refers to the financial data of Suning Financial Services Group from January to September, and the YoY data refers to the annual financial data of 2018. The revenue from Japan region refers to the financial data of LAOX from January to November, and the YoY data refers to the annual financial data of 2018.

#### ■ In terms of products

##### ➤ 3C and traditional household appliances

In the reporting period, the sales of 3C and traditional household appliances were under pressure due to the influences of low industry prosperity and cooling of real estate market; the Company made active adjustment, optimized the store structure, developed Internet business and rapidly promoted the development of low-tier market. Besides, communication products features relatively high price sensitivity, so the Company strengthened the price control in the fourth quarter, which affected the gross merchandise volume. The gross profit rate of 3C and household appliances showed certain decrease under the impact of fierce price competition of the industry. The Company further perfected the sales network construction, continuously promoted characteristic services of “old for new”, “delivery and installation in one”, etc., energetically promoted self-product, enhanced the strategic cooperation with brand owners and gave full play to the omni-channel advantages of Suning.

##### ➤ General merchandise and small appliances

The rapid development of domestic appliance and general merchandise can effectively promote the user loyalty. In the reporting period, the Company continuously promoted the supply chain construction of small household appliance, household merchandise, maternal and infant products, fast moving consumer goods (FMCG) and fresh food via self-owned and third-party platform, and finished the merger and acquisition of Wanda Dept. Store and Carrefour China, to effectively enhance the commodity supply chain capability and continuously enrich the varieties; it also enhanced the social operation of Suning Group Purchase, Tuike and SuTuan, and strengthened the consumer cognition. After the merger and acquisition of Carrefour China, the Company further optimized the inventory deployment of FMCG and fresh goods, and perfected the O2O operation mode, to effectively improve the customer experiences. In the reporting period, the revenue of small household appliance and general merchandise showed rapid growth. In order to cultivate such varieties, the Company increased the promotion input, leading to decrease in gross profit rate.

##### ➤ Service and others

On one hand, the Company improved the gross merchandise volume of online platform in the reporting period, which brought about increase in revenues from commission charges and advertising service fee; on the other hand, the Company accelerated the warehousing and delivery openness of logistics business, thus achieving revenue increase in social business; based on wide community coverage, the Company energetically promoted the business of Suning Helper, thus witnessing rapid growth in installation and maintenance business. On the whole, the opening-up of platform and logistics service capability of the Company will lead to the promotion of efficiency and

benefit.

■ In terms of region

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

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

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

Yes

Retail-related industries

Unit: RMB 1,000

	Operating revenue	Cost of revenues	Gross profit rate	Increase and decrease of operating revenue over the same period of last year	Increase and decrease in cost of revenues over the same period of last year	Increase and decrease of gross profit rate over the same period of last year
By industry						
Retailing	253,655,530	222,081,232	12.45%	9.02%	10.09%	-0.85%
By product						
Communication products	62,013,491	59,272,450	4.42%	-3.67%	-2.14%	-1.50%
General merchandise	45,570,496	37,477,567	17.76%	115.44%	124.84%	-3.44%
Household appliances	43,824,393	36,417,902	16.90%	22.12%	24.40%	-1.52%
Refrigerator and washing	27,879,652	22,841,556	18.07%	-2.03%	0.24%	-1.85%

machine							
Area							
East China Region I	81,783,847	67,251,894	17.77%	14.27%	8.27%	4.56%	
East China Region II	42,592,205	39,015,651	8.40%	11.25%	14.71%	-2.76%	
North China Region	37,376,945	34,387,671	8.00%	1.62%	6.99%	-4.62%	
South China Region	30,505,272	27,967,272	8.32%	8.75%	16.15%	-5.84%	

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	2019	2018	YoY increase or decrease
Retail industry	Sales	RMB 1,000	253,655,530	232,665,535	9.02%

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

Refer to "I. Overview" of this section.

**(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	Ite	2019	2018	YoY
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classification	ms	Amount	Proportion accounting for cost of revenues	Amount	Proportion accounting for cost of revenues	increase or decrease
Communication products	/	59,272,450	25.76%	60,568,942	29.09%	-2.14%
General merchandise	/	37,477,567	16.29%	16,668,443	8.01%	124.84%
Household appliances	/	36,417,902	15.83%	29,274,241	14.06%	24.40%
Refrigerator and washing machine	/	22,841,556	9.93%	22,787,932	10.94%	0.24%
Air-conditioner	/	21,828,193	9.49%	21,766,818	10.45%	0.28%
Digital products and computer	/	25,154,695	10.93%	29,278,797	14.06%	-14.09%
Brown goods	/	19,088,869	8.30%	21,373,907	10.27%	-10.69%
Logistics business	/	4,328,896	1.88%	3,611,592	1.73%	19.86%
Financial service	/	774,756	0.34%	530,711	0.25%	45.98%
Installation and maintenance business	/	1,622,973	0.71%	1,249,012	0.60%	29.94%
Other businesses	/	463,116	0.20%	422,990	0.20%	9.49%
Total	/	229,270,973	99.66%	207,533,385	99.67%	10.47%



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

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

Besides, the Company 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 2019.

In 2018, the Company incorporated 120 new subsidiaries, 4 new LAOX subsidiaries and 3 subsidiaries obtained through investment; canceled 13 subsidiaries and disposed 7 subsidiaries.

**(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)	9,040,146
Proportion of the sales amount of top five clients in total accounting for the annual total sales amount	3.35%
Proportion of the sales amount of related parties among top five clients accounting for the annual total sales amount	0.48%

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	5,414,488	2.01%

2	Client 2	1,704,776	0.63%
3	Client 3	1,291,884	0.48%
4	Client 4	386,396	0.14%
5	Client 5	242,602	0.09%
Total	--	9,040,146	3.35%

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 1,291,884,000. 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)	67,261,150
Proportion of the procurement amount of top five suppliers in total accounting for the annual total purchase amount	28.95%
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	27,482,188	11.83%
2	Brand 2	17,653,046	7.60%
3	Brand 3	8,290,443	3.57%
4	Brand 4	7,463,363	3.21%
5	Brand 5	6,372,110	2.74%

Total	--	67,261,150	28.95%
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Other information of major suppliers: The top five suppliers of the Company had no association with the Company, and the directors, supervisors, senior management, core technicians, shareholders holding over 5% shares, actual controllers and other related parties did not directly or indirectly hold interests among major suppliers.

## 2. Expenses

Unit: RMB 1,000

	2019		2018		YoY increase or decrease	YoY increase/decrease in expense proportion
	Amount	Proportion in main business revenue	Amount	Proportion in main business revenue		
Selling cost	33,532,018	12.72%	26,066,677	10.81%	28.64%	1.91%
Administrati on cost	4,945,032	1.88%	5,200,684	2.16%	-4.92%	-0.28%
R&D cost	3,267,610	1.24%	2,261,875	0.94%	44.46%	0.30%
Financial cost	2,237,420	0.85%	1,234,626	0.51%	81.22%	0.34%
Details of selling cost, management cost and R&D cost						
Labor cost	14,303,621	5.43%	11,522,777	4.78%	24.13%	0.65%
Rental expenses	7,271,078	2.76%	5,839,755	2.42%	24.51%	0.34%
Advertising cost	6,691,996	2.54%	6,741,701	2.80%	-0.74%	-0.26%
Other expenses	6,642,532	2.52%	4,520,196	1.87%	46.95%	0.65%
Logistics expense	4,751,478	1.80%	3,395,580	1.41%	39.93%	0.39%

	2019		2018		YoY increase or decrease	YoY increase/d ecrease in expense proportion
	Amount	Proportion in main business revenue	Amount	Proportion in main business revenue		
Utility expense	1,056,568	0.40%	818,647	0.34%	29.06%	0.06%
Decoration cost	1,027,387	0.39%	690,580	0.29%	48.77%	0.10%
Total	41,744,660	15.84%	33,529,236	13.91%	24.50%	1.93%

Note: Logistics cost includes the cost for rent warehousing and delivery of the Company.

(1) In the reporting period, the changes in operation expenses of the Company were analyzed below:

① Main reasons for changes in personnel expense

Due to the business needs of store development, IT capability building and new category operation, many talents were introduced and reserved, and affected by amortization of withdrawing management cost for phase III employee stock ownership plan, personnel expense witnessed a YoY growth. The Company will strengthen the performance assessment to improve the human efficiency.

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

Under the impact of external environment, the sales of comparable stores showed certain decline, and the fixed cost of stores such as rent, decoration cost and utilities showed certain increase due to sales promotion of Suning CVS. On one hand, the Company optimized the store structure and strengthened the Internet sales of stores to promote gross merchandise volume of stores; on the other hand, the Company rapidly promoted the rent reduction and sublease of stores and paid attention to fine management and economization, to lower the input of fixed cost.

③ Main reasons for changes in other expenses

In the reporting period, with the increase of the Company's asset size, depreciation and amortization expense showed certain increase; more personnel introduced led to increase of administrative office expense and IT service cost, hence leading to the increase of other expenses. The Company will stress on the promotion of assets operation efficiency.

④ Main reasons for changes in advertising cost

In the reporting period, the Company stressed on social and community operation and gradually formed the brand awareness, which effectively controlled the advertising input and ensured a YoY

decrease in advertising cost. The Company will strengthen the marketing input and output, to fully excavate the promotion efficiency of double-line integrated market.

⑤ Main reasons for changes in logistics expense

The Company accelerated the inventory deployment of small commodities, which improved the service quality and brought about staged logistics expense increase.

(2) In the reporting period, the supply chain financing and consumption finance business of Suning Financial Services Group developed rapidly, the fund raising was reinforced, the rapid retail business development of the Company put forward more requirements on operating funds, and the funds required by investment, merger and acquisition was increased, thus enlarging the loan scale; meanwhile, the Company withdrew the interests of issuing the corporate bonds of 2018 in the reporting period, leading to increase in financial expense.

### 3. R&D investment

The Company continuously accelerated the construction of retail infrastructure capacity, continuously input into IT construction, 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, 2019/2019	December 31, 2018/2018	Change ratio
Number of R&D staff (person)	8,378	8,297	0.98%
Proportion of R&D staff	7.12%	6.36%	0.76%
Amount of R&D investment	4,148,183	2,898,734	43.10%
Proportion of R&D investment in operating revenue	1.54%	1.18%	0.36%
Amount of capitalized R&D investment	266,792	224,146	19.03%
Proportion of capitalized R&D investment in R&D investment	6.43%	7.73%	-1.30%

Note: R&D personnel of Suning Financial Services Group, Suning CVS and LAOX were incorporated into the consolidated statement of the Company at the end of 2018, but they were not incorporated any longer in the reporting period, so the number of relevant R&D personnel was beyond the statistics range at the end of 2019. The amount of R&D investment took the

consolidated statement as the criteria.

Reasons for significant changes in the proportion of total R&D investment in the operating revenue compared with that of the last year: mainly because that the Company increased personnel introduction and reserve in IT capability building in the reporting period.

Reason for great change in R&D investment capitalization rate and the justification: the Company was not subject to great change in R&D investment capitalization rate in the reporting period.

#### 4. Cash flow

Unit: RMB 1,000

Items	2019	2018	YoY increase or decrease
Sub-total cash inflows from operating activities	300,491,330	286,410,103	4.92%
Sub-total cash outflows from operating activities	318,355,885	300,284,570	6.02%
Net cash flows from operating activities	-17,864,555	-13,874,467	-28.76%
Sub-total cash inflows from investing activities	89,775,860	226,496,142	-60.36%
Sub-total cash outflows from investing activities	110,646,970	229,506,306	-51.79%
Net cash flows from investing activities	-20,871,110	-3,010,164	-593.35%
Sub-total of cash inflows from financing activities	91,508,874	63,759,583	43.52%
Sub-total cash outflows from financing activities	65,307,635	41,225,508	58.42%
Net cash flows from financing activities	26,201,239	22,534,075	16.27%
Net increase in cash and cash equivalents	-12,300,943	6,665,843	-284.54%

### Description of main influencing factors for YoY significant changes in related data

In the reporting period, the net cash flow generated by business activities of the Company was RMB -17.865 billion. From the first quarter to the third quarter, as the business of Suning Financial Services Group developed rapidly, and the scale of petty loan and factoring business increased quickly, the net cash outflow generated by such business activities in the reporting period was RMB 7.691 billion. In the first half, Suning CVS witnessed certain losses and the active market competition strategy maintained by the Company brought about certain losses in operational profit of 2019, which affected the performance of operational cash flow. Besides, the Company continued enhancing retail cooperation by virtue of capital advantage, to ensure certain increase in prepayment. In the fourth quarter of 2019, the Company strengthened the commodity supply chain management, optimized the payment days and payment method, and actively promoted the supply chain financial service, which improved the operating funds efficiency and achieved operational net cash flow of RMB 2.099 billion in the fourth quarter. Later, the Company will continuously improve the operation turnover indicators to increase the fund turnover efficiency by optimizing inventory deployment, coping with the turnover improvement and adjusting and optimizing the payment method.

In combination with the business development plan, the Company carried out external equity investment, acquired the shares of Wanda Dept. Store and Carrefour China, and strengthened the construction of warehousing and self-built stores property, which led to net cash outflow of RMB 20.871 billion in investment activities in the reporting period.

In order to support the rapid development of retail industry and continuous input in logistics network and IT, the Company went through increase of operating funds demand and funds required for investment and acquisition in the reporting period, which led to increase in financing scale applied by the Company and the subsidiaries, and brought about net financing cash flow increase of RMB 26.201 billion in the reporting period, with YoY growth of 16.27%.

Explanation on significant difference between net cash flow of operating activities of the Company within the reporting period and the net profit of this year.

It is mainly because the proportion of net profit brought about by investment income in the reporting period was high.

### III. Analysis of Non-main Business

Unit: RMB 1,000

	Amount	Proportion among total profit	Causes	Sustainable or not

Investment income	21,791,411	149.31%	Suning CVS and Suning Financial Services Group were no longer included in the consolidated statement during the reporting period, Suning SCGC - Yunxiang Warehouse Logistics Fund completed the acquisition of five logistics projects such as Foshan and Ningbo, and LAOX was no longer included in the Company's consolidated statement, resulting in non-recurring gain or loss.	Yes, the investment income based on cash management was sustainable. The Company will further enhance the cash management and carry out investment and financing to increase the income from funds and impose active influence on investment income.
Gain or loss from fair value changes	216,276	1.48%	Change in fair value of invested trading financial assets in the reporting period.	No
Other income	338,040	2.32%	Government subsidies	No
Impairment loss on assets	1,120,029	7.67%	It mainly referred to the losses on intangible assets withdrawn, goodwill and inventory valuation in the reporting period.	Yes, impairment of financial assets was withdrawn for inventory according to criteria.
Credit impairment loss	606,033	4.15%	It mainly referred to the losses on impairment of issuing loan and advance in cash by Suning Financial Services Group, as well as the losses on impairment withdrawn for receivables by the Company.	Yes, impairment of financial assets was withdrawn for accounts receivable according to criteria.
Non-operating revenue	251,324	1.72%	It mainly referred to the liquidated damages and indemnity received by the Company.	No
Non-operating expense	328,447	2.25%	It mainly referred to penalty,	No



ting expenses			indemnity and liquidated damages.	
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#### IV. Analysis of Assets and Liabilities

##### 1. Significant changes of assets

Unit: RMB 1,000

	December 31, 2019		December 31, 2018		Increase or decrease of proportion	Description of significant changes
	Amount	Proportion accounting for total assets	Amount	Proportion accounting for total assets		
Notes receivable	4,660,366	1.97%	1,265,543	0.63%	1.34%	Mainly due to the increase in corporate gross merchandise volume during the reporting period.
Accounts receivable	7,194,464	3.04%	5,415,147	2.71%	0.33%	Mainly due to the increase in gross merchandise volume during the reporting period.
Advance payment	26,988,913	11.39%	17,468,711	8.76%	2.63%	Mainly due to the prepayment of purchase payment for best-selling goods under the premise of cooperation between the Company and its suppliers and active preparation of goods.
Other accounts receivable	1,601,848	0.68%	2,874,535	1.44%	-0.76%	Mainly because the invested financial products are reclassified to trading financial assets according to the newly implemented accounting standards during the reporting period.
Other current assets	7,154,210	3.02%	4,936,732	2.47%	0.55%	Mainly due to the increase in input VAT to be deducted and the reclassification of equity of listed companies invested this year to other current assets.
Long-term equity	40,258,41	17.00%	17,674,5	8.86%	8.14%	Mainly because that Suning Financial Services Group and LAOX were no

	December 31, 2019		December 31, 2018		Increase or decrease of proportion	Description of significant changes
	Amount	Proportion accounting for total assets	Amount	Proportion accounting for total assets		
investment	7		50			longer incorporated into the consolidated statements of the Company and converted into accounting by equity method as they finished the increase in capital and share, and the Company increased the capital and became a shareholder of Suning SmartLife Holding Limited in the reporting period.
Investment property	6,150,434	2.60%	3,362,064	1.69%	0.91%	Mainly because Carrefour China was included in the consolidated statements, all of its own properties are subletting, resulting in an increase in the scale of investment property.
Construction in progress	4,343,334	1.83%	2,063,323	1.03%	0.80%	Mainly because the Company accelerated the construction of logistics base.
Intangible assets	14,694,322	6.20%	9,653,568	4.84%	1.36%	Mainly because that Wanda Dept. Store, Carrefour China, etc. were incorporated into the consolidated statements and the Company increased reserve of lands for logistics base in the reporting period.
Goodwill	7,477,796	3.16%	2,411,552	1.21%	1.95%	Mainly due to the completion of the acquisition of Wanda Dept. Store and Carrefour China during the reporting period.
Long-term unamortized expenses	2,524,836	1.07%	1,851,839	0.93%	0.14%	During the reporting period, Carrefour is included in the Company's consolidated statements, resulting in an increase in improved expenditure of leased fixed

	December 31, 2019		December 31, 2018		Increase or decrease of proportion	Description of significant changes
	Amount	Proportion accounting for total assets	Amount	Proportion accounting for total assets		
						assets.
Deferred income tax assets	4,130,170	1.74%	2,965,661	1.49%	0.25%	During the reporting period, the deductible losses and advertising and business promotion expenses exceeding 15% of the current year's operating revenue increased, resulting in an increase in deferred income tax assets.
Other non-current assets	797,080	0.34%	121,447	0.06%	0.28%	Mainly due to the increase in the Company's advance payment for the project.
Accounts payable	44,380,475	18.74%	19,835,614	9.94%	8.80%	The Company vigorously promoted the supply chain financial services with banks, Suning Financial Services Group and other institutions, so the balance of factoring accounts payable increased rapidly. Since Suning Financial Services Group is excluded from the statement, this part of the balance of accounts payable is transferred to external accounts payable, the balance of accounts payable increased greatly, plus inclusion of Carrefour into the consolidated statements. In addition, accounts payable also increased correspondingly due to optimized the purchase payment period.
Unearned revenue	7,157,577	3.02%	1,966,192	0.99%	2.03%	Mainly because Carrefour China is included into the consolidated statements.

	December 31, 2019		December 31, 2018		Increase or decrease of proportion	Description of significant changes
	Amount	Proportion accounting for total assets	Amount	Proportion accounting for total assets		
Non-current liabilities due within 1 year	7,662,708	3.24%	3,536,432	1.77%	1.47%	Mainly transfer-in of long-term loans due within one year.
Other current liabilities	1,079,223	0.46%	823,451	0.41%	0.05%	Mainly due to the increase in accrued rental.
Long-term loans	7,720,895	3.26%	4,813,747	2.41%	0.85%	Mainly due to the increase in loans from banks and other financial institutions due to business needs during the reporting period.
Estimated liabilities	151,177	0.06%	86,711	0.04%	0.02%	Mainly because Carrefour China is included into the consolidated statements.
Deferred income tax liabilities	7,567,680	3.20%	394,722	0.20%	3.00%	Mainly because Suning Financial Services Group is no longer included in the consolidation scope to generate investment income, resulting in the accrual of deferred income tax liabilities.
Other comprehensive income	197,575	0.08%	299,958	0.15%	-0.07%	Changes in translation differences of foreign currency financial statements are included in other comprehensive income during the reporting period.
General risk reserve	38,699	0.02%	341,018	0.17%	-0.15%	Increase in Suning Financial Services Group business results in an increase in general risk reserves during the reporting period.

	December 31, 2019		December 31, 2018		Increase or decrease of proportion	Description of significant changes
	Amount	Proportion accounting for total assets	Amount	Proportion accounting for total assets		
Minority equity	-777,102	-0.33%	7,293,701	3.66%	-3.99%	Mainly because Suning Financial Services Group and LAOX are no longer included in the consolidated statements during the reporting period, resulting in a decrease in minority equity.
Trading financial assets	11,970,008	5.05%	0	0	5.05%	Mainly because the financial assets in the Company's financial statements are classified according to the original and new financial instruments standards at the beginning of the period.
Other equity instruments investment	4,598,371	1.94%	0	0	1.94%	
Other non-current financial assets	12,310,358	5.20%	0	0	5.20%	
Long-term account payables	2,440,760	1.03%	0	0	1.03%	Mainly because the Company completed the acquisition of 80% of Carrefour's equity during the reporting period. On the acquisition date, the Company included the discounted amount of the put option at the future fixed transfer price as agreed in the agreement into such subjects as long-term payables, as well as increases in performance bonds.

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, 2019	December 31, 2018	Increase/decrease changes
Short-term borrowings	18,954,821	24,314,183	-22.04%
Long-term loans	7,720,895	4,813,747	60.39%
Bonds payable	8,488,802	9,974,683	-14.90%
Balance of notes payable	26,158,849	27,235,403	-3.95%
Turnover days of notes payable (day)	41.92	47.35	-5.43
Balance of accounts payable	44,380,475	19,835,614	123.74%
Days account payable turnover(day)	50.42	28.56	21.86
Balance of accounts receivable	7,194,464	5,415,147	32.86%

Mainly due to the increase in long-term loans resulted from the Company's business development needs and the optimization of its debt structure during the reporting period. In order to strengthen the retailer-supplier relationship and enhance the turnover efficiency of the Company's operating funds, the Company has strengthened the development of supply chain financial service and accelerated the turnover days of accounts payable.

## (2) Analysis on solvency

Items	December 31, 2019	December 31, 2018	Increase/decrease changes
Current ratio	1.00	1.41	-0.41
Quick ratio	0.72	1.12	-0.40
Asset-liability ratio	63.21%	55.78%	7.43%

Because balance of factoring accounts payable is transferred to the balance of external accounts

payable since the Suning Financial Services Group was excluded from the statements, current liabilities increased, and the current ratio and quick ratio of the Company decreased correspondingly. The Company's asset-liability ratio increased compared with that at the beginning of the period. The Company will strengthen control over interest-bearing liabilities, thus improving the profitability of its business operations, reasonably controlling the asset-liability ratio and maintaining good solvency.

### (3) Analysis of assets operating ability

Items	December 31, 2019	December 31, 2018	Increase/decrease changes
Days account receivable turnover	8.61	5.83	2.78
Days inventory turnover (note)	38.24	34.81	3.43
Turnover days of current assets	172.42	163.92	8.50
Turnover days of total assets	297.94	266.33	31.61

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

Mainly due to the increase in the Company's gross merchandise volume, resulting in increase in accounts receivable. The Company strengthened the management of commodity inventory and improved the turnover efficiency of commodities. On the whole, the turnover day of the Company's inventory remained stable. The Company will further promote commodity categories through self-management and open platforms. In the fourth quarter, the Company actively adjusted the commodity management strategy and paid attention to the price management of price-sensitive items. In order to effectively reduce logistics costs and accelerate the opening operation of some categories, the Company accelerated the opening of Carrefour's supply chain.

**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 withdrawn in the current period	Amount purchased in the current period	Amount sold in the current period	Other changes	Amount at the end of the period
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	21,389,777	154,725	251,304	-	92,918,169	-90,433,609	-	24,280,366
2. Derivative financial assets		-	-	-	-	-	-	-
3. Other debt investment		-	-	-	-	-	-	-
4. Other equity instruments investment	3,461,180	-	-143,152	-	3,365,290	-63,409	-	6,619,909
Subtotal of financial assets	24,850,957	154,725	108,152	-	96,283,459	-90,497,018	-	30,900,275



Investment property	-	-	-	-	-	-	-	-
Productive biological assets	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total of items abovementioned	24,850,957	154,725	108,152	-	96,283,459	-90,497,018	-	30,900,275
Financial liabilities	5,351	-1,968	-	-	-	-	-	3,383

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, 2019, 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	15,982,308	Loans security, bank acceptance security, performance security and provisions for financial payment
2	Other equity instruments investment (Note 1)	3,161,110	Loan pledge
3	Inventory	68,000	Loan pledge
4	Fixed assets	620,691	Loan mortgage
5	Trading financial assets (Note 2)	2,361,369	Loan pledge
6	Equity pledge of Wanda Dept. Store	2,700,000	Loan pledge
Total		24,893,478	

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

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

Non-public A-share issued by Huatai Securities Co., Ltd. The Company invested RMB 3.4 billion in cash to subscribe 260,536,398 non-public A-share issued by Huatai Securities, for which the Company will hold 258,000,000 shares of Huatai Securities for pledge financing and the pledge formalities was completed with China Securities Depository and Clearing Co., Ltd. on September 17, 2018. On August 23, 2019, the Company completed the relevant procedures for the release of 135,140,000 shares pledged. As of December 31, 2019, the number of shares in Huatai Securities held by the Company in pledge was 122,860,000 shares.

## (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 (%)
193.67	267.21	-27.52%

(1) During the reporting period, the Company and its subsidiaries invested in the establishment of subsidiaries engaged in home appliance retail, retail business and RedBaby, with a total paid-in capital of RMB 69.8487 million.

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

- ① Nanjing Suning Department Store Co., Ltd., a subsidiary of the Company, signed the Equity Purchase Agreement with Wanda Department Store Co., Ltd. (hereinafter referred to as "Wanda Dept. Store") and Wanda Real Estate Group Co., Ltd. According to the agreement, the Company bought 100% equity held by 37 department stores of the Wanda Dept. Store with an investment of RMB 2.7 billion in cash and debt, and the Company paid RMB 1.45 billion in cash as the consideration for the equity.
- ② The Company subscribed the convertible corporate bonds publicly issued by the Bank of Jiangsu Co., Ltd. (hereinafter referred to as "Bank of Jiangsu") by virtue of its priority placement right with a capital contribution of RMB 200 million. The subscription was completed during the reporting period.
- ③ The Company founded the Zhijiangxin Industrial Co., Ltd. (hereinafter referred to as "Zhijiangxin Industrial") jointly with the China Yintai Holdings Co., Ltd., and the Company acquired 6% equity of Zhijiangxin Industrial Co., Ltd. with a capital contribution of RMB 3 billion. This investment will further enrich Suning ecosystem, and promote its business development based on the strengthened cooperation with professional institutions.
- ④ The Company signed the capital increase agreement with Ningbo Lida Zhihui Enterprise Management Partnership (Limited Partnership), Huizhou Lida Tiancheng Equity Investment Co., Ltd. and TCL Industrial Holdings (Guangdong) Co., Ltd. (hereinafter referred to as "TCL Industrial Holdings"), and the Company subscribed 23.26% equity of TCL Industrial Holdings with a capital contribution of RMB 1.5 billion. This capital injection into the TCL Industrial Holdings will be

conductive to the in-depth cooperation between the Company and TCL in household appliances, consumer electronics and other terminal businesses as well as related supporting businesses, and to the giving full play to the advantages of all parties.

⑤ During the reporting period, TTK Express Co., Ltd., a subsidiary of the Company, completed the acquisition of franchisees businesses of Nanjing TTK Express, Wuxi TTK Express, Yunnan Youhe TTK Express, Qingdao TTK Express, Jinan TTK Express, Dalian TTK Express and Chongqing TTK Express, with a payment of RMB 85.8532 million in total.

⑥ 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. This acquisition will strengthen the construction of direct selling mode of TTK Express. During the reporting period, RMB 165.997 million was paid by TTK Express.

⑦ In 2016, the Company transferred 6 supply chain warehouse properties to CITIC & Huaxia Suning Yunxiang Asset Support Special Scheme sponsored by CITIC Goldstone Fund Management Co., Ltd. and with supporting services provided by Suning Goldstone (Tianjin) Fund Management Co., Ltd. and other professional organizations. During the reporting period, in order to maintain the right to operate the target assets after the special scheme is expired, the Company, by exercising its priority repurchase right, acquired 100% equity of 6 asset management companies owned by 6 supply chain warehouse properties held by Suning Goldstone Fund for a consideration of about RMB 1.9734452 billion. In order to continuously promote the light asset operation mode, the Company transferred 3 supply chain warehouse properties in Guangzhou, Wuxi and Nanchang repurchased this time to Suning SCGC Logistics Real Estate Phase I Fund

⑧ In September 2019, the Company transferred 3.3% equity from the founding shareholder of the Changjingpai (Beijing) Technology Co., Ltd. and from the Changjingpai (Beijing) Culture Technology Co., Ltd. with a capital contribution of RMB 10 million. Changjingpai is a company mainly engaged in business training, strategic consulting and investment incubation. By virtue of this company's influence in the new retail field, the Company can connect with and form a closer strategic cooperation with other excellent enterprises in this industry, and buy equity in projects, thus enhancing the Company's external influence.

### (3) Investment of the Company's overseas subsidiaries during the reporting period

① In February 2019, Suning International Group Co., Ltd. (hereinafter referred to as "Suning International"), a subsidiary of the Company, signed the SERIES A PREFERRED SHARES PURCHASE AGREEMENT with LinLinYi Inc. and related parties, and subscribed 74,819 series A preferred shares of LinLinYi Inc. with a capital contribution of USD 2 million (about RMB 13.7494 million). Suzhou Neighbor Group E-commerce Co., Ltd. is engaged in group buying business in the communities.

② In April 2019, Suning International, a subsidiary of the Company, subscribed 108,067,200 H-share publicly issued by Shenwan Hongyuan Group Co., Ltd. (hereinafter referred to as "Shenwan Hongyuan") with a capital contribution of HKD 396.24 million (about RMB 348.569

million). Shenwan Hongyuan, as an investment banking group, is committed to providing diversified financial products and services to its clients with securities business as core. The Company will enhance its business development capability through close cooperation with Shenwan Hongyuan.

③ In April 2019, Suning International, a subsidiary of the Company, subscribed 2,439,000 global depository receipts ("GDR") issued by Huatai Securities Co., Ltd. (hereinafter referred to as "Huatai Securities") with a capital contribution of USD 49.9995 million (about RMB 344.682 million).

④ Shiny Lion Limited (hereinafter referred to as "Shiny Lion"), a subsidiary of the Company, signed the BYTEDANCE LTD. SERIES E PREFERRED SHARE SUBSCRIPTION AGREEMENT with Bytedance Ltd. and relevant parties, and subscribed 2,028,882 series E preferred shares of Bytedance Ltd. with a capital contribution of USD 100 million (about RMB 687.47 million) in May 2019. Bytedance products cover Toutiao, Tik Tok and others. Through capital ties, the Company established business cooperation with Bytedance Ltd. so as to enhance its marketing capabilities and business development.

⑤ In July 2019, Suning International, a subsidiary of the Company, subscribed 5,000,000 American depository shares ("ADS") issued by the Wanda Sports with a capital contribution of USD 40 million (about RMB 279.048 million), USD 8 per ADS, with the shareholding ratio of 3.66%.

⑥ LAOX founded Greenland LAOX (Shanghai) Trade Co., Ltd. with a capital contribution of RMB 4.9 million (holding 49% equity), through which it engages in retail business in China.

⑦ LAOX bought 100% equity of Kakogawa Yamatoyashiki Co., Ltd. (hereinafter referred to as "Kakogawa") for a cash consideration of JPY 1. Kakogawa is engaged in department store business. Kakogawa realized the net assets of RMB -8.817 million as of December 31, 2018.

#### (4) Major equity investment acquired in the reporting period

Unit: RMB 10,000

Name of the invested entity	Main business	Investment Mode	Amount invested	Shareholding ratio	Sources of funds	Partner	Period of investment	Type	Progress till the balance sheet date	Estimated Income	Investment gain or loss of the current period (net profit)	Get Involved in Lawsuit or Not	Disclosure date	Disclosure index
Suning Smart Life Holding Limited	Community convenience store	Increase capital	181,255.60	35%	Self-owned funds	Great Matrix Limited, Great Momentum Limited	Inapplicable	Equity investment	Capital contribution completed	Inapplicable	-70,609.4	No	15 October 2018, 18 May 2019, 29 June 2019	Announcements No. 2018-121, 2019-052 and

														2019-067 from cninfo.
Carrefour China Holdings N.V.	Larg e com preh ensiv e supe rmar ket busin ess	Acq uisit ion	480,000. 00	80%	Self -ow ned fun ds	None	Inap plica ble	Equity invest ment	Capital contributi on complete d	Inap plica ble	-30,38 2.67	No	June 24, 2019, August 27, 2019, September 27, 2019	Announc ements No. 2019-060 , 2019-083 and 2019-097 from cninfo.
Total			661,255. 60							-	-100,9 92.07			

Note: The Company completed the acquisition of 80% equity of Carrefour China in September 2019. Carrefour China realized a net profit of RMB -303.8267 million from the acquisition date to the end of the year. If the amortization of value added during Carrefour China acquisition is not considered, Carrefour China realized a profit of 8.9828 million in the fourth quarter of 2019.

## (5) 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	Sources of funds	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	80,185	220,340.70	Self-owned funds	During the reporting period, Jiangsu Suning Logistics contributed a capital of RMB 802 million to Suning SCGC-Yunxiang Warehouse Logistics Facility Phase I Fund.	Inapplicable	-13,005	Inapplicable	July 07, 2018	Announcement No. 2018-082 from cninfo.

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	Sources of funds	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 II Private Equity Investment Fund	Others	No	Logistics real estate	106,743	106,743	Self-owned funds	During the reporting period, Jiangsu Suning Logistics contributed a capital of RMB 1.067 billion to Suning SCGC-Yunxiang Warehouse Logistics Facility Phase II Fund.	Inapplicable	-484.4	Inapplicable	May 11, 2019, November 19, 2019	Announcements No. 2019-049 and 2019-115 from cninfo.



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	Sources of funds	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
Yunfeng Fund III,L.P.	Others	No	Fund investment	40,066.2	89,188.30	Self-owned funds	As of the end of the reporting period, Suning International paid 61.41% of its contribution and related expenses to Yunfeng Fund III in the amount of USD 130.2553 million.	Inapplicable	15,886.9	Inapplicable	July 21, 2018, August 11, 2018, January 15, 2019, May 9, 2019	Announcements No. 2018-089, 2018-090, 2018-099, 2019-004 and 2019-047 from cninfo.
Yunfeng IK Co-invest, L.P.	Others	No	Investment funds	35,117.60	35,117.60	Self-owned fund	During the reporting period, the Company completed the payment of all fund	Inapplicable	26.2	Inapplicable	January 15, 2019	Announcement No. 2019-006 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	Sources of funds	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
						s	shares.					cninfo.
Shanghai Guotai Junan Innovation Equity Investment Fund-of-fund Center (Limited Partners)	Others	No	Fund investment	0	0	Self-owned funds	No contribution made during the reporting period	Inapplicable	-	Inapplicable	April 30, 2019	Announcement No. 2019-043 from cninfo.

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	Sources of funds	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
hip)												
Total				262,111.80	451,389.60			-	2,423.70			

## 2. Financial assets calculated by fair value

Unit: RMB 1,000

Assets category	Initial investment cost	Gain or loss from fair value changes in the	Cumulative changes of fair value recognized in	Purchased amount in the reporting	Sold amount in the reporting period	Cumulative investment income	Amount at end of period	Sources of funds
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		current period	equity	period				
Trading financial assets	11,027,568	-68,313	21,481	91,394,125	-90,404,853	920,590	11,970,008	Self-owned funds
Other non-current financial assets	10,362,209	223,038	229,823	1,524,044	-28,756	175,532	12,310,358	Self-owned funds
Other equity instruments investment	3,461,180	-	-143,152	3,365,290	-63,409	38,326	6,619,909	Self-owned funds
Total	24,850,957	154,725	108,152	96,283,459	-90,497,018	1,134,448	30,900,275	

### 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
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										years
2016	Private placement	29,085,309.4	2,278,338.8	21,286,939.8	2,977,926.6	8,906,416.6	30.62%	7,798,369.6	<p>Unused raised funds are planned to be invested in logistics operation business development projects, logistics transportation business development projects, new regional delivery center construction projects (II), rental store projects and purchase store projects.</p> <p>As of December 31, 2019, the Company deposited RMB 1.6519221 billion of unused raised funds in the form of certificates of deposit, subscribed the principal-guarantee</p>	0

									d bank financial products of commercial banks and other financial institutions with an amount of RMB 4.2264515 billion, and deposited the remaining amount of RMB 1.919996 billion in the form of demand deposits.	
Total	--	29,085,309.4	2,278,338.8	21,286,939.8	2,977,926.6	8,906,416.6	30.62%	7,798,369.6	--	

## General utilization of the raised funds

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

The Company used an amount of RMB 19.008601 billion of raised funds (including an amount of 66,600 paid for bank charges) in the previous years, and actually used an amount of RMB 2.2783388 billion (including an amount of RMB 26,200 paid for bank charges) from January to December 2019, an amount of RMB 21.2869398 billion (including an amount of RMB 92,800 paid for bank charges) used in total.

As of December 31, 2019, the balance of the Company's raised fund account (including financial management balance of the Company's raised fund) was RMB 9.4592927 billion, including raised funds of RMB 7.7983696 billion and interest income of RMB 1.6609231 billion.

**(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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
Committed investment project										
Automated picking center project	Yes	2,505,120.4	935,120.4	771.0	935,120.4	100.0%	2019	-	Inapplicable (Note 6)	No
Regional delivery center construction project	Yes	2,728,332.8	1,128,332.8	23,476.8	1,128,332.8	100.0%	2019	-		
Logistics operation business	No	3,500,000.0	3,242,096.0 (Note 1)	358,213.2	1,388,709.2	42.8%	2019	-		

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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
development project										
New regional delivery center construction project	Yes	0.0	1,950,000.0 (Note 2)	628,724.3	1,949,725.7	99.9%	2020	-		No
Logistics transportation business development project	Yes	0.0	1,220,000.0 (Note 3)	40,955.7	79,265.8	6.5%	2021	-		No
New regional delivery center construction project (II)	Yes	0.0	2,977,926.6 (Note 4)	539,277.9	539,277.9	18.1%	2022			No
Rental store	Yes	5,000,000.0	3,000,000.0	180,425.5	821,227.1	27.4%	2019	23,193.4	Inapplicabl	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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
project									e	
Renovation store project	Yes	1,214,100.0	236,173.4	0.0	236,173.4	100.0%	2019	743,112.4	(Note 7)	
Purchase store project	Yes	3,000,000.0	241,510.0	0.0	55,000.0	22.8%	2019	7,886.7		
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	-	Inapplicable (Note 8)	No
Supplement of capital	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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
projects of financial companies										
Supplement of SuningPay capital projects	No	850,000.0	850,000.0	0.0	850,000.0	100.0%	2016	-		
Cloud calculation items	No	1,100,574.0	1,100,574.0	383,858.7	1,100,438.5	99.9%	2019	-	Inapplicable (Note 9)	No
Big data projects	No	491,023.0	491,023.0	50,880.9	491,023.0	100.0%	2019	-		
Smart home project	No	106,561.9	106,561.9	71,728.6	106,561.9	100.0%	2019	-		
Repayment of	No	2,500,000.0	2,500,000.0	0.0	2,500,000.0	100.0%	2016	-	Inapplicable	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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
bank loans									e (Note 10)	
Supplementary working capital	No	3,000,000.0	3,000,000.0	0.0	3,000,000.0	100.0%	2016	-	Inapplicable (Note 11)	No
Subtotal of committed investment projects	-	29,343,213.4	29,085,309.4	2,278,312.6	21,286,847.0	73.2%	-	774,192.5	-	-
Use of over-raised funds										
Repayment of bank loans (if any)	-	-	-	-	-	-	-	-	-	-

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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
Supplementary working capital (if any)	-	-	-	-	-	-	-	-	-	-
Total amount of over-raised funds used	-	-	-	-	-	-	-	-	-	-
Total	-	29,343,213.4	29,085,309.4	2,278,312.6	21,286,847.0	73.2%	-	774,192.5	-	-
Situations and causes for not meeting the schedule or the estimated income (by specific project)	<p>1. Rental store project</p> <p>The Company originally planned to establish 331 chain stores in the Northeast, North, Northwest, Central, East, South and Southwest of China in the form of leasing stores, with an estimated area of 2.78 million m<sup>2</sup> increased. The Company 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 competitive environment will be enhanced, the integration of online and offline will be realized, thus further improving the Company's profitability.</p>									

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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
	<p>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 the Company 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 <i>Proposal on Change of the Use of Partial Raised Funds</i>, and an amount of RMB 3 billion is planned actually to be invested for this project. As of December 31, 2019, the Company invested in opening a total of 193 new Suning.Com Cloud Stores, and invested an amount of RMB 0.8212271 billion of raising funds for store renovation, fixed assets and related start-up costs.</p> <p>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 and 50 new stores in 2016 and before, 2017, 2018 and 2019 respectively. In order to effectively cope with the changes in the market, the Company has taken the initiative to adjust its store opening strategy in recent years, for example, deploying Suning.Com Plaza in the core business circle in primary and secondary markets, strengthening cooperation with supermarkets, shopping centers and other types of business, strengthening the output of the Company's 3C supply chain of household electrical appliances, paying attention to the coverage of the community markets to vigorously develop home-delivery service relying on Carrefour Supermarkets and Suning CVS, and build community life service platform; while speeding up the opening of Retail Cloud franchised stores in the tertiary and fourth markets to improve the Company's penetration rate and operating efficiency in the lower-tier market. The Company strictly controlled the input, optimized the decoration plan, reasonably planned 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</p>									

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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
	<p>corresponding Suning.Com Cloud Store had slowed down and the degree of capital demand had also decreased. The Company will speed up the opening of its cloud store in an orderly manner in combination with the opening plan. The implementation of this project will not have any adverse impact on the Company.</p> <p>2. Purchase store project</p> <p>The relatively weak prosperity of the external market puts forward higher requirements for the improvement of the enterprise's operation ability. The Company puts forward higher requirements for the input and output of assets, and at the same time, the uncertainty of the real estate market policy makes it more difficult for the Company to purchase properties. To this end, the Company will prudently review the use of funds for the purchase store project. The implementation of this project will not have any adverse impact on the Company.</p>									
Statement on significant change in feasibility of the project	None									
Amount, use and progress of over-raised funds	Inapplicable									

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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
Changes in the implementation site of investment project of raised funds	Inapplicable									
Adjustment of implementation mode of investment project of raised funds	Inapplicable									
Upfront investment and replacement of invested	After deliberation and approval by the 36th meeting of the 5th Board of Directors, the Company's sponsor institution, independent directors and Board of Supervisors agreed clearly on the replacement of the self-raised funds previously invested in the logistics platform construction project, Suning.Com Cloud Store development project (purchase store project), Internet finance project (supplementary capital projects of financial companies) and IT project with raised funds, totaling RMB 1.2990205 billion. For details, please refer to the Announcement No. 2016-058 of the Company.									

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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
projects	After deliberation and approval by the 37th meeting of the 5th Board of Directors, the Company's sponsor institution, independent directors and Board of Supervisors agreed clearly on the replacement of the self-raised funds previously invested in the Suning.Com Cloud Store development project (rental store project), renovation store project and Suning.Com Cloud Store brand promotion project with raised funds, totaling RMB 537.5661 million. For details, please refer to the Announcement No. 2016-063 of the Company.									
Temporary supplement for current assets with idle raised funds	Inapplicable									
Amount and reason of balance of raised funds during the project implementation	<p>1. Renovation store project</p> <p>An amount of RMB 1.2141 billion is expected to be invested in renovation store project, which is mainly used for upgrading 202 core stores, including investment in renovation, equipment and other uses. The Company planned to invest RMB 1.2141 billion of the raised capital. The Company implemented the renovation of the core cloud stores with input for the raised funds project, and completed the renovation and upgrading of 202 stores in 2018, with a cumulative investment of RMB 236.1734 million, which is a certain saving compared with the expected investment. Reason as follows:</p> <p>In recent years, China's retail industry has seen the development trend of accelerated penetration of online retail and the</p>									



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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
	<p>gradual rise of new retail. Under the impact of the rise of e-commerce platform on the physical store, traditional physical retail enterprises have been seeking to make innovation and transformation to meet the new needs and habits of consumers. The Company has constructed online and offline all-scenario solutions to meet the consumers' needs of shopping at anytime, anywhere and on demand, and continuously optimized the shopping process, improved the distribution timeliness and improved the consumers' shopping experience. For offline stores, the Company pays attention to the control of production-investment ratio, continuously optimizes and upgrades the store model, and strives to find the most efficient investment scheme in continuous iteration. On the one hand, optimize the store renovation plan for different markets and business circles, reasonably plan the investment in store facilities and equipment, avoid excessive investment in renovation, focus on the improvement of the abundance of merchandise displayed in the store and service quality to improve consumer's satisfaction; on the other hand, the Company's property infrastructure of store is well protected, so no large amount of capitals for renovation or new purchase items is required in the renovation process. The Company can complete the store renovation just by adjusting the minor parts of decoration and updating some operating equipment. At the same time, the Company further strengthened the control of economic returns and the operation efficiency of stores through subletting and rent reduction, thus reducing the need for the Company to rebuild individual stores. Based on the above-mentioned reasonable planning and design of stores, cost control was strengthened, and the scale of capital investment was better controlled, thus resulting in savings in fund raising after the completion of the project.</p> <p>The implementation of the store renovation project has certain effects on the improvement of the Company's quality of store management. The benefits realized by the project gradually show up, for example, 64, 133 and 5 stores were renovated and upgraded in 2016 and before, 2017 and 2018 respectively, and the net profit from the renovation project from 2016 to 2018 was RMB 167.2323 million, RMB 651.4428 million and RMB 1,168.6974 million respectively. By implementing the effective cost</p>									

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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
	<p>control, the Company achieved the established goal of the renovation project with input of less raised fund.</p> <p>On the 45th meeting of the 6th Board of Directors and the 2nd extraordinary shareholders' meeting in 2019, the Company reached a resolution to pass the <i>Proposal on Change of the Use of Partial Raised Funds</i>, and 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).</p>									
Purpose of unused raised funds	<p>The unused raised funds were used for the logistics operation business development project, logistics transportation business development project, new regional delivery center construction project (II), rental store project and purchase store project. All unused raised funds were deposited in the specific account of raised funds of the Company's raised funds supervision bank. In addition, in order to improve the fund income, the Company passed the <i>Proposal on Buying Financial Products with Idle Raised Funds with Idle Raised Funds</i> on the 38th meeting of the 6th Board of Directors and the annual general meeting of shareholders 2018, and agreed to purchase principal-guaranteed financial products with the part of the unused funds. As of December 31, 2019, the Company deposited RMB 1.6519221 billion of unused raised funds in the form of certificates of deposit, subscribed the principal-guaranteed bank financial products of commercial banks and other financial institutions with an amount of RMB 4.2264515 billion, and deposited the remaining amount of RMB 1.919996 billion in the form of demand deposits. There is no mortgage or pledge of certificates of deposit and other restrictions on ownership and use rights.</p>									
Problems in use and disclosure of raised funds or other	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	Benefits achieved in the reporting period	Whether to meet the estimated income	With significant change in feasibility of the project or not
conditions										

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

Note 2: On the 29th meeting of the 6th Board of Directors and the 6th extraordinary shareholders' meeting in 2018, the Company reached a resolution to pass the *Proposal on Change of the Investment Use of Partial Raised Funds*, and agreed to use partial raised funds of RMB 1.6 billion from the regional delivery center construction project to invest in the "new regional delivery center project", and to use partial raised funds of RMB 350 million from the automatic picking center project to invest in the new regional delivery center project. For details of the project changes, please refer to the Company's Announcements No. 2018-124 and 2018-138.

Note 3: On the 29th meeting of the 6th Board of Directors and the 6th extraordinary shareholders' meeting in 2018, the Company reached a resolution to pass the *Proposal on Change of the Investment Use of Partial Raised Funds*, and agreed to use partial raised funds of RMB 1.22 billion from the automatic picking center project to invest in the logistics transportation business development project. For details of the project changes, please refer to the Company's Announcements No. 2018-124 and 2018-138.

Note 4: On the 45th meeting of the 6th Board of Directors and the 2nd extraordinary shareholders' meeting in 2019, the Company reached a resolution to pass the *Proposal on Change of the Use of Partial Raised Funds*, and agreed to use all balance of the raised funds of RMB 977.9266 million from the

renovation store project and partial raised funds of RMB 2 billion from the rental store project to invest in the "new regional delivery center project (II)". For details of the project changes, please refer to the Company's Announcements No. 2019-065 and 2019-072.

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

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

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

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

Note 7: After all investment is allocated to the rental store project, renovation store project and purchase store project, the physical store network will be enriched, the competitiveness in the Internet plus competitive environment will be enhanced, the integration of online and offline will be realized, thus further improving the Company's profitability. The Suning.Com Cloud Store brand promotion project will not generate economic returns, but the consumer recognition, brand value and image of the Company will be greatly enhanced upon the completion of the project. As of December 31, 2019, 193 stores were opened in the implementation of rental store project during the reporting period, realizing a net profit of RMB 23.1934 million. As the mature of new stores, the economic returns will gradually increase; 202 stores were opened, realizing a net profit of RMB 743.1124 million during the reporting period, which demonstrates strong profitability from cloud stores; one shop has been invested in the purchase shop project, and the net profit during the reporting period was RMB 7.8867 million.

Note 8: This acquisition of TTK Express is in line with the Company's strategic development direction in the future, and has good market prospects and economic benefits. After the completion of the project, the Company will carry out relevant business integration with TTK Express. With the prominent

effect of business integration, Suning Logistics' capability will be greatly improved, thus driving the promotion of sales efficiency at the front desk and helping to enhance the Company's business development capability.

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

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

Note 11: The funds raised for the supplementary working capital project were mainly used to enrich commodities, and improve the purchase scale of 3C, mother and infant store, supermarkets to support the development of omni-category business, thus expanding the Company's differentiated purchasing ability and enhancing the added value of product management; increased investment in promotion of each link of the O2O platform to enhance its market competitiveness, further increased investment in the operation capability of the open platform, formulated active merchant policies, fostered the development of merchants, and enhanced the competitiveness of the open 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	Total amount of raised funds for projects after	Actual amount invested in the reporting period	Actual cumulative amount invested as of the end of the	Investment progress by the end of the	Date when the project reaching	Benefits achieved in the	Whether to meet the estimated	With significant change in
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	projects	change (1)		reporting period (2)	period (3)=(2)/(1)	serviceable condition scheduled	reporting period	income	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	628,724.3	1,949,725.7	99.9%	2020	Inapplicable	Inapplicable	No
Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects)		<p>1. Reasons for change</p> <p>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 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.</p> <p>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</p>							

	<p>improving the use efficiency of raised funds and speeding up the construction of logistics platform in the Company.</p> <p>2. Decision-making procedure</p> <p>On the 29th meeting of the 6th Board of Directors and the 6th extraordinary shareholders' meeting in 2018, the Company reached a resolution to pass the <i>Proposal on Change of the Use of Partial Raised Funds</i>, and independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment project.</p> <p>3. Description on information disclosure condition</p> <p>The Company disclosed the <i>Announcement on Change of the Use of Partial Raised Funds</i> (2018-126) and <i>Announcement on Resolutions of the 6th Extraordinary Shareholders' Meeting in 2018</i> (2018-138) on cninfo, Securities Daily, Securities Times, Shanghai Securities News and China Securities Journal respectively on October 20 and November 8, 2018.</p>
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	Date when the project reaching serviceable	Benefits achieved in the reporting	Whether to meet the estimated income	With significant change in feasibility of
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					(3)=(2)/(1)	condition scheduled	period		the changed project or not
Logistics transportatio n business developmen t project	Automatic picking center project	1,220,000.0	40,955.7	79,265.8	6.5%	2021	Inapplicabl e	Inapplicabl e	No
<p>Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects)</p> <p>1. Reasons for change</p> <p>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.</p> <p>The Company hereby changed part of the raised funds for automatic picking center project into that for logistics transport development project, which would be conducive 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.</p> <p>2. Decision-making procedure</p> <p>On the 29th meeting of the 6th Board of Directors and the 6th extraordinary shareholders' meeting in 2018, the Company reached a resolution to pass the <i>Proposal on Change of the Use of Partial Raised Funds</i>, and independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment project.</p>									



	<p>3. Description on information disclosure condition</p> <p>The Company disclosed the <i>Announcement on Change of the Use of Partial Raised Funds</i> (2018-126) and <i>Announcement on Resolutions of the 6th Extraordinary Shareholders' Meeting in 2018</i> (2018-138) on cninfo, Securities Daily, Securities Times, Shanghai Securities News and China Securities Journal respectively on October 20 and November 8, 2018.</p>
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

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	539,277.9	539,277.9	18.1%	2022	Inapplicable	Inapplicable	No

<p>Reasons for change, decision-making procedures and description on information disclosure condition (for specific projects)</p>	<p>1. Reasons for change</p> <p>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 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.</p> <p>2. Decision-making procedure</p> <p>On the 45th meeting of the 6th Board of Directors and the 2nd extraordinary shareholders' meeting in 2019, the Company reached a resolution to pass the <i>Proposal on Change of the Use of Partial Raised Funds</i>, and independent directors, Board of Supervisors and the sponsor agreed clearly on the change of equity investment project.</p> <p>3. Description on information disclosure condition</p> <p>The Company disclosed the <i>Announcement on Change of the Use of Partial Raised Funds</i> (2019-065) and</p>
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	<i>Announcement on Resolutions of the 2nd Extraordinary Shareholders' Meeting in 2019 (2019-072)</i> 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) Fund-raising project**

Overview of fund-raising projects	Disclosure Date	Disclosure Index
Fund-raising projects by non-public shares in 2015	April 18, 2020	No. 2020-036 <i>Special Report of Board of Directors on Deposit and Actual Use of Raised Funds in 2019</i> from cninfo.

**(5) Financial management of raised funds**

The *Proposal on Buying Financial Products with Idle Raised Funds* was deliberated and passed on the 17th meeting of the 6th Board of Directors and in resolution of 2017 shareholders' meeting, with which, the Company 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 12 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 the Company 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 12 billion (including).

The *Proposal on Buying Financial Products with Idle Raised Funds* was deliberated and passed on the 38th meeting of the 6th Board of Directors and in resolution of 2018 shareholders' meeting, with which, the Company 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 10 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 the Company 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 10 billion (including).

During January - December, 2019, the Company bought bank financial products with cumulative idle raised funds (including interest) of RMB 18.66 billion, and received a financing income from raised funds of RMB 191.1831 million in the reporting period.

Up to December 31, 2019, the financial management balance of the Company's raised fund account was RMB 4.4 billion, including raised funds of RMB 4.2264515 billion and interest income of RMB 173.5485 million. 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	
		Raise funds	Interest income

Bank of deposit of raised funds	New financial management amount incurred in current period	Ending balance	
		Raise funds	Interest income
CITIC Bank Branch in Nanjing Longjiang	12,100,000.0	2,463,444.0	136,556.0
Business Department of Nanjing Branch of China Everbright Bank Co., Ltd.	2,100,000.0	850,000.0	-
Nanjing Zhongyang Road Sub-branch of Industrial Bank Co., Ltd.	1,400,000.0	-	-
Business Department of Nanjing Branch of Huaxia Bank Co., Ltd.	1,000,000.0	500,000.0	-
Chengbei Subbranch of Nanjing Branch of Shanghai Pudong Development Bank Co., Ltd.	950,000.0	-	-
Xinjiakou Sub-branch, Nanjing Branch of China Minsheng Bank	900,000.0	413,007.5	36,992.5
Xuanwu Subbranch, Nanjing Branch, China Guangfa Bank Co., Ltd	200,000.0	-	-
Nanjing Hongwulu Sub-branch of Agricultural Bank of China	5,000.0	-	-
Bank of Jiangsu Co., Ltd. Nanjing Chengxi Subbranch	5,000.0	-	-
Total	18,660,000.0	4,226,451.5	173,548.5

## 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

Unit: RMB 10,000

Counterparty	Sold equity	Sale date	Transaction price	Net profit of the equity contributed for listed company from the beginning of the period to sale date	Influence of sales on company	Proportion of net profit of equity sales contributed for listed company to total net profit	Pricing principle of equity sales	Related party transaction or not	Relation with counterparty	Whether all involved equities have been transferred	Whether it is implemented as planned. If not, describe reasons and measures taken by the Company	Disclosure Date	Disclosure Index
Domestic company that is under 100% control of Suning Smart Life Holding Limited	100% equity of Suning CVS	June 24, 2019	74,539.42	-221,317.00	The transaction would be conducive to reducing the Company's funding and improving funds' use efficiency; reducing the impact on the Company's operating performance and guaranteeing shareholders' benefit. The Company would continue to	38.30%	Determined after consensus among all parties with reference	Yes	Great Matrix and Great Momentum are a wholly-owned subsidiary controlled by Suning's related person	Yes	Yes	October 15, 2018, June 29, 2019	Announcements No. 2018-121 and 2019-067 from cninfo.

					strengthen the business collaboration with Suning CVS, accelerate the achievement of the Company's smart retail strategic target; retain the possibility of bringing in earnings for the Company after future improvement of the financial situation of Suning CVS. Moreover, it was conducive for Suning CVS to establish flexible operation and management mechanism and capital operation platform to occupy the market rapidly. After the transaction, Suning CVS would no longer be included in the consolidated statement of the Company, and the transaction would exert impact on the Company's financial situation, increasing the Company's net profit for RMB 3.57 billion in 2019.		e to the appraisal results by a third party asset appraisal agency.	Mr. Zhang Kangyang. Mr. Zhang Kangyang is the son of Mr. Zhang Jindong, the actual controller and the controlling shareholder of Suning. Great Matrix and Great Momentum hold respectively 55% and 10% equity of Suning Smart Life, and Suning Smart Life is the related party of Suning.			9	
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Suning Jinkong Investment Co., Ltd. (hereinafter referred to as "Suning Jinkong") and its designated subject, Jiaxing Runshiyifang Equity Investment Limited Partnership (limited partnership), Fujian Xinghehaoka ng Equity Merger Limited Partnership (limited partnership) and other subjects.	Investors of Suning Financial Services Group Increased capital and expanded new shares by 17.857%.	September 27, 2019	1,000,000	61,408.88	It was conducive to enhancing Suning Financial Services Group's financing capacity, establishing a flexible operation and management mechanism and capital operation platform to finally achieve the capitalization purpose; reducing the Company's funding, improving the use efficiency of funds and furthermore improving the cash flow of listed companies. Suning Finance would continue to strengthen the business collaboration with Suning.Com and promote the realization of the Company's smart retail strategic target; it was also favorable for enhancing Suning Finance's corporate value and realizing maximum benefit.  After the capital increment and stock expansion, Suning Financial Services Group would no longer be included in the consolidated statement of the Company, and would be a	105.76%	Determined after consensus among all parties with reference to the appraisal results by a third party asset appraisal agency.	Yes	Suning Jinkong and Suning Rundong Equity Investment Management Co., Ltd. are the holding subsidiary for Suning Holdings Group Co., Ltd., the holding subsidiary of Suning's actual controller and controlling shareholder Mr. Zhang Jindong.	Yes	Yes	December 29, 2018, September 28, 2019	Announcements No. 2018-159 and 2019-100 from cninfo.
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					joint-stock company with great influence in the Company. The transaction increased the Company's net profit for RMB 9.857 billion in 2019.								
GRANDA GALAXY LIMITED and GLOBAL WORKER	LAOX plans to carry out private placement to raise funds, offer shares and assign the Company's right of appointment of new shares to strategic investors GRANDA GALAXY LIMITED and GLOBAL WORKER. After the completion of	December 5, 2019	The right of appointment of new shares has the same exercise price with private placement of shares, namely JPY 313/sh are.	-45,000.61	It was conducive to reducing the Company's funding and improving the use efficiency of funds; reducing the impact on the Company's operation performance and guaranteeing shareholders' benefit; the business development of LAOX and further enhancing the business collaboration with the Company to promote the Company's international business development; establishing a flexible decision-making mechanism with LAOX to occupy the market rapidly. After the capital increment and stock expansion, LAOX would no longer be included in the consolidated statement of the Company, and would be a	-3.93%	When offering shares by way of a third-party rights issue, the subscription price should, in principle, be not less than 90% of the price on the day before the	Yes	GRANDA GALAXY is the wholly-owned subsidiary of Suning Appliance Group Co., Ltd., and GLOBAL WORKER is the related party of LAOX.	Yes	Yes	June 20, 2019, Disclosure on June 6, 2019	Announcements No. 2019-058 and 2019-118 from cninfo.

	<p>this transaction, LAOX would raise a total of JPY 10.0926450 billion).</p>				<p>joint-stock company with great influence in the Company. The transaction increased the Company's net profit for RMB -366 million in 2019.</p>		<p>Board of Directors meeting at which LAOX decided to offer new shares. The issue price for the right of appointment of new shares was appraised by a third-party appraisal agency on commissioning.</p>							
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## 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 Businesses	Registered capital	Total assets	Net assets	Operating revenue	Operating income	Net profit
Jiangsu Suning.Com E-commerce Co., Ltd.	Subsidiary	Retail businesses	200,000	18,243,319	-4,011,292	7,020,689	-1,670,361	-1,176,455
TTK Express Co., Ltd.	Subsidiary	Logistics businesses	150,726	4,870,145	-1,479,090	2,078,320	-2,239,316	-1,786,356

Description of main holding and joint stock companies

1. TTK Express strengthened business integration, advanced direct operation for distribution nodes and increased input, and meanwhile to keep the market competitiveness, it remained competitive for product price, bringing in certain impact on realization of gross profit.

2. Jiangsu Suning.Com E-commerce Co., Ltd. is responsible for the operation of online platform. In the reporting period, it invested on IT and advertising promotion centering on user experience improvement, increase of new users and sales conversion and improvement, resulting in loss in the reporting period.

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
Kakogawa	Purchase	See Section XII Notes to Financial Statements "V. Change of Consolidation Scope" for more details.
Wanda Dept. Store	Purchase	
Carrefour China Holdings N.V.	Purchase	

6 asset management companies	Purchase
Logistics business of TTK Express	Purchase
Suning Convenience Supermarket	Sale
Shaanxi Suning Yida Logistics Investment Co., Ltd.	Sale
Neijiang Suning Yida Commercial and Trading Co., Ltd.	Sale
Foshan Sanshui Suning Yida Logistics Investment Co., Ltd.	Sale
Ningbo Suning Yida Logistics Investment Co., Ltd.	Sale
Hunan Suning Yida Logistics and Storage Investment Co., Ltd.	Sale
Suning Financial Services Group	Passive dilution
LAOX	Passive dilution

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

With the growing trade friction, slowdown economic growth and COVID-19, in 2020, the overall economic situation will be grim and residents' revenue will witness a sluggish growth. Moreover, the government attaches great importance to lives of local residents and consumer market and introduces the policies and opinions on promoting domestic demand and restoring consumption; part of the emerging models has a huge development space. On one hand, the consumption sinks,

and it is an apparent trend for consumption upgrading for middle and low consumer groups; consumers have a higher enthusiasm of pursuing commodities of higher cost performance; one the other hand, the consumption of service model upgrades, the trend of accelerated shunting for consumption on new channels will be more apparent, and the demand on social, content and recreational consumption as well as "stay-at-home economy" surges. The lower-tier market, offline online scene, online interactive platform and product innovation will still bring in growth opportunities.

The Company has developed Internet transformation and reform for a nearly ten years, and in consideration of the constantly changing consumption mode and habits, the Company realizes the comprehensive extending of user services by online and offline scene exchange, digital operation and smart supply chain as well as services and experiences matching consumers' demands. In 2020, Suning will change from layout into operation and work centering on retail business, logistics business and background capacity construction.

## ■ Retail business

### ➤ Channel Construction

#### 1. Deepening store expansion and strengthening Internet construction

Advance the construction of model store by centering on Suning.Com Plaza, Carrefour community living center, Suning Department Store and Suning flagship stores. Deepening the layout of offline Internet channel by rent, construction, procurement, merge, combination and alliance and speed up the development by open and enabled mode.

Accelerate the permeation into lower-tier markets; combine Suning Retail Cloud with the group booking centered on Suning Group Purchase and Suning Tuike as well as social operation to realize double-line cover for rural markets.

Build comprehensive service platform in terms of store Internet operation to fulfill that stores are namely platform, and shopping and experiencing synchronously. Forge characteristics of all kinds of stores and increase the passenger flow to the store; acquire new customers via Internet tool and platform and strengthen sales after departure; realize the breakthrough of domestic business via Carrefour and give full play to the resource advantage of Suning's online stores and improve Suning's near-field service capacity and rapid respond to users' demand.

#### 2. Strengthening Internet operation and promotion

Continuously strengthen Internet basic operation to improve full-process user experience; realize shopping conversion by video, live streaming, image-text, games, evaluation and other innovative play relying on multi-scenario and multi-channel flow import to build continuous use acquisition path; strengthen the capacity construction of live streaming to forge Suning Live Streaming into a benign ecological platform achieving all-win among Suning, merchants, brands and masters; continuously accelerate and open the ecological system construction for the platform, improve various corresponding management mechanisms matching merchants' demand, strengthen enabled flow, logistics service and finance.

### ➤ Construction of supply chain

Continuously promote the category development strategy of "consolidating appliances, focusing on FMCG and cultivating general merchandise", deepen cooperation with upstream brand and improve the collaborative efficiency and benefit of supply chain; expand rapidly the development of independent products to realize expanding from appliance category to FMCG and general merchandise category, and from independent OEM brand to pan-independent exclusive sales and customized brand in terms of operation mode; build a more opened supply chain ecological system by greatly promoting the construction of open platform.

#### ■ Logistics business

In light of infrastructure construction, focus on core area based on the construction of infrastructure, build the country leading logistics warehouse underlying network to tamp the Company's logistics assets. In terms of the development of integrated warehouse and distribution business, establish the capacity of providing standard and different services by the warehouse and network layout for flexible distribution, stable cost advantages and construction of service level and marketing capacity with the national warehouse resource and network service capacity advantages. Upgrade products "all the time", fuse rapidly the commodity formats such as Carrefour, appliance, stores, maternal and infant store and also increase user radiation range, improve O2O platform, LBS addressing, multi-stage sourcing, logistics crowdsourcing, intelligent replenishment and other functions to further upgrade the one-hour life circle.

In light of after-sales business development, strengthen the service capacity of life help in community ecology, keep holding on three service products as cleaning, recycle and reverse logistics and build Suning's differential service advantages.

#### ■ Technology business

As for technology business development, focus on highlighting the capacity of data platform and technology platform. Continuously accelerate the construction of platformization capability by centering on trading platform, supply chain platform, risk control platform, data platform, AI platform, content platform, Suning Cloud, Galaxy Cloud and systemic construction and comprehensively upgrade the smart retail OS system with all-scenario mode, scalable business and highly available system.

#### ■ Organization building

In view of talent team construction, further strengthen the cultivation and appointment of young cadres and introduction of professionals, and endow the youth greater responsibility and mission; introduce leading talents of the industry, launch "2020 plan", introduce top talent of the industry to support the implementation of group strategy and guide the development of core business.

As for organization construction, the Company will continue to optimize the organization structure, continuously promote sub-group responsibility system, brand corporatization and small team operation to realize integrated operation of "power, responsibility and profit", to realize a substantive breakthrough from layout to operation.

In light of the construction of incentive system, focus on the construction of three-layer incentive system including business partner, profit sharing and terminal partner. Implement various types of stock-based compensation at the middle and senior team level via the partner system of all kinds of

organization systems to strengthen the skin in the game among employees, the Company and shareholders. In light of terminal partners, comprehensively promote the terminal partner system at all types of stores and all types of logistics terminals, strengthen uniform responsibility, power and profit for operation principal and inspire terminal employee's passion and energy.

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

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

Date	Reception Type	Visitor Type	Basic Information Index of Investigation
January 9, 2019	Field research	Organization	No. 20190109 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 1/9/2019 from cninfo
January 9, 2019	Field research	Organization	No. 20190109 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 1/11/2019 from cninfo
January 10, 2019	Field research	Organization	No. 20190110 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 1/11/2019 from cninfo
January 11, 2019	Field research	Organization	No. 20190111 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 1/11/2019 from cninfo
January 19, 2019	Field research	Organization	No. 20190119 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 1/20/2019 from cninfo
January 21, 2019	Field research	Organization	No. 20190121 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 1/22/2019 from cninfo
January 24, 2019	Field research	Organization	No. 20190124 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 1/24/2019 from cninfo
January 28, 2019	Field research	Organization	No. 20190128 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 1/29/2019 from cninfo

Date	Reception Type	Visitor Type	Basic Information Index of Investigation
February 16, 2019	Field research	Organization	No. 20190216 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 2/18/2019 from cninfo
February 22, 2019	Field research	Organization	No. 20190222 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 2/22/2019 from cninfo
February 21, 2019	Field research	Organization	No. 20190221 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 2/24/2019 from cninfo
February 22, 2019	Field research	Organization	No. 20190222 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 2/24/2019 from cninfo
February 25, 2019	Field research	Organization	No. 20190225 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 2/25/2019 from cninfo
February 27, 2019	Field research	Organization	No. 20190227 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 2/28/2019 from cninfo
March 1, 2019	Field research	Organization	No. 20190301 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 3/1/2019 from cninfo
March 1, 2019	Field research	Organization	No. 20190301 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 3/3/2019 from cninfo
March 6, 2019	Field research	Organization	No. 20190306 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> (I) on 3/7/2019 from cninfo
March 6, 2019	Field research	Organization	No. 20190306 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> (II) on 3/7/2019 from cninfo



Date	Reception Type	Visitor Type	Basic Information Index of Investigation
March 7, 2019	Field research	Organization	No. 20190307 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 3/7/2019 from cninfo
March 11, 2019	Field research	Organization	No. 20190311 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 3/12/2019 from cninfo
March 12, 2019	Field research	Organization	No. 20190312 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 3/12/2019 from cninfo
March 14, 2019	Field research	Organization	No. 20190314 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> (I) on 3/15/2019 from cninfo
March 14, 2019	Field research	Organization	No. 20190314 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> (II) on 3/15/2019 from cninfo
April 3, 2019	Field research	Organization	Refer to No. 20190403 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/4/2019 from cninfo for details
April 4, 2019	Telephone communication	Organization	Refer to No. 20190404 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/4/2019 from cninfo for details
April 8, 2019	Telephone communication	Organization	Refer to No. 20190408 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/8/2019 from cninfo for details
April 8, 2019	Field research	Organization	Refer to No. 20190408 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/8/2019 from cninfo for details
April 9, 2019	Telephone communication	Organization	Refer to No. 20190409 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/9/2019 from cninfo for details

Date	Reception Type	Visitor Type	Basic Information Index of Investigation
April 10, 2019	Field research	Organization	Refer to No. 20190410 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/10/2019 from cninfo for details
April 10, 2019	Field research	Organization	Refer to No. 20190410 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/10/2019 from cninfo for details
April 10, 2019	Field research	Organization	Refer to No. 20190410 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/11/2019 from cninfo for details
April 10, 2019	Field research	Organization	Refer to No. 20190410 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/11/2019 from cninfo for details
April 11, 2019	Field research	Organization	Refer to No. 20190411 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/11/2019 from cninfo for details
April 17, 2019	Field research	Organization	Refer to No. 20190417 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/19/2019 from cninfo for details
April 19, 2019	Field research	Organization	Refer to No. 20190419 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/19/2019 from cninfo for details
April 19, 2019	Field research	Organization	Refer to No. 20190419 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/19/2019 from cninfo for details
April 26, 2019	Telephone communication	Organization	Refer to No. 20190426 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/26/2019 from cninfo for details
April 26, 2019	Telephone communication	Organization	Refer to No. 20190426 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 4/26/2019 from cninfo for details

Date	Reception Type	Visitor Type	Basic Information Index of Investigation
May 7, 2019	Field research	Organization	Refer to No. 20190507 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/11/2019 from cninfo for details
May 8, 2019	Field research	Organization	Refer to No. 20190508 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/11/2019 from cninfo for details
May 9, 2019	Field research	Organization	Refer to No. 20190509 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/11/2019 from cninfo for details
May 10, 2019	Field research	Organization	Refer to No. 20190510 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/11/2019 from cninfo for details
May 10, 2019	Field research	Organization	Refer to No. 20190510 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/14/2019 from cninfo for details
May 10, 2019	Field research	Organization	Refer to No. 20190510 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/14/2019 from cninfo for details
May 23, 2019	Field research	Organization	Refer to No. 20190523 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/23/2019 from cninfo for details
May 23, 2019	Field research	Organization	Refer to No. 20190523 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/23/2019 from cninfo for details
May 24, 2019	Field research	Organization	Refer to No. 20190524 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/27/2019 from cninfo for details
May 28, 2019	Telephone communication	Organization	Refer to No. 20190528 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/28/2019 from cninfo for details

Date	Reception Type	Visitor Type	Basic Information Index of Investigation
May 28, 2019	Field research	Organization	Refer to No. 20190528 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/28/2019 from cninfo for details
May 23, 2019	Field research	Organization	Refer to No. 20190523 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 5/29/2019 from cninfo for details
May 30, 2019	Field research	Others	Refer to No. 20190530 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 6/3/2019 from cninfo for details
May 29, 2019	Field research	Organization	Refer to No. 20190529 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 6/3/2019 from cninfo for details
June 4, 2019	Field research	Organization	Refer to No. 20190604 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 6/5/2019 from cninfo for details
June 5, 2019	Field research	Organization	Refer to No. 20190605 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 6/5/2019 from cninfo for details
June 6, 2019	Field research	Organization	Refer to No. 20190606 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 6/9/2019 from cninfo for details
June 13, 2019	Field research	Organization	Refer to No. 20190613 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 6/14/2019 from cninfo for details
June 20, 2019	Field research	Organization	Refer to No. 20190620 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 6/24/2019 from cninfo for details
July 25, 2019	Field research	Organization	Refer to No. 20190725 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 7/29/2019 from cninfo for details

Date	Reception Type	Visitor Type	Basic Information Index of Investigation
August 1, 2019	Field research	Organization	Refer to No. 20190801 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 8/2/2019 from cninfo for details
September 25, 2019	Field research	Organization	Refer to No. 20190925 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 9/25/2019 from cninfo for details
November 1, 2019	Field research	Organization	Refer to No. 20191101 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 11/4/2019 from cninfo for details
November 4, 2019	Field research	Organization	Refer to No. 20191104 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 11/4/2019 from cninfo for details
November 5, 2019	Field research	Organization	Refer to No. 20191105 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 11/6/2019 from cninfo for details
November 7, 2019	Field research	Organization	Refer to No. 20191107 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 11/12/2019 from cninfo for details
November 19, 2019	Field research	Organization	Refer to No. 20191119 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 11/20/2019 from cninfo for details
November 21, 2019	Field research	Organization	Refer to No. 20191121 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 11/25/2019 from cninfo for details
November 22, 2019	Telephone communication	Organization	Refer to No. 20191122 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 11/25/2019 from cninfo for details
November 22, 2019	Telephone communication	Organization	Refer to No. 20191122 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 11/25/2019 from cninfo for details

Date	Reception Type	Visitor Type	Basic Information Index of Investigation
November 26, 2019	Field research	Organization	Refer to No. 20191126 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 11/26/2019 from cninfo for details
December 2, 2019	Field research	Organization	Refer to No. 20191202 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 12/2/2019 from cninfo for details
December 2, 2019	Telephone communication	Organization	Refer to No. 20191202 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 12/2/2019 from cninfo for details
December 12, 2019	Field research	Organization	Refer to No. 20191212 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 12/12/2019 from cninfo for details
December 20, 2019	Field research	Organization	Refer to No. 20191220 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 12/23/2019 from cninfo for details
December 25, 2019	Field research	Organization	Refer to No. 20191225 <i>Investor Relations Activities Record Table of Suning.Com Co., Ltd.</i> on 12/25/2019 from cninfo for details

## 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 2018* on the annual shareholders' meeting in 2018, with the details as: 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 right registration date (June 24, 2019) when the profit distribution plan was implemented as the base number, the Company would distribute cash RMB 1.20 (with tax) 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 June 25, 2019.

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
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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. 2019: According to *Rules for the Implementation of Share Repurchase by Listed Companies in Shenzhen Stock Exchange*, shares in the special account for repurchase of listed companies were not be entitled to the voting right, profit distribution, conversion of accumulation fund into issued capital, allotment of shares, pledge and other rights on the shareholders' meeting; the amount for share repurchased implemented in that year were regarded as cash dividends amount and were included for calculating the cash dividends in current year based on related proportion. As of the date (April 16, 2020) when the profit distribution plan was deliberated and passed by the Board of Directors, there were 118,710,321 shares repurchased in the special security account for repurchase of the Company.

(1) The Company proposed to, with the total issued capital on equity right registration date when the profit distribution plan would be implemented in future as the equity base, distribute cash dividends RMB 0.50 (tax inclusive) and 0 bonus share for every 10 shares to all shareholders, and not convert no accumulation fund into issued capital.

If calculating with 9,191,329,334 shares that were available for distribution on the date (April 16, 2020) when the profit distribution plan was deliberated and passed by the Board of Directors, the cash dividends to be distributed by the Company were expected not to be more than RMB 459.566 million.

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

① On January 24, 2019, the 37th meeting of the 6th Board of Directors of Suning approved the *Proposal on Amending the Plan on Repurchasing Part of Public Shares*. 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 500 million (including) and not more than RMB 1 billion (including), and the repurchase price no more than RMB 15/share (including). The Company implemented and completed the share repurchase hereby on August 12, 2019, and repurchased 84,006,415 share in accumulation by special security account for repurchase in the form of collective trading through bidding, with the total amount paid of RMB 998.5955 million (excluding transaction costs).

② 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). As of December 31, 2019, the total number of shares repurchased by Suning was 29,703,906, and the total amount paid was RMB 309.842 million (excluding transaction costs).

2. 2018: 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 right 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.

3. 2017: With the general capital of 9,310,039,655 shares on the equity right registration date (July 4, 2018) as the base number, the Company distributed cash dividend RMB 1.00 (tax inclusive) and 0 bonus share for every 10 shares to all shareholders, and converted no additional paid-in capital into issued capital.

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
2019	459,566	9,842,955	4.67%	1,308,438	13.29%	1,768,004	17.96%

2018	1,110,364	13,327,559	8.33%	999,988	7.50%	2,110,352	15.83%
2017	931,004	4,212,516	22.10%	-	-	931,004	22.10%

The Company made profits and the parent company reported positive distributive profits for holders of common shares but did not propose a pre-plan for cash dividend distribution for common shares.

☐ Applicable ☒ Not applicable

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

No. of bonus share every 10 shares (shares)	0
Number of distribute dividends for every 10 shares (RMB) (tax inclusive)	0.50
Capitalizing No. every 10 shares (shares)	0
Equity base in the distribution pre-plan (shares)	9,310,039,655
Amount of cash dividends (RMB 1,000) (tax inclusive)	459,566
Amount of cash dividends in other manners (e.g. repurchasing shares) (RMB 1,000)	1,308,438
Total amount of cash dividends (including that in other manners) (RMB 1,000)	1,768,004
Attributable profit (RMB 1,000)	8,257,969
Ratio of total amount of cash dividends to total profit distribution	100%
Distribution of cash dividends in this period	
Others	
Detailed explanations of pre-plan for profit distribution or increase by transferring of additional paid-in capital	

According to the *Audit Report* (PwC ZTSZ (2020) No. 10072) issued by PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. (Special General Partnership), the undistributed profit audited of the parent company at the end of the reporting period was RMB 8.257969 billion.

In view that there are repurchased shares in the special security account for repurchase of Suning.Com Co., Ltd. prior to the implementation of the Company's profit distribution plan, the Company proposed to, with the total issued capital on equity right registration date when the profit distribution plan would be implemented in future as the equity base, distribute cash dividends RMB 0.50 (tax inclusive) and 0 bonus share for every 10 shares to all shareholders, and convert no accumulation fund into issued capital. If calculating with 9,191,329,334 shares that were available for distribution on the date (April 16, 2020) when the profit distribution plan was deliberated and passed by the Board of Directors, the cash dividends to be distributed by the Company were expected not to be more than RMB 459.566 million.

(Note: the base of issued capital in the distribution plan and total amount of cash dividends in the table are calculated by assuming that the shares in the security account repurchased by the Company on the date the Board of Directors approved the profit distribution plan have been deducted, and the actual distribution shall be subject to the total issued capital on equity right registration date when the profit distribution is announced).

### 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	June 17, 2005	Infinite	In the reporting period, the original non-circulation shareholders of the Company fulfilled their commitment.

			shares traded and sold by listing in stock exchanges is 1% of the total number of shares in the Company, announcement would be made within two working days since the date of occurrence.			
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 the Company, and Ms. Chen Jinfeng and	November 15, 2002	Infinite	In the reporting period, Mr. Zhang Jindong, the shareholder of Suning, and Ms. Chen Jinfeng and Ms. Zhao Bei of Suning Appliance Group Co.,

			Ms. Zhao Bei of Suning Appliance Group Co., Ltd. respectively issued <i>Non-competitive Commitment</i> to the Company on November 15, 2002; Suning Appliance Group Co., Ltd. issued the commitment on March 6, 2003 to ensure to avoid all capital transaction in addition to that for normal business.			Ltd. fulfilled their commitment.
	Taobao (China) Software Co., Ltd.	Commitment on share lock-up	Subscribe the Company's private offering shares with the lock-up period reaching 36 months since the first date of shares listing on exchanges (June 6, 2016).	June 6, 2016	From June 06, 2016 to June 05, 2019	In the reporting period, Taobao (China) Software Co., Ltd. fulfilled its commitment.

	Employee Stock Ownership Plan for Phase II Employees of Suning.Com Co., Ltd.	Commitment on share lock-up	Subscribe the Company's private offering shares with the lock-up period reaching 36 months since the first date of shares listing on exchanges (June 6, 2016).	June 6, 2016	From June 06, 2016 to June 05, 2019	In the reporting period, the commitment was fulfilled in the Employee Stock Ownership Plan for Phase II Employees of Suning.Com Co., Ltd.
Commitment on stock-based compensation	-	-	-	-	-	-
Other commitments to minority shareholders of the Company	Employee Stock Ownership Plan for Phase III Employees of Suning.Com Co., Ltd.	Commitment on share lock-up	The lock-up period of underlying stocks acquired by non-transaction transfer of the Employee Stock Ownership Plan is 12 months.	June 29, 2018	From June 29, 2018 to June 28, 2019	In the reporting period, the commitment was fulfilled in the Employee Stock Ownership Plan for Phase III Employees of Suning.Com Co., Ltd.
	Suning Holdings Group Co., Ltd. (hereinafter referred to as	Commitment on share lock-up	The Suning Holdings Group transfers 61,056,374 shares held in the 2014	January 18, 2019	From January 18, 2019 to January 17,	In the reporting period, Suning Holdings Group fulfilled its

	"Suning Holdings Group")		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.		2022	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**

(I) At the 40th meeting of the 6th Board of Directors, *Proposal on Changes in Accounting Policies* (No. 2019-044 Announcement) 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) Introduction of the accounting policy:

### **① Reasons for change**

Ministry of Finance of the People's Republic of China (hereinafter referred to as "Ministry of Finance") revised and issued *No.22 Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments* (CK [2017] No. 7), *No.23 Accounting Standards for Business Enterprises - Transfer of Financial Assets* (CK [2017] No. 8), *No.24 Accounting Standards for Business Enterprises - Hedge Accounting* (CK [2017] No. 9) and *No. 37 Accounting Standards for Business Enterprises - Presentation of Financial Instruments* (CK [2017] No. 14) (hereinafter referred to as "new financial instrument standards") in 2017, requiring domestic listed companies to implement the new financial instrument standards since from January 1, 2019.

### **② Change date**

According to provisions above, the Company began to execute the Accounting Standard for Business Enterprises above-mentioned since the start date (January 1, 2019) stipulated in documents above.

### **③ Accounting policy adopted prior to change**

Prior to the change, 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.

### **④ Accounting policy adopted after change**

After the change, the Company would implement accounting policies above-mentioned in accordance with related rules of the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, *Accounting Standards for Enterprises No. 23 - Transfer of Financial Assets*,



*Accounting Standards for Business Enterprises No. 24 - Hedge Accounting*, and *Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments* printed, issued and revised by the Ministry of Finance in 2017. The Company implemented the *Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance in early stage 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

According to the new financial instrument standards newly revised by the Ministry of Finance, the main change contents include:

- ① The classification of financial assets is changed from the current “four classifications” to “three classifications”. The new financial instrument standards take the “business mode” and “contract cash flow characteristics of financial assets” of financial assets held by enterprises as the judgment basis for the classification of financial assets, and divides the financial assets into “the financial assets measured at amortization”, “financial assets measured at fair value and of which changes included in other comprehensive income” and the “financial assets measured at fair value and of which changes included in the current gain or loss”.
- ② The accounting treatment for impairment of financial assets is changed from the “occurred loss method” to the “expected loss method”, which requires the consideration of the expected credit loss of financial assets in the future, thus accruing more timely and sufficient withdraw for impairment provision of financial assets, so as to reveal and prevent the credit risk of financial assets.
- ③ Hedge accounting more truthfully reflects the risk management activities of enterprises. The newly revised hedge accounting standards puts more emphasis on the organic combination of hedge accounting and the risk management activities of enterprises. Many breakthroughs have been made in broadening the scope of hedging instruments and hedged items, replacing the quantitative requirements of current standards with qualitative requirements of hedging effectiveness, and allowing the “rebalancing” of hedging relationship by adjusting the number of hedging instruments and hedged items, which will help hedge accounting better reflect the risk management activities of enterprises.
- ④ Simplify the accounting treatment of embedded derivatives. The new financial instrument standards simplify the accounting treatment of embedded derivatives: if the main contract of mixed contract is financial assets, the mixed contract shall be accounted for as a whole and shall not be divested; if the mixed contract does not belong to financial assets, it will basically continue to follow the provisions of the current standards on divestment.
- ⑤ Adjust the accounting treatment of non-transaction equity instrument investment, and allow the enterprise to designate non-transaction equity instrument investment to

be measured at fair value and of which changes included in other comprehensive income for treatment, but the designation cannot be revoked, and the accumulated fair value change originally included in other comprehensive income shall not be carried forward and included in the current gain or loss in the process of disposal.

⑥ Further clarify the judgment principle and accounting treatment of financial assets transfer. Under the premise of maintaining the judgment principle of financial asset transfer and derecognition, the revised financial asset transfer standard sorts out the relevant judgment standards, processes and accounting treatment, highlights the judgment process of derecognition of financial assets, provides more detailed guidance for relevant practical issues, and adds relevant provisions on the measurement of liabilities in the case of continuous involvement. In addition, it provides more guidance for the enterprise to judge whether to continue to control the transferred assets, and makes clear the accounting treatment of the transferee and the possible repeated confirmation of the same right or obligation under the condition of not meeting the conditions of derecognition.

⑦ The accounting treatment method of increasing the time value of option in hedge accounting.

⑧ The fair value option to increase credit risk exposure in hedge accounting.

According to the convergence provisions of the new financial instrument standards, on the implementation date of the new standard, enterprises shall classify and measure the financial instruments in accordance with the provisions of the standard. Those with comparative financial statement data in the early stage inconsistent with the requirements of the standard need no adjustment. The difference between the original book value of financial instruments and the new book value on the implementation date of the standard shall be included in the retained earning at the beginning of the period or other comprehensive income of the annual reporting period on the implementation date of the standard.

(I) At the 47th meeting of the 6th Board of Directors, *Proposal on Changes in Accounting Policies* (No. 2019-089 Announcement) 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) Introduction of the accounting policy change

① Reasons for change

The Ministry of Finance released the *Notice on Revising and Printing 2019 Financial Statement Format of General Enterprises* (CK (2019) No. 6) (hereinafter referred to as CK (2019) No. 6) on April 30, 2019. The notice is applicable to the interim financial statements and annual financial statements of non-financial enterprises in 2019 and the financial statements of subsequent periods that implement the Accounting Standards for Business Enterprises.

According to the requirements of the above accounting standards, Suning shall adjust

the relevant contents of accounting policies accordingly.

## ② Change date

According to provisions above, Suning began to execute the Accounting Standards for Business Enterprises above-mentioned since the start date stipulated in documents above.

## ③ Accounting policy adopted 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 accounting 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 policy adopted after change

After this change, Suning will implement in accordance with the relevant provisions of CK [2019] No.6. Suning implemented the *Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance in early stage 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

According to the relevant provisions of CK [2019] No.6, Suning has made the following main changes to the format of financial statements:

- ① The original item “notes and accounts receivable” in the balance sheet is split into two items “notes receivable” and “accounts receivable”.
- ② The original item “notes and accounts payable” in the balance sheet is split into two items “notes payable” and “accounts payable”.
- ③ Add items “trading financial assets”, “debt investment”, “other creditors’ investment”, “other equity instrument investment”, “other non-current financial assets”, and “trading financial liabilities”, and reduce items “financial assets measured at fair value and of which changes included in the current gain or loss”, “available-for-sale financial assets”, “held-to-maturity investment”, and “financial liabilities measured at fair value and of which changes included in the current gain or loss” in the balance sheet.
- ④ Add items “credit impairment loss” and “net profit from going concern” in the income statement.
- ⑤ In the cash flow statement, the filling criteria of government subsidies are clarified. The government subsidies actually received by the enterprise, whether related to assets or income, are filled in the item of “other cash received relating to operating activities”.

Suning has prepared the financial statements in 2019 according to the format of financial statements stipulated by CK [2019] No. 6, and has changed the presentation of relevant financial statements with the retrospective adjustment method. The accounting policy change only affects the listed items of the financial statements, and has no substantial impact on the financial situation, operating results and cash flow of Suning.

## **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 2019, Suning and subsidiaries finished the enterprise merger of Kakogawa, Wanda Dept. Store, Carrefour China and six asset management companies, as well as the logistics business 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 2019.

In 2018, Suning incorporated 120 new subsidiaries, 4 new LAOX subsidiaries and 3 subsidiaries obtained through investment; canceled 13 subsidiaries and disposed 7 subsidiaries.

## **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)
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Remuneration for domestic accounting firm (RMB 10,000)	1,600
Consecutive years for domestic accounting firms to provide audit service	13
Name of CPA of the domestic accounting firms	Qian Jin, Zheng Yijie
Consecutive years for domestic accounting firms to provide CPA audit service	Mr. Qian Jin 2 years; Ms. Zheng Yijie 5 years
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

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 2019, with audit expenses of RMB 4,500,000.

#### **X. Conditions of Listing Suspension and Termination after Disclosure of the Annual Report**

☐ Applicable ☒ Not applicable

## XI. Bankruptcy and Reorganization Matters

☐ Applicable ☒ Not applicable

## 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 )	Whether 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 rental contracts, commodity sales contracts, and road freight transport disputes related to the daily operations of Suning	36,824.78	Yes, the estimated liability amount formed in 2019 is RMB 83,421,000	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	It can be seen from the case involved that it does not have a significant influence on Suning	In progress	Not applicable	Not applicable

			of the reporting period				
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### **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 Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures**

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

The 23rd 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 amount of issued shares of listed companies**

As of December 31, 2019, the shares held by employee stock ownership plan is 65,919,578, accounting for 0.71% of Suning's total issued capital.

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

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

- (1) The holder resigns or leaves without authorization;
- (2) The holder refuses to renew the labor contract with Suning or its subsidiary after the expiration of the labor contract;
- (3) Suning or its subsidiary does not renew the labor contract with the holder after the expiration of the labor contract;
- (4) The holder is terminated by Suning or its subsidiary due to violation of laws, administrative regulations or company rules and regulations;
- (5) The holder has major fault or fails to meet the performance evaluation;
- (6) The holder has been demoted and degraded, resulting in his/her failure to meet the conditions for participating in the employee stock ownership plan.

As of December 31, 2019, 503 employees of Suning meet the above conditions, involving 117.72 million shares of employee stock ownership plan.

#### 5. Changes in asset management organization

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

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

### **(II) Phase III Employee Stock Ownership Plan**

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

#### 1. Scope of shareholding employees

The objects of this employee stock ownership plan cover the directors and senior management of Suning, the middle and senior personnel and business backbones of the three business systems of retail, logistics and finance of Suning, the core



technicians of the technical development system, the middle and senior personnel of the functional management system and other employees that the company considers having a direct impact on the operating result and future development of Suning.

## 2. Sources of funds for implementing employee stock ownership plan

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

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

As of December 31, 2019, the shares held by employee stock ownership plan is 73,070,874, accounting for 0.78% 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 not exceed 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 the aforesaid shares, and agree on the share transfer price and relevant restrictions. Employees are transferred on a voluntary basis. If the aforesaid transfer procedure is not completed within the duration of the employee stock ownership plan, the recovered share of the holders shall be shared by the holders participating in the employee stock ownership plan.

As of December 31, 2019, 132 employees of Suning meet the above conditions, involving 41.46 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 2019, Suning's current employee stock ownership plan confirmed the amount of management cost during the waiting period of RMB 232 million.

## XVI. Significant Related Transaction

### 1. Transaction related to daily operation

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

Unit: RMB 10,000

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
Suning Real Estate Group Co., Ltd. and its subsidiaries	Holding subsidiaries of related shareholders of Suning	Receive service 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 <sup>2</sup> (inclusive), with the agent construction rate of 3.2%; the total construction area of the project is less than 50,000-100,000 m <sup>2</sup> (inclusive), with the agent construction rate of 2.10%; the total construction area of the project is less than	4,954.79	0.25%	46,000	2018-034 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
					100,000-150,000 m <sup>2</sup> (inclusive), with the agent construction rate of 1.70%; the total construction area of the project is less than 150,000-200,000 m <sup>2</sup> (inclusive), with the agent construction rate of 1.50%; the total construction area of the project is more than 200,000 m <sup>2</sup> (inclusive), with the agent construction rate of 1.40%; the self-built store project shall be paid by 3% of the total investment (excluding land funds and related taxes) of a single project construction.				

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
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 <sup>2</sup> /month-RMB 5/m <sup>2</sup> /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 5/m <sup>2</sup> /month-RMB 10/m <sup>2</sup> /month; ③ property service price of logistics base: based on the	21,285.40	1.08%	47,000	2018-034 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
					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 <sup>2</sup> /month-RMB 3.50/m <sup>2</sup> /month; ④ property service price of self-built stores: according to the area where the self-built stores are located and the commercial forms covered by the self-built stores, the property service price is determined on a project-by-project basis, and the estimated unit price is RMB 4.50/m <sup>2</sup> /month-RMB 12.00/m <sup>2</sup> /month).				

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
Jiangsu Suning Sports Goods Co., Ltd.	Subsidiaries of Suning Holdings Group	Receive service from related parties	Suning.Com entrusts its sport and outdoor category to Jiangsu Suning Sports for exclusive agency operation	Market price	① During the term of the agreement, the brand owner shall pay a commission to Jiangsu Suning.Com according to a certain proportion of the sales amount. Jiangsu Suning.Com shall deduct 1.5% of the total sales amount of the "sport and outdoor" category as its own income, and the rest of the commission income shall be used by Jiangsu Suning.Com to pay the agency operating expenses of Jiangsu Suning Sports; ② during the term of the agreement, the total annual sales amount of the "sport and outdoor" category operated by	358.22	0.02%	16,000	2018-034 Announcement on Forecast of Daily Related Transaction from cninfo

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



Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
					etc.				
Jiangsu Tongshi Mingtai Digital Technology Co., Ltd.	Subsidiaries of Suning Holdings Group	Purchase of commodities from related parties	Purchase PPTV and other intelligent hardware products	Market price	Market price	100,482.28	5.10%	175,000	2019-023 Announcement on Forecast of Daily Related Transaction from cninfo in 2019
Suning Sports and Cultural Media (Beijing) Co.,	Subsidiaries of Suning Holdings Group	Purchase of commodities from	Purchase sports members and video members	Market price	Market price	1,966.70	0.10%	11,500	2019-023 Announcement on Forecast of Daily Related

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
Ltd. and its subsidiaries/ Shanghai Juli Media Technology Co., Ltd. and its subsidiaries		related parties							Transaction from cninfo in 2019
Alibaba Group	Ultimate holding company of institutional shareholders holding more than 5% of Suning's	Purchase of commodities from related parties	Purchase Tmall Genie, Tmall Magic Box and other commodities	Market price	Market price	6,403.79	0.32%	12,000	2019-023 Announcement on Forecast of Daily Related Transaction from cninfo in 2019

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
	shares and its subsidiaries								
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	19,537.85	0.99%	46,300	2019-023 Announcement on Forecast of Daily Related Transaction from cninfo in 2019
Suning Real Estate Group and its subsidiaries	Holding subsidiaries of related shareholder	Sale of commodities to related	Sale of commodities	Market price	Market price	4,211.74	0.21%	57,000	2019-023 Announcement on Forecast of Daily Related

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
	s of Suning	parties							Transaction from cninfo in 2019
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	6,017.70	0.31%	10,000	2019-023 Announcement on Forecast of Daily Related Transaction from cninfo in 2019
Suning Sports and Cultural Media (Beijing) Co.,	Subsidiaries of Suning Holdings Group	Labor provided to affiliated party	Provide advertising, advertising agency and other marketing	Market price	Market price	20,750.44	1.05%	49,200	2019-023 Announcement on Forecast of Daily Related

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
Ltd./Shanghai Juli Media Technology Co., Ltd.		d party	services						Transaction from cninfo in 2019
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	2,168.46	0.11%	2,800	2019-023 Announcement on Forecast of Daily Related Transaction from cninfo in 2019
Alibaba Group	Ultimate holding company of institutional	Labor provided to affiliated	Suning's subsidiaries provide services such as	Market price	Market price	50,935.93	2.59%	65,000	2019-023 Announcement on Forecast of

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
	shareholders holding more than 5% of Suning's shares and its subsidiaries	related party	commodity storage, warehouse operation management, logistics and delivery, and product installation for Cainiao Network of Alibaba Group.						Daily Related Transaction from cninfo in 2019
Alibaba Group	Ultimate holding company of institutional shareholders holding	Labor provided to affiliated party	Promotion service support	Market price	Market price	57,002.31	2.90%	60,000	2019-023 Announcement on Forecast of Daily Related Transaction

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
	more than 5% of Suning's shares and its subsidiaries								in 2019; 2019-120 Announcement on Forecast of Daily Related Transaction from cninfo
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	10,072.74	0.51%	45,000	2019-023 Announcement on Forecast of Daily Related Transaction from cninfo in 2019

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
Jiangsu Suning Football Club Co., Ltd.	Subsidiaries of Suning Appliance Group Co., Ltd.	Receive services from related parties	Provide advertising services for Suning and its subsidiaries	Market price	Market price	3,329.94	0.17%	5,000	2019-023 Announcement on Forecast of Daily Related Transaction from cninfo in 2019
Suning Sports and Cultural Media (Beijing) Co., Ltd.	Subsidiaries of Suning Holdings Group	Receive services from related parties	PP sports and other resources provide advertising services for Suning and its subsidiaries	Market price	Market price	2,693.68	0.14%	20,000	2019-023 Announcement on Forecast of Daily Related Transaction from cninfo in 2019



Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
Suning Real Estate Group Co., Ltd.	Holding subsidiaries of related shareholders of Suning	Receive service from related parties	Self-built stores and supporting properties provide agency operation service of commercial plaza	According to the 4% of the total revenue, such as the rental and property expenses of each project, Suning will be charged commissions for agency operations	Market price	921.57	0.05%	1,500	2019-023 Announcement on Forecast of Daily Related Transaction from cninfo in 2019
Suning Real Estate Group Co., Ltd. and its subsidiaries	Holding subsidiaries of related shareholders of Suning	Receive service from related parties	Self-built stores, logistics bases, etc. provide building engineering design services.	Market price	Market price	1,523.18	0.08%	6,000	2019-023 Announcement on Forecast of Daily Related Transaction

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
									from cninfo in 2019
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	4,665.00	0.24%	8,300	2019-023 Announcement on Forecast of Daily Related Transaction from cninfo in 2019
Alibaba Group	Ultimate holding company of institutional shareholder	Receive services from related	Provide information service and marketing service for Suning.Com	Suning and its subsidiaries shall pay the corresponding platform service	Market price	93,992.85	4.78%	160,000	2019-023 Announcement on Forecast of Daily Related

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
	s holding more than 5% of Suning's shares and its subsidiaries	parties	flagship stores of Tmall Mall	expenses according to the uniform rules of the platform.					Transaction in 2019; 2019-120 Announcement on Forecast of Daily Related Transaction from cninfo
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	145,982.84	7.42%	4,000,000	2019-064 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
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	3,088.56	0.16%	80,000	2019-064 Announcement on Forecast of Daily Related Transaction from cninfo
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	The physical stores of CVS provide installation services for refrigerators, air conditioners and other equipment and facilities	Market price	Market price	3,970.56	0.20%	18,000	2019-064 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
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	6,178.80	0.31%	11,000	2019-064 Announcement on Forecast of Daily Related Transaction from cninfo
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 property rental Contract	Market price	Market price	1,933.01	0.10%	17,000	2019-064 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
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 for Suning and its subsidiaries	Market price	Market price	0.00	0.00%	65,000	2019-064 Announcement on Forecast of Daily Related Transaction from cninfo
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiaries of Suning Holdings Group	Labor provided to affiliated party	Provide brand promotion and product promotion services	Market price	Market price	72.49	0.00%	33,000	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiaries of Suning Holdings Group	Labor provided to affiliated party	Provide promotion and scene consumption services	Market price	Market price	20,745.41	1.05%	110,000	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiaries of Suning Holdings Group	Labor provided to affiliated party	Introduce clients to Suning Financial Services Group to develop financing business	Market price	Market price	0.00	0.00%	5,500	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	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	2,045.47	0.10%	9,900	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo
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	7,794.44	0.40%	45,320	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo



Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	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	206.97	0.01%	2,200	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo
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	21.78	0.00%	1,650	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
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	874.57	0.04%	8,800	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiaries of Suning Holdings Group	Receive services from related parties	Provision of third party payment service	Market price	Market price	19,018.34	0.97%	121,000	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	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	0.00	0.00%	66,000	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiaries of Suning Holdings Group	Receive services from related parties	Purchase agent insurance products of Suning Financial Services Group, to which insurance company pays agency commission	Market price	Market price	0.00	0.00%	4,950	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
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	1,489.90	0.08%	33,000	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiaries of Suning Holdings Group	Receive services from related parties	Provide promotion services for Suning	Market price	Market price	0.00	0.00%	5,500	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiaries of Suning Holdings Group	Suning Financial Services Group cooperates with Suning to develop financial service of supply	Suning cooperates with Suning Financial Services Group to provide financial services for supply chains. Suning's suppliers, carriers and other eco-circle users apply to Suning Financial Services Group for factoring financing services based on Suning.Com accounts payable.	Market price	Market price	1,073,961.36	54.56%	1,500,000	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
		chains							
Shanghai Suning Financial Service Group Co., Ltd. and its subsidiaries	Subsidiaries of Suning Holdings Group	Suning Financial Services Group cooperates with Suning to develop financial	Suning Financial Services Group provides factoring financing services for Suning and its subsidiaries.	Market price	Market price	267,620.00	13.60%	400,000	2019-102 Announcement on Forecast of Daily Related Transaction from cninfo

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related transaction (tax inclusive, RMB 10,000)	Proportion to the total amount of similar transaction	Approved transaction limit	Disclosure index
		service of supply chains							
Total				--	--	1,968,279.07	--	7,381,420	--
Details of large sales returns				None					
The actual performance of daily related 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 transaction is executed in accordance with the agreement.					
the reason of large differences for Trading price and market reference price				Not applicable					

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

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

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

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

## **(2) Property rental**



Unit: RMB 10,000

Related transaction party	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Price of related transaction	Amount of related 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 transaction	Available market price for similar transaction	Disclosure date	Disclosure index
Suning.Com Plaza Shopping Branch of Chengdu Hongye Real Estate Co., Ltd.	Branches of subsidiaries of Suning Holdings Group	Property leasing and services	Rent 1st to 4th floors of No.8, North Section of Tianfu Avenue in south of Chengdu high tech Zone, covering a total area of about 10,973 m <sup>2</sup> . 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 <sup>2</sup> 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	Market price	The rental expense adopts the method of "base plus commission", and the 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 <sup>2</sup> , i.e. the annual minimum rental expense is RMB 7.84728 million; property service expense is RMB	1,621.85	1.96%	The rental expense is calculated at 3.2% of the store's annual revenue (tax inclusive), but the unit price per square meter is not lower than RMB 70/month;	No	The minimum rental expense is paid in advance quarterly by the way of "pay before usage"; the	-	January 7, 2011	2011-003 Announcement on Related Transaction in Property Leasing from cninfo

		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 RMB 1.70174 million. In September 2018, Sichuan Suning and Suning.Com Plaza Shopping Branch of Chengdu Hongye Real Estate signed a Rent Reduction Agreement, which reduced the minimum rental expense from October 11, 2018 to October 10, 2019 to RMB 7.2195. In August 2019, Sichuan Suning and Suning.Com Plaza Shopping Branch of Chengdu Hongye Real Estate signed a Supplementary Agreement, which reduced the minimum rental expense from October 11,	16.5/m <sup>2</sup> /month. From October 11, 2019 to October 10, 2020, the minimum rental expense is reduced to RMB 7.0722 million.			property service expense is RMB 16.5/m <sup>2</sup> /month	contingent lease payment is settled after the end of each year by means of using before payment.				
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			2019 to October 10, 2020 to RMB 7.0722 million.										
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 <sup>2</sup> 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 transaction price is RMB 1.2/m <sup>2</sup> /day, which increases by 5% on the basis of the previous year every two years from the sixth year	2,173.03	2.63%	32,240.14	No	Pay quarterly	-	March 16, 2011	2011-010 Announcement on Related Transaction for Leasing Properties to Related Parties from cninfo
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 <sup>2</sup> . The lease term is from April 19, 2011 to April 18, 2021. In July 2017, a subsidiary of Suning signed a <i>Rent Reduction Agreement</i> with	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	1,910.38	2.31%	The rental expense is calculated at 3.0% of the store's annual revenue (tax inclusive), but the unit price per square	No	The minimum rental expense is paid in advance quarterly by the way of	-	April 19, 2011	2011-020 Announcement on Related Transaction in Property Leasing from cninfo

		<p>Qingdao Suning Real Estate Co., Ltd. and the minimum rental expense was reduced to RMB 11,853,740 from October 1, 2017 to September 30, 2018. In September 2018, a subsidiary of Suning signed a <i>Rent Reduction Agreement</i> with Qingdao Suning Real Estate Co., Ltd. and the minimum rental expense was reduced to RMB 11,853,740 from October 1, 2018 to September 30, 2019. In December 2018, a subsidiary of Suning signed a Supplementary Agreement with Qingdao Suning Real Estate. Qingdao Suning rented 26,069.8 m<sup>2</sup> 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 the rental expense, and the minimum annual rental expense</p>	<p>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. From October 1, 2019 to September 30, 2020, the rental expense is changed to RMB 10.3958 million.</p>			<p>meter is not lower than RMB 2.5/day</p>	<p>pay before usage; the contingent lease payment is settled after the end of each year by means of using before payment.</p>					
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			is RMB 11.5 million. In August 2019, a subsidiary of Suning signed a <i>Supplementary Agreement</i> with Qingdao Suning Commercial, and the rental expense was changed to RMB 10.3957 million from October 1, 2019 to September 30, 2020.										
Suning Real Estate Group Co., Ltd.	Holding subsidiaries of related shareholders of Suning	Property rental	Rent the 1st to 6th floors of Suning.Com Plaza, 68 Huaihai Road in Nanjing City for store operation. The total building area of the leased property is 18,611 m <sup>2</sup> 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 <sup>2</sup> . From April 1, 2016, the rental area of the store has adjusted to 17,405.09 m <sup>2</sup> , and from December 28, 2016, the rental area of the store is 15,885.09 m <sup>2</sup> . In August 2017, a subsidiary of Suning and Suning Real Estate Group signed a <i>Rent Reduction Agreement</i> , which reduced the store rental	Market price	For the first lease year, the rental expense is RMB 5.5/m <sup>2</sup> /day, which increases by 3% on the basis of the previous year every two years from the third year.	5,009.14	6.06%	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

			expenses from September 28, 2017 to September 27, 2018 to RMB 33,916,160. In August 2018, a subsidiary of Suning and Suning Real Estate Group signed a <i>Rent Reduction Agreement</i> , which reduced the store rental expenses from September 28, 2018 to September 27, 2019 to RMB 34,679,250.										
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.Com Plaza Building, 111 Renmin Middle Road in Wuxi City for store operation, with a lease area of 19,217.40 m <sup>2</sup> 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 <sup>2</sup> from June 30, 2014. In September 2015, a subsidiary of Suning signed a supplementary	Market price	The rental expense is calculated at RMB 3.50/m <sup>2</sup> /day, increasing by 3% every three years starting from the third year; property service expense is RMB 15/month/m <sup>2</sup> .	2,913.37	3.53%	45,831.11	No	Pay quarterly	-	September 28, 2013	2013-043 Announcement on Related Transaction for Leasing Properties to Related Parties from cninfo

			agreement with Wuxi Business Management. As of August 30, 2015, Wuxi Suning withdrew its lease of some leased areas, with a leased area of 18,704.93 m <sup>2</sup> .										
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.Com Plaza, 233 Industrial Road in Fuzhou City for store operation, with a lease area of 16,132 m <sup>2</sup> 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 Property. 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 <sup>2</sup> from July 1, 2015. In May 2015, a subsidiary of Suning signed a property service contract with Fuzhou Suning Property, which is scheduled to provide property services for Suning's stores with a property service area of 9,706.60 m <sup>2</sup> . In July 2017, a	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. The property service price is RMB 15/month/square meter.	922.06	1.12 %	22,969.53	No	Pay quarterly	-	December 25, 2013	2013-063 Announcement on Related Transaction for Leasing Properties to Related Parties from cninfo

		<p>subsidiary of Suning signed a <i>Rent Reduction Agreement</i> with Fuzhou Suning Property. The rental expense from October 1, 2017 to September 30, 2018 was reduced to RMB 8.94084 million, and the property management expenses was reduced to RMB 1.63294 million from August 1, 2017 to April 30, 2018. In April 2018, a subsidiary of Suning signed a <i>Property Service Contract</i> with Fuzhou Suning Property to provide property services for Fuzhou Suning.Com Plaza Store, with a property service area of 13,147.66 square meters, a property service period from May 1, 2018 to April 30, 2019, and property service expenses of RMB 15/square meter/month. In September 2018, a subsidiary of Suning and Fuzhou Suning Property signed a <i>Rent Reduction Agreement</i>, which reduced the store rental expenses from October 1, 2018 to September 30, 2019 to RMB</p>										
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			9,387,900.										
Suqian Suning Property Co., Ltd. Suning.Com Plaza Branch	A branch of Suning Real Estate Group subsidiary	Property rental	Rent the 1st-4th floor of Suqian Suning.Com Plaza, Xingfu Road, and Suqian City for store operation, with a rental area of 10,020 square meters and a rental period from December 28, 2013 to December 27, 2028. In March 2016, a subsidiary of Suning signed a <i>Supplementary Agreement</i> with Suqian Suning Property. Due to business needs, Suning adjusted the rental area of some stores, with the adjusted rental area of 9,297 square meters and the rental period from June 28, 2015 to December 27, 2028. The adjusted rental amount was RMB 78.93209 million. In July 2017, a subsidiary of Suning and Suqian Suning Property signed a <i>Rent Reduction Agreement</i> , which reduced the store rental expenses from September 28, 2017 to September 27, 2018 to RMB 5.11247 million.	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% every two years thereafter.	270.76	0.33 %	10,733.68	No	Pay quarterly	-	January 25, 2014	2014-007 Announcement on Related Transaction for 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 square meters and a rental period from April 26, 2014 to April 25, 2024. A supplementary agreement was signed afterwards, adjusting the rental area to 8,701.2 square meters. In July 2017, a subsidiary of Suning signed a <i>Rent Reduction Agreement</i> with Huai'an Suning Property, and the rental expense was reduced to RMB 5,424,070 from July 26, 2017 to July 25, 2018. In April 2018, a subsidiary of Suning signed a <i>Supplementary Agreement</i> with Huai'an Suning Property. Since March 27, 2018, Suning threw a lease for part of the rental area, with an adjusted rental area of 8,224.20 square meters. In July 2018, a subsidiary of Suning signed a <i>Supplementary Agreement</i> with Huai'an Suning Property. Since July 26, 2018, Suning threw a	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 reduced to RMB 5,613,300.	853.36	1.03 %	9,944.40	No	Pay quarterly	-	April 15, 2014	2014-028 Announcement on Related Transaction for Leasing Properties to Related Parties from cninfo
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			lease for part of the rental area, with an adjusted rental area of 8,152.20 square meters. In October 2019, a subsidiary of Suning signed a <i>Supplementary Agreement</i> with Huai'an Suning Property, and the rental expense was reduced to RMB 5,613,300 from July 26, 2019 to July 25, 2020.										
Suning 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 rental 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 will be reconfirmed according to the prevailing market rent level, but the rent level in the seventh	27,305.20	33.06%	293,828.22	No	Pay quarterly	-	June 30, 2018	2018-076 Announcement on Related Transaction for Leasing Properties to Related Parties from cninfo

				<p>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 reconfirmed according to the market-oriented property expenses level at that time, but the property service expenses level in the seventh year shall not be lower than that in</p>								
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					the first year.								
Suning Applianc e Group Co., Ltd. has 11 subsidiar ies	Subsi diarie s of Sunin g Appli ance Grou p Co., Ltd.	Propert y rental	According to the stipulations in <i>the Rental Contract, the Supplementary Agreement to the Rental Contract</i> and <i>the Property Service Contract</i> , 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 638.7267 million.	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 by 3% from the previous year. Starting from the seventh year, the rent will be reconfirmed according to the prevailing market rent level, but the rent level in the seventh year will not be lower than that in the first year. The period of the property service is from December 1,	39,619. 30	47.97 %	302,80.42	No	Pay quarterl y	-	N ov e m be r 26 , 20 18	CNINF 2018-146 <i>Announc ement on Confirma tion of Renting Propertie s from Related Parties</i>

				<p>2014 to November 30, 2026. The property service expenses in the first year are determined according to the market-oriented property expenses level. From the second year to the sixth year, the property service expenses in each rental year increases by 3% from the previous year. Starting from the seventh year, the property service expenses shall be reconfirmed according to the market-oriented property expenses level at that time, but the property service expenses level in the seventh year shall not be lower than that in the first year.</p>								
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Total	--	--	82,598.45	--	-	--	--	--	--	--
Details of large sales returns	Not applicable									
The actual performance of daily related 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									

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

Unit: RMB 10,000

Related parties	Connected relation	Type of related transaction	Contents of related transaction	Pricing principle for related transaction	Estimated value of transferred assets	Book value of transferred assets	Transfer price	Settlement method of related transaction	Trading gain or loss	Disclosure date	Disclosure index
Suning Smart	Suning Smart	Equity sales	Suning Smart Life, through its 100%	Determined after consensus among	67,272.29	-31,123.97	74,539.42	Cash	After the transaction, Suning CVS will no	October 15,	Announcement

Life Holding Limited	Life is a subsidiary controlled by Mr. Steven Zhang, a related party of Suning.		controlled domestic company Nanjing Yunzhixiang Network Technology Co., Ltd., acquired 100% equity in Suning CVS held by Suning.Com Co., Ltd. for RMB 745.3942 million.	all parties with reference to the appraisal results by a third party asset appraisal agency.					longer be included in the consolidated statement of Suning, and the transaction will exert impact on Suning's financial situation, increasing Suning's net profit for RMB 3.57 billion in 2019.	2018, June 29, 2019	s No. 2018-12 1 and 2019-06 7 from cninfo.
GRANDA GALAXY LIMITED	Subsidiaries of Suning Appliance Group Co., Ltd.	Subscribed for LAOX's shares offered through private placement	In order to support the needs of business development, LAOX plans to carry out private placement to raise funds, offer shares and right of appointment of new shares to strategic investors GRANDA GALAXY LIMITED, a wholly-owned subsidiary of Suning	According to the relevant provisions of the guidelines of the Japan Securities Dealers Association (JSDA) on private placement, when offering shares by way of a third-party rights issue, the subscription price shall, in principle, be not less than	Not applicable	279,691.70	53,689.24	Cash	In view of this private placement of shares and the relevant arrangements for the termination of the <i>Concerted Action Agreement</i> between GRANDA MAGIC, a subsidiary of Suning, and the Japan National Tourism Organization (JNTO), Suning has lost control of LAOX since	June 20, 2019, December 6, 2019	Announcement s No. 2019-05 8 and 2019-11 8 from cninfo.



		Appliance Group Co., Ltd., and GLOBAL WORKER, a wholly-owned subsidiary of Chubun. After the completion of this transaction, LAOX will raise the total of JPY 10,092.645 million (rounded up to RMB 642.4473 million).	90% of the price on the day before the Board of Directors meeting at which LAOX decided to offer new shares (when there is no transaction on the day before, it shall be traced back in sequence).					the completion date of this private placement of shares, so LAOX will no longer be included in the scope of Suning's consolidated statement, and this transaction will lead to Suning's 2019 net loss of RMB 366 million.		
Reason of great difference between transfer price and book value or estimated value			The consideration for the equity transfer of Suning CVS is fully based on comparable market transaction cases and combined with the business scale, market competitiveness and future development planning of Suning CVS. It is assumed that the price-to-sales (P/S) ratio corresponding to the equity transfer of Suning CVS is 0.81 times based on the estimated revenue of the opened stores of Suning CVS in the next 12 months on the benchmark date of the appraisal. The transaction consideration is priced reasonably and there is no damage to the interests of Suning and shareholders.							
Influence on the operating result and financial situation of Suning			<p>1. After the transaction, Suning CVS will no longer be included in the consolidated statement of Suning, and the transaction will exert impact on Suning's financial situation, increasing Suning's net profit for RMB 3.57 billion in 2019.</p> <p>2. In view of this private placement of shares and the relevant arrangements for the termination of <i>the Concerted Action Agreement</i> between GRANDA MAGIC, a subsidiary of Suning, and the Japan National Tourism Organization</p>							

	(JNTO), Suning has lost control of LAOX since the completion date of this private placement of shares, so LAOX will no longer be included in the scope of Suning's consolidated statement, and this transaction will lead to Suning's 2019 net income loss of RMB 366 million.
Performance fulfillment in the reporting period if performance agreement is involved in related transaction	Not applicable

### 3. Related transaction of joint foreign investment

Unit: USD 10,000

Co-investor	Connected relation	Name of company invested	Main business of company invested	Registered capital of company invested	Total assets of company invested	Net assets of company invested	Net income of company invested
Taobao China Holding Limited 、 Treasure Cottage Limited	Ultimate holding company of institutional shareholders holding more than 5% of Suning's shares and its subsidiaries	iKang Healthcare Group, Inc.	Health management institutions for physical examination and medical treatment services	60	89,355.30	38,553.40	2,287.00

The progress of major projects under construction of company invested	Subsidiaries Suning International Group Co., Ltd. (hereinafter referred to as "Suning International"), Taobao China Holding Limited and Treasure Cottage Limited have completed their capital contribution. For details, please refer to Suning's No. 2019-007 <i>Announcement on Joint Investment with Related Parties</i> . The financial statement data as of September 30, 2018 for iKang Healthcare Group, Inc.
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Unit: RMB 10,000

Co-investor	Connected relation	Name of company invested	Main business of company invested	Registered capital of company invested	Total assets of company invested	Net assets of company invested	Net income of company invested
Great Matrix Limited、Great Momentum Limited	A company controlled by the son of Mr. Zhang Jindong, the actual controller and controlling shareholder of Suning.	Suning Smart Life Holding Limited	CVS chain operation	523,215.00	1,187,319.2	322,584.2	-201,741.0
The progress of major projects under construction of company invested	Suning Smart Life shareholders Great Matrix, Suning International and Great Momentum have completed their capital contributions. For details, please refer to Suning's No. 2019-067 <i>Announcement on Completion of Equity Transfer of Suning Subsidiary</i> .						

#### 4. Related credits and debts

Whether there was any non-operating related credit and debt

☐ Yes ☒ No

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

#### 5. Other significant related transaction

##### (1) Trademark License Agreement

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

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

Suning Appliance Group Co., Ltd. paid trademark license expenses of RMB 2 million in 2019 in the reporting period.

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

Suning Holdings Group paid trademark license expenses of RMB 2 million in 2019 in the reporting period.

## (2) Trademark assignment

On April 22, 2016, the 2015 annual shareholders' meeting of Suning deliberated and passed the *Proposal on Related Transaction on Partial Trademark Assignment and Use License*. Suning signed the *Trademark Assignment Agreement* with Suning Real Estate Group, and Suning transferred to Suning Real Estate Group the exclusive right to use some registered trademarks (hereinafter referred to as "transferred trademarks") within its non-main business scope. The transfer price is RMB 36.0192 million, and within 15 working days after the agreement is signed, Suning collected RMB 10 million from Suning Real Estate Group. Within 15 working days after both parties received all the trademark transfer approval notices issued by the Trademark Office, Suning collected the balance of RMB 26.0192 million from Suning Real Estate Group.

As of the end of the reporting period, Suning has completed the transfer of some trademarks, and both parties of the remaining trademarks to be transferred are carrying out relevant procedures according to the requirements of the Trademark Office. According to the agreement, the balance of this trademark transfer will be paid after the completion of the transfer.

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

Title of announcement	Disclosure date	Disclosure website
<i>Announcement on Related Transaction on Trademark Use License</i>	February 29, 2008	cninfo
Announcement on the Resolutions of Annual Shareholders' Meeting of 2007	March 21, 2008	cninfo
<i>Announcement on Related Transaction on Trademark Use License</i>	February 28, 2009	cninfo
Announcement on the Resolutions of Annual Shareholders' Meeting of 2008	April 1, 2009	cninfo
<i>Announcement on Related Transaction on Partial Trademark Assignment and Use License</i>	March 31, 2016	cninfo
Announcement on the Resolutions of Annual Shareholders' Meeting of 2015	April 22, 2016	cninfo

## XVII. Major Contracts and Their Performance

### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

☐ Applicable ☒ Not applicable

#### (2) Contracting

☐ Applicable ☒ Not applicable

#### (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	10,159.43	2018/12/14	10,159.43	Joint liability guarantee	2018/12/14-2019/11/25	Yes	Yes

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
Shanghai Suning Financial Service Group Co., Ltd.	2019/9/28	22,545.00	2019/5/23	22,545.00	Joint liability guarantee	2019/5/23-2019/11/22	Yes	Yes
Shanghai Suning Financial Service Group Co., Ltd.	2019/9/28	100,000.00	2019/6/28	100,000.00	Joint liability guarantee	2019/6/28-2022/6/28	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	No	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	No	Yes
Shanghai	2019/9/28	74,390.09	2019/9/22	74,390.09	Joint	2019/9/27	No	Yes

Suning Financial Service Group Co., Ltd.					liability guaran tee	-2022/9/23		
Suning Commercial Factoring Co., Ltd.	2019/9/28	2,505.00	2018/10/26	2,505.00	Joint liability guaran tee	2018/10/26-2019/10/25	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	2,505.00	2018/10/31	2,505.00	Joint liability guaran tee	2018/10/31-2019/10/30	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	2,505.00	2018/11/2	2,505.00	Joint liability guaran tee	2018/11/2-2019/11/1	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	2,505.00	2018/11/7	2,505.00	Joint liability guaran tee	2018/11/7-2019/11/7	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	2,505.00	2018/11/16	2,505.00	Joint liability guaran tee	2018/11/16-2019/11/15	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	2,505.00	2018/11/21	2,505.00	Joint liability guaran tee	2018/11/21-2019/11/21	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	2,505.00	2018/11/23	2,505.00	Joint liability guaran tee	2018/11/23-2019/11/22	Yes	Yes
Suning Commercial Factoring Co.,	2019/9/28	2,505.00	2018/11/28	2,505.00	Joint liability guaran	2018/11/28-2019/11/28	Yes	Yes



Ltd.					tee			
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	No	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	5,010.00	2019/2/19	5,010.00	Joint liability guarantee	2019/2/19-2020/2/18	No	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	25,050.00	2019/5/10	25,050.00	Joint liability guarantee	2019/5/10-2019/12/31	Yes	Yes
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	No	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	25,050.00	2019/5/30	25,050.00	Joint liability guarantee	2019/5/30-2019/11/30	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	No	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	No	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	1,503.00	2019/7/19	1,503.00	Joint liability guarantee	2019/7/19-2019/11/7	Yes	Yes
Suning Commercial	2019/9/28	1,702.74	2019/7/19	1,702.74	Joint liability	2019/7/19-2019/11/1	Yes	Yes

Factoring Co., Ltd.					guarantee	1		
Suning Commercial Factoring Co., Ltd.	2019/9/28	2,505.00	2019/7/19	2,505.00	Joint liability guarantee	2019/7/19-2019/11/7	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	2,505.66	2019/7/19	2,505.66	Joint liability guarantee	2019/7/19-2019/11/8	Yes	Yes
Suning Commercial Factoring Co., Ltd.	2019/9/28	1,803.60	2019/7/26	1,803.60	Joint liability guarantee	2019/7/26-2019/11/20	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	No	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	No	Yes
Total external guarantee limit approved within the reporting period (A1)		563,862.19		Total actual external guarantee limit approved within the reporting period (A2)		563,862.19		
Total external guarantee limit approved at the end of reporting period (A3)		563,862.19		Total actual external guarantee limit approved at the end of reporting period (A4)		450,997.76		
Suning's guarantee to its subsidiaries								
Guaranteed party	Disclosure date for announcement related	Guarantee limit	Actual date of occurrence	Actual amount guaranteed	Guarantee type	Guarantee period	Completed or	Guarantee for

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

Electronic Commerce Co., Ltd.		0			guarantee	2019/9/2		
Suning International Group Co., Ltd.	2018/12/13	100,000.00	2018/12/14	51,934.75	Joint liability guarantee	2018/12/14-2019/3/14	Yes	No
Suning International Group Co., Ltd.	2019/8/16	421,608.00	2019/9/20	247,555.00	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	70,680.00	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	35,381.00	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	100,000.00	Joint liability guarantee	2019/10/21-2024/9/26	No	No
Hong Kong Suning.Com, Hong Kong Suning Procurement	2019/9/23	55,000.00	2019/9/26	10,378.41	Joint liability guarantee	2019/9/26-2020/9/30	No	No
Suning International Group Co.,	2019/9/27	120,000.00	2019/9/26	120,000.00	Joint liability guaran	2019/9/26-2022/9/25	No	No

Ltd.					tee			
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	No	No
Total guarantee limit for subsidiaries approved within the reporting period (B1)		1,058,608.00		Total amount guaranteed provided on behalf of subsidiaries and actually incurred during the reporting period (B2)		1,046,674.96		
Total guarantee limits provided on behalf of subsidiaries approved at the end of the reporting period (B3)		1,258,608.00		Total amount of subsidiary guarantee actually incurred as at the end of the reporting period (B4)		945,994.41		
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
-	-	-	-	-	-	-	-	-
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		0		Total amount of subsidiary guarantee		0		

subsidiaries approved at the end of the reporting period (C3)		actually incurred as at the end of the reporting period (C4)	
Total amount guaranteed by Suning (sum of the aforesaid three categories)			
Total guarantee limit approved within the reporting period (A1+B1+C1)	1,622,470.19	Total actual guarantee amount incurred within the reporting period (A2+B2+C2)	1,610,537.15
Total guarantee limit approved at the end of the reporting period (A3+B3+C3)	1,822,470.19	Total actual balance of guarantee at the end of reporting period (A4+B4+C4)	1,396,992.17
Proportion of actual total amount guaranteed (namely A4+B4+C4) accounting for net assets of Suning		15.89%	
Including:			
The balance of guarantee for the shareholders, actual controllers and related parties (D)		450,997.76	
The balance of guarantee directly or indirectly provided for the guaranteed party whose asset-liability ratio is more than 70% (E)		82,877.89	
The amount with total amount guaranteed more than 50% of net assets (F)		0	
Total amount guaranteed of three items above (D+E+F)		450,997.76	
Explanation on undue guarantee that has guarantee liability occurred or possible of undertaking joint liability for satisfaction in the reporting period (if any)		None	
Explanation on providing external guarantee in violation of specified procedures (if any)		None	

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

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

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

### (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

The 38th meeting of the 6th Board of Directors deliberated and the 2018 annual shareholders' meeting passed *the Proposal on Investment and Financial Management with Own Funds*, agreeing that Suning should use its own funds of not more than RMB 18 billion (inclusive) for investment and financial management on the premise of ensuring daily capital demand and capital safety. Within this limit, the funds can be used in a rolling way, i.e. the amount of Suning's external investment and financial management at any one time should not exceed RMB 18 billion (inclusive).

*The Proposal on Buying Financial Products with Idle Raised Funds* was deliberated and passed on the 38th meeting of the 6th Board of Directors and in resolution of 2018 shareholders' meeting, 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 10 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 10 billion (including).

The 24th meeting of the 6th Board of Directors of Suning deliberated and passed *the Proposal on Investment in Money Market Funds with Own Funds*, agreeing that Suning should use its own funds to invest in money market funds in a scale not exceeding RMB 5 billion (inclusive) under the condition of meeting its daily capital needs.

The 33rd meeting of the 6th Board of Directors of Suning deliberated and adopted *the Proposal on Increasing the Amount of Venture Capital Using Its Own Funds* at the 7th extraordinary shareholders' meeting in 2018. Suning's use of its own funds increased from the original amount of

not more than RMB 5 billion to not more than RMB 15 billion (inclusive) or the equivalent in US dollars.

### Overview of Entrusted Financial Management in the Reporting Period

Unit: RMB 10,000

Specific type	Sources of funds for entrusted financial management	Amount of entrusted financial management	Undue balance	Overdue amount
Bank financial products	Self-owned funds and raised funds	681,223.77	518,216.20	0
Trust financial products	Self-owned funds	30,000.00	0	0
Financial products of securities companies	Self-owned funds and raised funds	89,801.90	63,483.42	0
Others	Self-owned funds	120,102.74	21,010.00	0
Total		921,128.41	602,709.62	0

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

2. The outstanding balance refers to the total unexpired 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	Sources of funds	Starting and ending dates	Ending date	Funds investment	Remuneration determination way	Reference annual yield rate	Prospective yield (if there are)	Actual amount of gain or loss in the reporting period	Actual recovery of gain or loss in the reporting period	Amount of withdrawal of impairment provision	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	63,483.42 (Note)	Self-owned funds	2019/9/25	2020/9/25	Credit instruments	Floating income	6.00 %	None	0	0	0	Yes	Not applicable	Not applicable
Total			63,483.42	--	--	--	--	--	--	--	0	--	0	--	--	--

Note: As of December 31, 2019, Suning purchased CSI Global Markets Limited's wealth management products with idle self-owned capital of USD 91 million, which was converted into RMB 634.8342 million at the exchange rate of USD 1 to RMB 6.9762 on December 31, 2019.

Circumstance may occur that entrusted financial management is not expected to recover the principal or there are 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. Other significant contracts

☐ Applicable ☒ Not applicable

There is no other significant contract in the reporting period.

### XVIII. Social Responsibility

#### 1. Fulfillment of social responsibility

According to the development strategy of the enterprise, brand reputation, industry influence, talent construction and the expectations of all stakeholders, Suning takes “sunshine mission” as the core, implements the responsibility concept and responsibility practice. Adhering to the principle that “Service is the sole product of Suning”, Suning continues to enhance its business ability, develop with its employees and partners in a win-win way, and realize environmental friendliness while contributing value to the society.

For details, please refer to the full text of Corporate Social Responsibility Report 2019 disclosed by cninfo on April 18, 2020.

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

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

Focusing on the goal of “focusing on rural revitalization and focusing on targeted poverty alleviation”, Suning continues to promote targeted poverty alleviation, adopts the mode of “combination of blood transfusion and hematopoiesis, online and offline linkage” to carry out systematic management and systematic promotion of poverty alleviation work, improve measures, strengthen implementation, innovate mechanism and deepen continuously, so as to gradually transform diversified resource advantages of poor areas into industrial advantages, economic advantages and late-mover advantage, by summarizing experience, consolidating achievements, overcoming difficulties, developing innovation, build “agricultural industrialization, brand of agricultural products, and specialization of farmers”, and through “industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, and donation poverty alleviation”, we can make new achievements in the work of industrial poverty alleviation, and finally realize “investment in the local area, tax payment in the local area, employment in the local area, service in the local area and benefit in the local area”.

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

###### ■ 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.

■ Linkage of the whole industry to expand the upstream channel of agricultural products

As the main carrier of targeted poverty alleviation of Suning, relying on Suning's unique O2O channel advantages, Pavilion with Chinese characteristics breaks regional restrictions and enables more agricultural products to go to the country through Internet channels.

At the end of 2019, Suning.Com launched Suning Group Purchase village, which aims to build a C2M agricultural production base throughout the rural market. On the one hand, it goes deep into the source of the supply chain, integrates the supply chain, guides the production and marketing strategies, and establishes the most direct cooperative relationship with farmers. On the other hand, it also guides farmers' production through big data of Suning platform, enters the grassroots for e-commerce training, and helps to build a better countryside, increase confidence in agricultural production and increase farmers' income.

■ Farmers' mobile phone application skills training to promote the cultivation of rural e-commerce industry talents

In order to solve the problem of the construction of e-commerce talent training mechanism in rural areas, especially in poverty-stricken areas and counties, a rural e-commerce college was established. Rural e-commerce college makes full use of the online and offline O2O integration of e-commerce talent training mode, carries out online platform live broadcast through mobile third-party live broadcast software, and trains the rural e-commerce merchant operation team and agent operators. Since the establishment of Suning rural e-commerce college, more than 1000 rural e-commerce talent trainings have been held nationwide.

At the same time, based on the training shop, extensive online and offline open-ended training is carried out to achieve long-term "wisdom support". Focusing on the characteristics of industrial development in poverty-stricken areas, focusing on the poor people and low-income groups for whom files and cards are set up, various types of e-commerce training are held irregularly.

In addition, in September 2019, it joined the "leading geese program for rural revitalization" jointly promoted by China Charity Alliance, department of sociology, Tsinghua university, China social entrepreneur foundation and other departments, aiming to discover and cultivate a group of new backbone farmers who understand agriculture, love rural areas and love farmers, and have completed multiple training courses.

■ Promotion of agricultural products to help farmers harvest festival

In combination with the harvest festival of Chinese farmers, Suning launched the harvest season marketing activity of "labor is the most glorious - carnival for harvest", provided resources and flow for large-scale promotion of agricultural products in poor areas, arranged live broadcast and theme sales activities, and jointly created a featured theme shopping festival, which not only helped the sales of agricultural products, but also made more users feel the joy of the harvest festival.

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

Suning logistics network covers the whole country. The county and town markets set up Suning Helper county service center, effectively opening the last kilometer of rural county and town market services. Suning Finance helps rural areas obtain financial support, provides loan support to farmers, cooperatives and young entrepreneurs who meet the conditions and requirements in poor areas, and helps more poor households improve their lives and create businesses.

### (3) Performance of targeted poverty alleviation

Indicator	Measurement unit	Quantity / development status
I. General Condition	—	—
Including: 1. Fund	RMB 10,000	701.28
2. Materials converted into cash	RMB 10,000	
3. Number of registered workers overcoming poverty with help	Person	
II. Items	—	—
1. Shaking off poverty on industry development	—	—
Including: 1.1 Types of poverty alleviation projects for industrial development	—	Poverty alleviation by E-commerce
1.2 Number of poverty alleviation projects for industrial development	Nos.	
1.3 Investment amount of poverty alleviation project for industrial development	RMB 10,000	
1.4. Number of registered workers overcoming poverty with help	Person	
2. Shaking off poverty on transfer employment	—	—
Including: 2.1 Investment amount of vocational skill training	RMB 10,000	

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

Indicator	Measurement unit	Quantity / development status
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	571
9. Other items	——	——
Including: 9.1. Project number	Nos.	
9.2 Investment amount	RMB 10,000	130.28
9.3. Number of registered workers overcoming poverty with help	Person	
III, Awards (content, level)	——	——
Typical case of network poverty alleviation in 2019 - Suning.Com Collective base and Pingping farm project		Office of Central Cyberspace Affairs Commission, 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 precision poverty alleviation,

laying a solid foundation for further promoting rural revitalization. As the undertaking, transformation and upgrading of national poverty alleviation, rural revitalization has become the ambition of the Company's public welfare strategy in the new decade. In the future, Suning will fully base itself on social needs, rely on its own advantages in channels and flow of intelligent retail, take "rural revitalization and industrial enrichment" as the theme, take "Suning Retail Cloud, Suning Village, Chinese specialty stores" as the basic platform, inject Suning's own internal and external resources such as retail, finance, logistics, science and technology, public welfare, etc. around the areas of rural empowerment, employment support, Internet poverty alleviation, etc., and unite with social forces to promote the upgrading of rural industries and the development of rural service industry, to provide more support for returning rural youth and local rural youth to start their own businesses and obtain employment, to help in-depth promotion of rural revitalization, and to contribute to the building of a moderately prosperous society in an all-round way.

### 3. Conditions related to environment protection

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

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, 2019, 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	Disclosure website
<i>Proposal on Participating in</i>	2019/1/15	Announcement No. 2019-005 <i>Announcement on Resolution of the 36th Meeting of the 6th Board of Directors</i> , No. 2019-006 <i>Announcement on Subsidiaries</i>



Proposal name	Disclosure date	Disclosure website
<i>Investment Funds</i>		<i>Participating in Investment Funds</i> and No. 2019-007 <i>Announcement on Joint Investment with Related Parties</i> from cninfo
<i>Proposal on Investment in the Establishment of Logistics Real Estate Funds</i>	2019/5/11	Announcement No. 2019-048 <i>Announcement on Resolution of the 41st Meeting of the 6th Board of Directors</i> and No. 2019-049 <i>Announcement on Investment in the Establishment of Logistics Real Estate Funds</i> from cninfo
<i>Proposal on Joint Capital Increase with Related Parties</i>	2019/5/18	Announcement No. 2019-051 <i>Announcement on Resolution of the 42nd Meeting of the 6th Board of Directors</i> and No. 2019-052 <i>Announcement on Joint Capital Increase with Related Parties</i> from cninfo
<i>Proposal on Introduction of Strategic Investors and Related Transactions into LAOX, an Overseas Subsidiary</i>	2019/6/20	Announcement No. 2019-057 <i>Announcement on Resolution of the 43rd Meeting of the 6th Board of Directors</i> and No. 2019-058 <i>Announcement on Introduction of Strategic Investors and Related Transactions into LAOX, an Overseas Subsidiary</i> from cninfo
<i>Proposal on Cash Acquisition of 80% Shares in Carrefour China Holdings N.V. (Carrefour China)</i>	2019/6/24	Announcement No. 2019-059 <i>Announcement on Resolution of the 44th Meeting of the 6th Board of Directors</i> and No. 2019-060 <i>Announcement on Cash Acquisition of 80% Shares in Carrefour China Holdings N.V. (Carrefour China)</i> from cninfo

## 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	3,473,861,387	37.31%				-1,939,011,005	-1,939,011,005	1,534,850,382	16.49%
1. State holding									
2. State-owned corporate holding									
3. Others domestic capital holding	3,473,861,387	37.31%				-1,939,011,005	-1,939,011,005	1,534,850,382	16.49%
Including: Domestic corporate holding	2,000,067,379	21.48%				-1,939,011,005	-1,939,011,005	61,056,374	0.66%
Domestic natural person holding	1,473,794,008	15.83%				-	-	1,473,794,008	15.83%
4. Foreign capital holding									
Including: Foreign corporate holding									
Foreign natural									

person holding									
II. Unrestricted shares	5,836,178,268	62.69%				1,939,011,005	1,939,011,005	7,775,189,273	83.51%
1. RMB common shares	5,836,178,268	62.69%				1,939,011,005	1,939,011,005	7,775,189,273	83.51%
2. Foreign share listed domestically									
3. Foreign share listed overseas									
4. Others									
III. Total number of shares	9,310,039,655	100.00%				-	-	9,310,039,655	100.00%

## (1) Reason for equity change

① During the reporting period, Suning Holdings Group Co., Ltd. transfers 61,056,374 shares held in the 2014 Employee Stock Ownership Plan to Suning Appliance Group Co., Ltd. by block trade, accounting for 0.66% of the total issued capital of the Company. Suning Holdings Group committed not to reduce the additional shares hereby within 36 months since January 18, 2019. (Refer to Announcement No. 2019-010 for more details)

② According to ZJXK [2016] No. 418 *Reply on Approval of Private Offering of Shares of Suning Commerce Group Co., Ltd.* Issued by China Securities Regulatory Commission (CSRC), on May 20, 2016, Suning privately issued RMB common shares to specific targets Taobao (China) Software Co., Ltd. (hereinafter referred to as "Taobao China") and Phase II Employee Stock Ownership Plan of Suning.Com Co., Ltd. (hereinafter referred to as "Phase II Employee Stock Ownership Plan"), Taobao China subscribed for 1,861,076,927 shares, and Phase II Employee Stock Ownership Plan subscribed for 65,919,578 shares. The restricted sale of the above shares was lifted from June 6, 2019. (Refer to Announcement No. 2019-053 for more details)

③ Phase III Employee Stock Ownership Plan of Suning.Com Co., Ltd. holds 73,070,874 shares of the Company. According to the relevant regulations of the *Guidance on the Pilot Implementation of Employee Stock Ownership Plan in Listed Companies* issued by CSRC and the *Phase III Employee Stock Ownership Plan (Draft)* of the Company, the lock-up period of the Employee Stock Ownership Plan expired on June 28, 2019. (Refer to Announcement No. 2019-068 for more details)

## (2) Approval for equity change

☐ Applicable ☒ Not applicable

## (3) Transfer of equity change

☐ Applicable ☒ Not applicable

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

① On January 24, 2019, the 37th meeting of the 6th Board of Directors of Suning approved the *Proposal on Amending the Plan on Repurchasing Part of Public Shares* (Announcement No. 2019-013). 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 500 million (including) and not more than RMB 1 billion (including), and the repurchase price no more than RMB 15/share (including). The Company implemented and completed the share repurchase hereby on August 12, 2019, and repurchased 84,006,415 shares in cumulation by special security account for repurchase in the form of collective trading through bidding, accounting for 0.90% of the Company's total issued capital. The highest transaction price was RMB 14.60 per share and the lowest transaction price was RMB 9.94 per share, with the total amount paid of RMB 998.5955 million (excluding transaction costs). The shares repurchased are used for the employee stock ownership plan or stock-based compensation.

② 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 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), and the repurchase price no more than RMB 15/share (including). The shares repurchased are used for the employee stock ownership plan or stock-based compensation.

As of December 31, 2019, the total number of shares repurchased by the Company was 29,703,906, accounting for 0.32% of the Company's total issued capital. The highest transaction price was RMB 10.79 per share and the lowest transaction price was RMB 9.90 per share. The total amount paid was RMB 309.842 million (excluding transaction costs).

As of March 31, 2020, the total number of shares repurchased by the Company was 34,703,906, accounting for 0.37% of the Company's total issued capital. The highest transaction price was RMB 10.79 per share and the lowest transaction price was RMB 9.00 per share. The total amount paid was RMB 354.842 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

Shareholder's name	Shares subject to the restrictions on sales at the beginning of the period	Shares released from restrictions on sales in the current period	Shares subject to the restrictions on sales increased in the current period	Shares subject to the restrictions on sales at the end of the period	Restriction reasons	Date of release from the restrictions

Shareholder's name	Shares subject to the restrictions on sales at the beginning of the period	Shares released from restrictions on sales in the current period	Shares subject to the restrictions on sales increased in the current period	Shares subject to the restrictions on sales at the end of the period	Restriction reasons	Date of release from the restrictions
Taobao (China) Software Co., Ltd.	1,861,076,927	1,861,076,927	-	-	Subscribe the Company's private offering shares with the lock-up period reaching 36 months since the first date of shares listing on exchanges (June 6, 2016).	June 6, 2019
Employee Stock Ownership Plan for Phase II Employees of Suning.Com Co., Ltd.	65,919,578	65,919,578	-	-	Subscribe the Company's private offering shares with the lock-up period reaching 36 months since the first date of shares listing on exchanges (June 6, 2016).	June 6, 2019
Employee Stock Ownership Plan for Phase III Employees of Suning.Com Co., Ltd.	73,070,874	73,070,874	-	-	As per the Phase III Employee Stock Ownership Plan (Draft), the lock-up period of underlying stocks acquired by non-transaction transfer of the Employee Stock Ownership Plan is 12 months.	June 29, 2019
Suning Holdings Group Co., Ltd.	-	-	61,056,374	61,056,374	Suning transferred the 2014 Employee Stock Ownership Plan of	January 18, 2022

Shareholder's name	Shares subject to the restrictions on sales at the beginning of the period	Shares released from restrictions on sales in the current period	Shares subject to the restrictions on sales increased in the current period	Shares subject to the restrictions on sales at the end of the period	Restriction reasons	Date of release from the restrictions
					Suning.Com Co., Ltd. through block trading, and Suning Holdings Group promised not to reduce the increased shares within 36 months from January 18, 2019.	
Zhang Jindong	1,463,858,572	-	-	1,463,858,572	Locked up shares by senior management	-
Sun Weimin	3,452,252	-	-	3,452,252	Locked up shares by senior management	-
Ren Jun	3,447,223	-	-	3,447,223	Locked up shares by senior management	-
Meng Xiangsheng	3,035,961	-	-	3,035,961	Locked up shares by senior management	-
Total	3,473,861,387	2,000,067,379	61,056,374	1,534,850,382	--	--

## 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 staff 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	335, 095	Total number of common shareholders at the end of one month prior to the issuing date of the annual report	345,686	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								
Shareholder s' name	Nature of shareholder	Shareholding 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
Suning Appliance Group Co., Ltd.	Domestic non-state-owned legal person	19.99%	1,861,076,979	-	-	1,861,076,979	Pledge	730,000,000
Taobao (China) Software Co., Ltd.	Domestic non-state-owned legal person	19.99%	1,861,076,927	-	-	1,861,076,927	-	-
Suning Holdings Group Co., Ltd.	Domestic non-state-owned legal person	3.98%	370,786,925	61,056,374	61,056,374	309,730,551	-	-
Chen Jinfeng	Domestic natural person	1.98%	184,127,709	-	-	184,127,709	Pledge	131,000,000
Hong Kong Securities	Overseas legal	1.44%	134,222,51	70,832,9	-	134,222,5	-	-

Clearing Company Ltd.	person		2	28		12		
Jin Ming	Domestic natural person	1.34%	125,001,165	-	-	125,001,165	Pledge	100,810,000
Central Huijin Asset Management Co., Ltd.	State-owned legal-person	0.79%	73,231,900	-	-	73,231,900	-	-
Employee Stock Ownership Plan for Phase III Employees of Suning.Com Co., Ltd.	Others	0.78%	73,070,874	-	-	73,070,874	-	-
Employee Stock Ownership Plan for Phase II Employees of Suning.Com Co., Ltd.	Others	0.71%	65,919,578	-	-	65,919,578	-	-
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	<p>1. Mr. Zhang Jindong, Mr. Zhang Kangyang and Nanjing Runxian Enterprise Management Center (limited partnership) respectively hold 51%, 39% and 10% equity in Suning Holdings Group Co., Ltd. Mr. Zhang Kangyang is the child of Mr. Zhang Jindong, and Mr. Zhang Jindong and Suning Holdings Group Co., Ltd. form persons acting in concert relationship.</p> <p>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 and do not constitute the actual controller;</p> <p>3. Suning Appliance Group Co., Ltd. holds a total of 1,861,076,979 shares, accounting for 19.99% of the Company's total issued capital. Suning Appliance Group Co., Ltd. holds 89,009,599 shares of the Company, accounting for 0.96% of the total issued capital of the Company through the "Tibet Trust Corporation Limited - Tibet Trust - Shunjing 34 Collective Funds Trust Plan"; holds 85,979,961 shares of the Company, accounting for 0.92% of the total issued capital of the Company through the "Tibet Trust Corporation Limited - Tibet Trust - Levo 6 Collective Funds Trust Plan"; holds 83,489,598 shares of the Company, accounting for 0.90% of the total issued capital of the Company through the "Tibet Trust Corporation Limited - Tibet Trust - Shunjing 53 Collective Funds Trust Plan";</p>							



	holds 38,160,122 shares of the Company, accounting for 0.41% of the total issued capital of the Company through the "Tibet Trust Corporation Limited - Tibet Trust - Levo 10 Collective Funds Trust Plan".  In addition to the above-mentioned relationships, it is unknown whether there are other relationships between the top 10 major shareholders of the Company and the top 10 shareholders with unlimited selling conditions, and whether there are any persons acting in concert stipulated in the <i>Measures for the Administration of the Takeover of Listed Companies</i> .		
Shareholding of top 10 shareholders not subject to restrictions on sales			
Shareholders' name	Number of held shares without restriction for sale at the end ofthe reporting period	Share type	
		Share type	Quantity
Suning Appliance Group Co., Ltd.	1,861,076,979	RMB common shares	1,861,076,979
Taobao (China) Software Co., Ltd.	1,861,076,927	RMB common shares	1,861,076,927
Zhang Jindong	487,952,858	RMB common shares	487,952,858
Suning Holdings Group Co., Ltd.	309,730,551	RMB common shares	309,730,551
Chen Jinfeng	184,127,709	RMB common shares	184,127,709
Hong Kong Securities Clearing Company Ltd.	134,222,512	RMB common shares	134,222,512
Jin Ming	125,001,165	RMB common shares	125,001,165
Central Huijin Asset Management Co., Ltd.	73,231,900	RMB common shares	73,231,900
Employee Stock Ownership Plan for Phase III Employees of Suning.Com Co., Ltd.	73,070,874	RMB common shares	73,070,874
Employee Stock Ownership Plan for Phase II Employees of Suning.Com Co., Ltd.	65,919,578	RMB common shares	65,919,578
Relations or acts in concert among top ten shareholders holding shares without restriction for sale and between them and top ten shareholders	Refer to “Particulars about connected relation or concerted action among the shareholders mentioned above” for details.		
Explanation for the top	None		

10 shareholders participating in the margin trading business (if any)	
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Are there transactions under repurchase agreement for the Company's top 10 shareholders of common shares and the top 10 shareholders of unrestricted common shares in the reporting period?

☐ Yes ☒ No

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

## 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 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.		

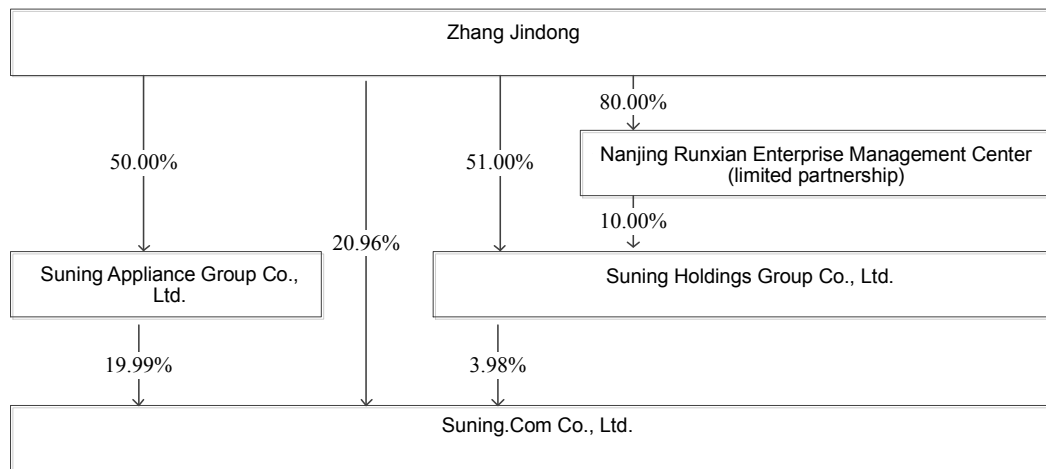
Information on domestic and overseas listed companies that have held shares in the past 10 years	None
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Change of actual controller in the reporting period

☐ 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., Ltd.	Zhang Yong	December 7, 2004	USD 375 million	Research and development of computer software and hardware, network technology products, multimedia products; design, 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	Bu Yang	November 24,	RMB 1,714.2	Manufacturing, sales and after-sales service of household appliances and accessories;

Group Co., Ltd.		1999	9 million	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; swimming; telecommunications services. (Operating activities can only be carried out after approval by relevant departments for projects subject to approval according to laws.)
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**5. Restriction and reduction of state-owned shares by controlling shareholders, actual controllers, regrouping parties and other promisers**

☐ 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)	Shareholding decreased in the current period (share)	Other increase or decrease (share)	Shareholding at the end of the period (share)
Zhang Jindong	Chairman	Incumbent	Male	57	June 12, 2004	March 8, 2023	1,951,811,430	-	-	-	1,951,811,430
Sun Weimin	Director, Vice chairman	Incumbent	Male	57	June 12, 2004	March 8, 2023	4,603,003	-	-	-	4,603,003
Ren Jun	Director	Incumbent	Male	43	June 12, 2004	March 8, 2023	4,596,297	-	-	-	4,596,297
Meng Xiangsheng	Director, Senior Vice President	Incumbent	Male	48	December 22, 2004	March 8, 2023	4,047,949	-	-	-	4,047,949
Yang Guang	Director	Incumbent	Male	43	March 2, 2017	March 8, 2023	-	-	-	-	-
Xu Hong	Director	Incumbent	Male	47	May 8, 2019	March 8, 2023	-	-	-	-	-
Liu Shiping	Independent director	Incumbent	Female	52	March 2, 2017	March 8, 2023	-	-	-	-	-
Fang Xianming	Independent director	Incumbent	Male	51	March 2, 2017	March 8, 2023	-	-	-	-	-
Chen Zhenyu	Independent director	Appointment	Male	42	March 9, 2020	March 8, 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)
Wang Xiaoling	Chairman of the Board of Supervisors	Incumbent	Female	47	July 13, 2007	March 8, 2023	-	-	-	-	-
Li Jianying	Supervisor	Incumbent	Female	52	June 12, 2004	March 8, 2023	-	-	-	-	-
Hua Zhisong	Supervisor	Incumbent	Male	39	December 16, 2013	March 8, 2023	-	-	-	-	-
Hou Enlong	President of business line	Incumbent	Male	52	March 2, 2017	March 8, 2023	-	-	-	-	-
Yao Kai	President of business line	Appointment	Male	45	March 9, 2020	March 8, 2023	-	-	-	-	-
Tian Rui	Vice President	Incumbent	Male	45	March 2, 2017	March 8, 2023	-	-	-	-	-
Gu Wei	Vice President	Incumbent	Male	41	March 2, 2017	March 8, 2023	-	-	-	-	-
Gong Zhenyu	Vice President	Appointment	Male	49	March 9, 2020	March 8, 2023	-	-	-	-	-
Huang Wei	Financial director	Appointment	Female	37	March 9, 2020	March 8, 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)
Huang Wei	Secretary general of the executive committee and secretary of the Board of Directors	Incumbent	Female	37	March 2, 2017	March 8, 2023	-	-	-	-	-
Zhang Yu	Director	Former	Female	48	March 2, 2017	March 28, 2019	-	-	-	-	-
Shen Houcai	Independent director	Former	Male	56	December 16, 2013	March 9, 2020	-	-	-	-	-
Xiao Zhongxiang	Financial director	Former	Male	49	December 16, 2013	March 9, 2020	-	-	-	-	-
Huang Jinlao	President of business line	Former	Male	48	March 2, 2017	March 9, 2020	-	-	-	-	-
Total							1,965,058,679	-	-	-	1,965,058,679

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

Note 2: The Company convened the 38th meeting of the 6th Board of Directors on March 28, 2019 to approve the *Proposal on the Replacement of Directors*. Ms. Zhang Yu, a director of the Company, resigned as a director of the Company due to the adjustment of her duties within Alibaba Group. According to the relevant provisions of the *Company Law*, the *Guidelines for the Standard Operation of Companies Listed on the Small- and Medium-sized Enterprise Board of Shenzhen Stock Exchange* and

the *Articles of Association*, the resignation of Ms. Zhang Yu from the Board of Directors did not result in the number of members of the Company's Board of Directors being lower than the quorum. Her resignation report took effect from the date of submission to the Board of Directors of the Company (March 28, 2019). Ms. Zhang Yu will not hold other positions in the Company after her resignation. Her resignation from the Board of Directors will not affect the normal work of the Company. In order to ensure the normal work of the Company's Board of Directors, upon nomination by the Company's shareholder, Taobao (China) Software Co., Ltd., the Nomination Committee of the 6th Board of Directors and the Company's Board of Directors approved Mr. Xu Hong as a candidate for the directors of the 6th Board of Directors. The 2018 annual shareholders' meeting approved Mr. Xu Hong as a director of the 6th Board of Directors of the Company. The term of office started from the date of approval by the shareholders' meeting (May 8, 2019) until the expiration of the 6th Board of Directors. (See Announcement No. 2019-020 for details)

Note 3: Mr. Shen Houcai, an independent director of the Company, has served as an independent director for six consecutive years. According to the *Guidelines for the Establishment of Independent Director System of Listed Companies* issued by CSRC and the relevant regulation that the re-election time of the independent director of the listed company shall not exceed six years in the *Independent Director System* of the Company, Mr. Shen Houcai cannot continue to serve as an independent director of the Company as of December 16, 2019. Therefore, he submitted a written resignation report to the Company and applied to resign from the positions of independent director of the 6th Board of Directors of the Company, chairman of the Compensation and Appraisal Committee of the Board of Directors, member of Strategic Committee of the Board of Directors, member of Nomination Committee of the Board of Directors and member of Audit Committee of the Board of Directors, and no longer held any positions of the Company.

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 members of the Board of Directors, and his resignation will take effect on the date when a new independent director is elected at the shareholders' meeting. Before this, Mr. Shen Houcai continues to perform his duties as an independent director of the Company and a member of the special committee of the Board of Directors in accordance with relevant laws, regulations and the *Articles of Association*. (See Announcement No. 2019-121 for details)

Note 4: The general election of the Company's Board of Directors and board of supervisors was approved by the 1st extraordinary shareholders' meeting in 2020 on March 9, 2020. On March 9, 2020, the Company held the 1st meeting of the 7th Board of Directors to approve the *Proposal on Appointment of Senior Management of the Company* and other proposals. (See Announcement No. 2020-019 and No. 2020-020 for details)

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

Name	Post	Type	Date	Reason
Zhang Yu	Director	Former	March 28, 2019	On March 28, 2019, the Board of Directors of the Company received a written resignation report submitted by the director Ms. Zhang Yu. Ms. Zhang Yu resigned as a director of the Company due to the adjustment of her duties within Alibaba Group. The resignation report took effect from the date of submission to the Board of Directors of the Company (March 28, 2019). Ms. Zhang Yu will not hold any position in the Company after her resignation.
Xu Hong	Director	Elected	May 8, 2019	Mr. Xu Hong was approved by the 2018 annual shareholders' meeting as a director of the 6th Board of Directors of the Company. His term of office began from the date of approval by the shareholders' meeting until the expiration of the 6th Board of Directors.

Name	Post	Type	Date	Reason
Shen Houcai	Independent director	Leaving after expiration of appointment	December 16, 2019 to 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 <i>Guidelines for the Establishment of Independent Director System of Listed Companies</i> , Mr. Shen Houcai's resignation will result in the number of independent directors of the Company being less than one-third of the board members, and his resignation will take effect on the date when a new independent director is elected at the shareholders' meeting. The 1st extraordinary shareholders' meeting in 2020 passed a proposal on the general election of Board of Directors of the Company. 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 9, 2020	Leaving after expiration of appointment
Xiao Zhongxiang	Financial director	Leaving after expiration of appointment	March 9, 2020	Leaving after expiration of appointment

### 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 Danışmanlık İletişim Ve Satış 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, General Manager of Tmall Consumer Electronics Division 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. She is an independent director of Suning, concurrently an independent director of Nanjing Chixia Development Co., Ltd. and an independent director of Luculent Smart Technologies 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 doctoral 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. He is an independent director of Suning and concurrently serves as an independent director of Jiangsu Pacific Quartz Co., Ltd., an independent director of Huangshan Taiping Rural Commercial Bank 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 doctoral 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. He 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. He 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. He 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 assistant to the executive 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.

Employment in shareholders' company

Name of staff	Name of shareholder entity	Position at shareholder entity	Starting date of term of office (note)	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 2, 2018	-	Yes
Yang Guang	Alibaba Group	Vice President of Group and General Manager of Tmall Consumer Electronics Division	March 4, 2020	-	Yes
Description for employment in shareholders' unit	Taobao (China) Software Co., Ltd., a shareholder holding more than 5% of the Company's shares, is a wholly owned subsidiary of Alibaba Group.				

Note: Fill in according to the starting date of the new position.

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	—	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 9, 2019	—	No
Xu Hong	MACALLINE	Non-executive director	October 16, 2019	—	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
Xu Hong	Shanghai Yike New Retail Network Technology Co., Ltd.	Director	—	—	No
Xu Hong	DSM Grup Danışmanlık İletişim Ve Satış Ticaret Anonim Şirketi	Director	—	—	No
Xu Hong	C2 Capital Partners GP Limited	Director	—	—	No
Fang Xianming	Jiangsu Pacific Quartz Co., Ltd.	Independent director	December 2, 2019	December 1, 2022	Yes
Fang Xianming	Huangshan Taiping Rural Commercial Bank Co., Ltd.	Independent director	March 31, 2016	March 31, 2021	Yes
Fang Xianming	Zking Property & Casualty Insurance Co., Ltd.	Independent director	January 18, 2020	January 17, 2023	Yes
Liu Shiping	Nanjing Chixia Development Co., Ltd.	Independent director	October 10, 2018	October 9, 2021	Yes
Liu Shiping	Luculent Smart Technologies Co., Ltd.	Director	December 13, 2019	December 12, 2022	Yes
Hua Zhisong	Japan LAOX	Supervisor	March 30, 2018	March 30, 2022	Yes
Hua Zhisong	Jiangsu Suning Bank Co., Ltd.	Director	June 15, 2017	May 17, 2020	No
Hua Zhisong	Shanghai Suning Financial Service Group Co., Ltd.	Supervisor	September 27, 2019	September 26, 2022	No

Hua Zhisong	Laos (Shanghai) Trade Co., Ltd.	Supervisor	—	—	No
Hua Zhisong	Laos (Shanghai) Trade Co., Ltd.	Supervisor	—	—	No
Hua Zhisong	Suning Commercial Factoring Co., Ltd.	Supervisor	—	—	No
Hua Zhisong	Laos (Nanjing) Trade Co., Ltd.	Supervisor	—	—	No
Hua Zhisong	Laos (Nanjing) Commodity Purchasing Co., Ltd.	Supervisor	—	—	No
Hua Zhisong	Suning Insurance Sales Co., Ltd.	Supervisor	—	—	No
Hua Zhisong	Guangzhou Lizhong Enterprise Management Consulting Co., Ltd.	Supervisor	—	—	No
Hua Zhisong	Guangzhou Lizhong Catering Co., Ltd.	Supervisor	—	—	No
Hua Zhisong	Convenience Retail Southern China Ltd.	Supervisor	—	—	No
Hua Zhisong	Lehongyi (Shanghai) Enterprise Management Co., Ltd.	Supervisor	—	—	No
Hua Zhisong	Maruetsu (Wuxi) Commercial and Trading Co., Ltd.	Supervisor	April 16, 2018	April 16, 2021	No
Hou Enlong	Laos (Beijing) Trade Co., Ltd.	Executive director	—	—	No
Huang Wei	Shanghai Suning Financial Service Group Co., Ltd.	Director	September 27, 2019	September 26, 2022	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 within 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 *Compensation 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 2019:

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	57	Incumbent	200	No
Sun Weimin	Vice Chairman	Male	57	Incumbent	180	No
Ren Jun	Director	Male	43	Incumbent	180	No
Meng Xiangsheng	Director, Senior Vice President	Male	48	Incumbent	150	No
Yang Guang	Director	Male	43	Incumbent	0	Yes
Xu Hong	Director	Male	47	Incumbent	0	Yes
Liu Shiping	Independent director	Female	52	Incumbent	12	No
Fang Xianming	Independent director	Male	51	Incumbent	12	No
Wang Xiaoling	Chairman of the Board of Supervisors	Female	47	Incumbent	60	No
Li Jianying	Supervisor	Female	52	Incumbent	50	No
Hua Zhisong	Supervisor	Male	39	Incumbent	50	No
Hou Enlong	President of business line	Male	52	Incumbent	180	No

Tian Rui	Vice President	Male	45	Incumbent	150	No
Gu Wei	Vice President	Male	41	Incumbent	150	No
Huang Wei	Secretary general of the executive committee, secretary of the Board of Directors and financial director	Female	37	Incumbent	50	No
Zhang Yu	Director	Female	48	Former	0	Yes
Shen Houcai	Independent director	Male	56	Former	12	No
Xiao Zhongxiang	Financial director	Male	49	Former	80	No
Huang Jinlao	President of business line	Male	48	Former	360	No
Total	--	--	--	--	1,876	--

Equity incentive 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)	18,575
Number of in-service employees in main subsidiaries (person)	23,621
Total number of in-service employees (person)	42,196
Total number of paid employees in the current period (person)	44,230
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	15,033
Logistics system personnel	1,683
IT system personnel	7,768
Functional system personnel	3,811
Terminal operator	13,901
Total	42,196
Education background	
Type of education background	Quantity (person)
Bachelor's degree and above	15,958
College degree	10,492
Technical secondary school/high school	10,945
Others	4,801
Total	42,196

Note: 1. The number of employees in the parent company is listed according to the statistics of Suning's headquarters and Nanjing. The number of employees in the major subsidiaries is the number of employees in the top 5 regional headquarters in sales in mainland China during the reporting period.

## 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, overseas 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 has launched the employee stock ownership plan (Phase III). As of December 31, 2019, Suning has used its own funds of RMB 1.308 billion (excluding exchange fees) to repurchase Suning's shares through

collective bidding trading. Suning's shares repurchased were used for employee stock ownership plan or stock-based compensation. Suning formulated corresponding employee stock ownership plan or stock-based compensation plan according to Suning's development and market changes.

### 3. Training plan

Adhering to the talent concept of dedication, professionalism and career, Suning offered a variety of learning platforms and rich training courses online and offline, established a characteristic training system according to the differences of employees' entry time and job positions, and helped employees to strive hard with clear promotion channels and incentive mechanisms to become Suning's "career manager". By 2019, 20 business colleges and 3 public colleges (corporate culture college, leadership college and 1200 college) have been successfully established. Meanwhile, the headquarters and regions have established corresponding training classrooms and training bases.

Under the background of the digital age, Suning was committed to building a learning organization, establishing and improving online and offline learning platforms, and launching a variety of Internet learning products to help employees achieve all-round professional growth with sufficient learning resources. Suning designed a systematic training path for both college students entering the workplace and middle and senior managers, and matched rich learning resources to help employees broaden their knowledge of the industry and enhance their strategic vision and comprehensive management capabilities.

In 2019, Suning added 1,875 courses and 3,609 lecturers. Suning's annual training time was 4.1 million hours, training covered 6.9 million people (including its own personnel, outsourcing personnel, franchisee personnel, etc.), and online training covered 6.7 million people.

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)	27.12

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 2019 was RMB 2.712 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](http://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 2018 annual report, held four 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 2018 annual report and 2019 semi-annual report, and expressed compliance opinions on Suning's investment and financial management, related 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.

### 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 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 the Company, 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	Date	Disclosure date	Disclosure index
1st extraordinary shareholders' meeting in 2019	Extraordinary shareholders' meeting	68.67%	January 16, 2019	January 17, 2019	www.cninfo.com.cn: No. 2019-009 <i>Announcement on Resolution of 1st Extraordinary Shareholders' Meeting in 2019</i>
2018 shareholders' meeting	Annual shareholders' meeting	70.23%	May 8, 2019	May 9, 2019	www.cninfo.com.cn: No. 2019-046 <i>Announcement on Resolution of Annual Shareholders' Meeting in 2018</i>
2nd extraordinary shareholders' meeting in 2019	Extraordinary shareholders' meeting	71.03%	July 15, 2019	July 16, 2019	www.cninfo.com.cn: No. 2019-072 <i>Announcement on Resolution of 2nd Extraordinary Shareholders' Meeting in 2019</i>
3rd extraordinary shareholders' meeting in 2019	Extraordinary shareholders' meeting	70.66%	October 16, 2019	October 17, 2019	www.cninfo.com.cn: No. 2019-110 <i>Announcement on Resolution of 3rd Extraordinary Shareholders' Meeting in 2019</i>

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 attendance s on board meeting in the reporting period	Number of actual attendance s	Number of online attendance s	Number of attendance s by entrustment	Number of absence s	Whether there are two successive records for not participating the meeting in person?	Number of shareholder s' meeting attendances
Shen Houcai	18	12	6	0	0	No	3
Fang Xianming	18	18	0	0	0	No	4
Liu Shiping	18	18	0	0	0	No	4

### 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 had 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

Explanation for adopting or not adopting advices of independent directors by the Company:

During the reporting period, Suning's independent directors actively performed their duties in accordance with the requirements of the *Working System of Independent Directors* and relevant laws and regulations, reviewed the contents of proposals on the participation in investment funds by subsidiaries, joint investment with related parties, revision of *Plan on Repurchasing Part of Public Shares*, raised funds, related transactions, replacement of directors, profit distribution plan, renewal of accounting firm, internal control evaluation report, investment and financial management, provision of guarantee for holding subsidiaries, confirmation of achievement of performance appraisal indicators of the employee stock ownership plan (Phase III), external guarantee, occupation of funds by related parties, changes in accounting policies, joint capital increase with related parties, introduction of strategic investors into Laox (an overseas subsidiary), cash acquisition of 80% shares of Carrefour China Holdings N.V. (Carrefour China) and financial support submitted by Suning's management, and fully communicated with Suning's management on the contents of the aforementioned proposals, expressed independent opinions on the legality and compliance of relevant matters, and effectively safeguarded the interests of minority shareholders.

Time for independent directors to express their opinions	Opinions of independent directors
January 14, 2019	Independent opinions of independent directors on joint investment with related parties
January 14, 2019	Independent opinions of independent directors on participation in investment funds by subsidiaries
January 24, 2019	Independent opinions of independent directors on revision of <i>Plan on Repurchasing Part of Public Shares</i>
March 27, 2019	Prior opinions of independent directors on forecast of daily related transactions in 2019
March 28, 2019	Independent opinions of independent directors on replacement of directors
March 28, 2019	Independent opinions of independent directors on Suning's profit distribution plan in 2018
March 28, 2019	Independent opinions of independent directors on deposit and actual use of raised funds by Suning in 2018
March 28, 2019	Independent opinions of independent directors on Suning's related transactions in 2018
March 28, 2019	Independent opinions of independent directors on renewal of accounting firm
March 28, 2019	Independent opinions of independent directors on Suning's internal control evaluation report
March 28, 2019	Independent opinions of independent directors on forecast of daily related transactions in 2019
March 28, 2019	Independent opinions of independent directors on investment and financial management with own funds
March 28, 2019	Independent opinions of independent directors on purchase of financial products with idle raised funds
March 28, 2019	Independent opinions of independent directors on external guarantee provided by subordinate guarantee companies
March 28, 2019	Independent opinions of independent directors on provision of guarantee for holding subsidiaries
March 28, 2019	Independent opinions of independent directors on confirmation of achievement of performance appraisal indicators of the employee stock ownership plan (Phase III)



March 28, 2019	Independent opinions of independent directors on occupation of funds of listed companies by the controlling shareholder and other related parties
March 28, 2019	Independent opinions of independent directors on accumulative and current external guarantees of listed companies
April 26, 2019	Independent opinions of independent directors on provision of financial support to subsidiaries
April 29, 2019	Independent opinions of independent directors on changes in accounting policies
April 29, 2019	Independent opinions of independent directors on participation in investment funds
May 17, 2019	Independent opinions of independent directors on joint capital increase with related parties
June 18, 2019	Independent opinions of independent directors on introduction of strategic investors into LAOX (an overseas subsidiary) and related transactions
June 22, 2019	Independent opinions of independent director on cash acquisition of 80% shares of Carrefour China Holdings N.V. (Carrefour China)
June 27, 2019	Prior opinions of independent directors on forecast of daily related transactions
June 28, 2019	Independent opinions of independent directors on forecast of daily related transactions
June 28, 2019	Independent opinions of independent directors on change of use of partial raised funds
August 15, 2019	Independent opinions of independent directors on plan on repurchasing part of public shares
August 29, 2019	Independent opinions of independent directors on deposit and actual use of raised funds by Suning in the first half of 2019
August 29, 2019	Independent opinions of independent directors on Suning's related transactions in the first half of 2019
August 29, 2019	Independent opinions of independent directors on investment in money market funds with own funds
August 29, 2019	Independent opinions of independent directors on changes in accounting policies of Suning
August 29, 2019	Special explanations and independent opinions of independent directors on Suning's financial transactions with related parties and Suning's cumulative and current external guarantees

September 22, 2019	Independent opinions of independent directors on introduction of strategic investors into holding subsidiaries and progress of related transactions
September 26, 2019	Prior opinions of independent directors on forecast of daily related transactions
September 26, 2019	Prior opinions of independent directors on confirmation of guarantee provided by Suning to Suning Financial Services Group and its subsidiaries
September 27, 2019	Independent opinions of independent directors on forecast of daily related transactions
September 27, 2019	Independent opinions of independent directors on confirmation of guarantee provided by Suning to Suning Financial Services Group and subsidiaries
September 27, 2019	Independent opinions of independent directors on limit of financial support provided to subsidiaries
December 12, 2019	Prior opinions of independent directors on forecast of daily related transactions
December 13, 2019	Independent opinions of independent directors on forecast of daily related transactions

## 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 2nd meeting of the Nomination Committee of the 6th Board of Directors, the *Proposal on the Replacement of Directors* was deliberated and approved.

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

At the 3rd meeting of the Compensation and Appraisal Committee of the 6th Board of Directors, the *Proposal on Review of Compensation and Allowance of Suning's Directors and Senior Management in 2018* and the *Proposal on Achievement of Suning's Performance Indicators under Employee Stock Ownership Plan (Phase III)* 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 13th meeting of the Audit Committee of the 6th Board of Directors, the *Summary of Internal Audit in 2018* was deliberated and approved.

At the 14th meeting of the Audit Committee of the 6th Board of Directors, the *Proposal on Auditing Financial Statements and Financial Reports*, the *Summary Report on Engagement of Accounting Firm in Audit in 2018*, the *Proposal on Renewal of Accounting Firm*, and the *2018 Internal Control Evaluation Report* were deliberated and approved.

At the 15th meeting of the Audit Committee of the 6th Board of Directors, the *Report of Suning.Com Co., Ltd. for the First Quarter of 2019*, the *Summary Report of Audit for the First Quarter of 2019* and the *Proposal on Changes in Accounting Policies* were deliberated and approved.

At the 16th meeting of the Audit Committee of the 6th Board of Directors, the *2019 Semi-annual Report of Suning.Com Co., Ltd.*, the *Summary Report of Audit for the Second Quarter of 2019* and the *Proposal on Changes in Accounting Policies* were deliberated and approved.

At the 17th meeting of the Audit Committee of the 6th Board of Directors, the *Report of Suning.Com Co., Ltd. for the Third Quarter of 2019* and the *Summary Report of Audit for the Third Quarter of 2019* were deliberated and approved.

At the 18th meeting of the Audit Committee of the 6th 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 2019 financial report audit, and deliberated and approved the *2020 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 had 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 19th meeting of the 6th Board of Supervisors was held on January 24, 2019, and the *Proposal on Amending the Plan on Repurchasing Part of Public Shares* was deliberated and approved.

2. The 20th meeting of the 6th Board of Supervisors was held on March 28, 2019, and the *Report on Work of the Board of Supervisors in 2018*, the *2018 Final Account Report*, the *2018 Annual Report* and the *Summary of 2018 Annual Report*, the *Profit Distribution Plan in 2018*, the *Special Report on Deposit and Actual Use of Raised Funds in 2018*, the *Proposal on Description of Suning's Related Transactions in 2018*, the *Proposal on Renewal of Accounting Firm*, the *2018 Internal Control Evaluation Report*, the *Proposal on Investment and Financial Management with Own Funds*, the *Proposal on Buying Financial Products with Idle Raised Funds*, and the *Proposal on Confirmation of Achievement of Performance Appraisal Indicators of Employee Stock Ownership Plan (Phase III)* were deliberated and approved.

3. The 21st meeting of the 6th Board of Supervisors was held on April 29, 2019, and the *Report of Suning.Com Co., Ltd. for the First Quarter of 2019* and the *Proposal on Changes in Accounting Policies* were deliberated and approved.

4. The 22nd meeting of the 6th Board of Supervisors was held on June 28, 2019, and the *Proposal on Change of the Use of Partial Raised Funds* was deliberated and approved.

5. The 23rd meeting of the 6th Board of Supervisors was held on August 30, 2019, and the *2019 Semi-annual Report of Suning.Com Co., Ltd.*, the *Summary of 2019 Semi-annual Report of Suning.Com Co., Ltd.*, the *Special Report on Deposit and Actual Use of Raised Funds in the First Half of 2019*, the *Proposal on Description of Suning's Related Transactions in the First Half of 2019*, the *Proposal on Investment in Money Market Funds with Own Funds* and the *Proposal on Changes in Accounting Policies* were deliberated and approved.

6. The 24th meeting of the 6th Board of Supervisors was held on October 29, 2019, and the *Report of Suning.Com Co., Ltd. for the Third Quarter of 2019* 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 6 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 2018 annual report and 2019 semi-annual report. All supervisors attended the 4 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. Repurchase of Suning's shares**

During the reporting period, repurchase of shares by Suning complied with the *Company Law*, the *Securities Law*, and the *Measures for Administration of Repurchase of Public Shares by Listed Companies (Trial)*, the *Rules for the Implementation of Share Repurchase by Listed Companies in Shenzhen Stock Exchange* and other relevant provisions. It was conducive to safeguarding the interests of investors, enhancing investor confidence, better promoting Suning's sustained and healthy development and enhancing Suning's investment value. During the reporting period, Suning's decision-making and review procedures for share repurchase were legal and compliant, and there were no circumstances that harmed the interests of Suning and minority shareholders.

### **5. Change of use of partial raised funds**

During the reporting period, Suning used part of the raised funds from the renovation store project and the rental store project to invest in the "new regional delivery center project (II)", and this change in the use of part of the raised funds helped improve the use efficiency of the raised funds, accelerate the construction of Suning's logistics platform, and promote the development of Suning's business, which was in line with the interests of Suning and all shareholders. This change did not affect the implementation of investment projects with raised funds, nor did it harm the interests of shareholders.

### **6. 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. On the one hand, Suning established a sound risk prevention and control mechanism and internal decision-making process, and the risks of related investment matters can be controlled. On the other hand, Suning's cash management ability can be further strengthened, the use efficiency of Suning's funds can be improved, the raised funds were not involved, and there were no circumstances that harmed the interests of Suning and minority shareholders.

#### 7. Related transactions of the Company

Suning's Board of Supervisors reviewed the related transactions that took place in 2018 and the first half of 2019. The related transactions that took place in 2018 and the first half of 2019 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 Transaction Management System* and other system specifications. When Suning's Board of Directors deliberated the related 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 2018 internal control evaluation report truly and objectively reflected the construction and operation of Suning's internal control system.

#### 9. Execution of accounting policy change

The *Notice on Revising and Issuing of the Format of Financial Statements of General Enterprises in 2019* (CK [2019] No. 6) was issued by the Ministry of Finance on April 30, 2019 to revise the format of financial statements of enterprises. According to the requirements of the above accounting standard, the Company shall adjust the relevant contents of accounting policies accordingly. 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.

### VIII. Assessment 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 2019.

### IX. Internal Control Assessment Report

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

☐ Yes ☒ No

During the reporting period, there are no material defects in the internal control.

#### 2. Self-assessment report for internal control

Disclosure date of the full text of the internal control assessment report	April 18, 2020
Disclosure index to full text of internal control assessment	2019 Internal Control Evaluation Report from cninfo

report		
Ratio of total assets for entities included in assessment scope accounting for the total assets of consolidated financial statements of the Company (note)		90.58%
Ratio of operating revenue for entities included in assessment scope accounting for the operating revenue of consolidated financial statements of the Company (note)		90.71%
Defect identification standard		
Category	Financial report	Non-financial report
Qualitative standard	<p>(1) Significant defect conditions of financial reports include:</p> <p>i. Fraud of directors, supervisors or senior executives of Suning;</p> <p>ii. Major misstatement of the current financial statements found, but the management fails to find it in the process of internal control operation;</p> <p>iii. Internal control evaluation results: the great deficiencies are not rectified and reformed;</p> <p>iv. The supervision of the Audit Committee and internal audit service for internal control is invalid.</p> <p>(2) Major defect conditions of financial reports include:</p> <p>i. Fail to select and apply accounting policies in accordance with generally accepted accounting standards;</p> <p>ii. No anti-fraud procedures and control measures have been established;</p> <p>iii. There is no corresponding control mechanism or compensatory control for the accounting treatment of unusual</p>	<p>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:</p> <p>(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;</p> <p>(2) Serious violation of national laws and regulations;</p> <p>(3) Lack of important business management system or systematic failure of system operation;</p> <p>(4) Great or major internal control defects cannot be rectified in time;</p> <p>(5) Significant internal control defects continue or occur in large numbers.</p>

	or special transactions;  iv. There are one or more defects in the control of the financial reporting process at the end of the period, and it cannot reasonably guarantee that the prepared financial statements are true and accurate.  (3) The common defects refer to other control defects apart from the aforementioned material and major defects.	
Quantitative standard	Significant defect: Misstatement amount in the financial statement $\geq 5\%$ of total profit;  Major defect: $3\%$ of total profit $\leq$ Misstatement amount $< 5\%$ of total profit;  Common defect: Misstatement amount $< 3\%$ of total profit.	Significant defect: Misstatement amount in the financial statement $\geq 5\%$ of total profit;  Major defect: $3\%$ of total profit $\leq$ Misstatement amount $< 5\%$ of total profit;  Common defect: Misstatement amount $< 3\%$ of total profit.
Number of great financial reporting defects	0	
Number of great non-financial reporting defects	0	
Number of major financial reporting defects	0	
Number of major non-financial reporting defects	0	

Note: According to the risk-oriented principle, Suning determines the main units, businesses, events and high-risk areas to be included in the evaluation. The main units included in the evaluation include all subsidiaries, management headquarters, independent companies and important subsidiaries of Suning. In 2019, Suning acquired Carrefour and Wanda Dept. Store, and incorporated them into the scope of the company's consolidated statements in 2019. Because the business is in the stage of integration and internal control system construction, according to the relevant exemption provisions of the *Answers to the Regulatory Questions on the Enterprise Internal Control System of Listed Companies*: "if a company has merger and acquisition transactions in the reporting year, the evaluation for the internal control effectiveness of the financial report of the merged enterprise in this year can be exempted". Therefore, Carrefour and Wanda Dept. Store are not included in the internal control evaluation of this year. Suning Financial Services Group, Suning CVS and LAOX are not included in the consolidated statement in 2019, so it is not necessary to conduct Suning's internal control self-evaluation report in 2019.

The proportion of the total assets of the unit included in the evaluation scope in the total assets of Suning's consolidated financial statements is calculated according to the total assets of the company's consolidated statements deducting the total assets of Carrefour China and Wanda Dept.

Store.

The proportion of the operating revenue of the unit included in the evaluation to the operating revenue of Suning's consolidated financial statements is calculated according to the total operating revenue of the company's consolidated financial statements deducting corresponding total operating revenue included of Carrefour China, Wanda Dept. Store, Suning Financial Services Group, Suning CVS and LAOX.

## X. Internal Control Audit Report or Assurance Report

Internal control audit report

Review comments section of internal control audit report	
In our opinions, as at December 31 of 2019, Suning.Com has maintained, in all material aspects, an effective internal control pertaining to financial reporting, in accordance with <i>Implementation Guidelines for Enterprise Internal Control</i> and other applicable rules and regulations.	
Disclosure of internal control audit report	Disclosed
Disclosure date of internal control audit report	April 18, 2020
Disclosure index of internal control audit report	<i>2019 Internal Control Edit Report</i> from cninfo
Type of comment on internal control audit report	Standard and unqualified opinion
Whether there were material 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 CPAs consistent with the BOD's Self-assessment 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)	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	200,000	5.20%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal.
Corporate bonds (Phase II) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors	18 Suning 02	112697	May 09, 2018	May 09, 2021	170,000	5.50%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal.
Corporate bonds (Phase III) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors	18 Suning 03	112721	June 15, 2018	June 15, 2023	100,000	5.75%	<p>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.</p> <p>If a holder exercises the put option, the interest payment date of the puttable part of the bonds is June 15 of each year (2019-2021).</p> <p>The cash date of the bonds is June 15, 2023; If a holder exercises the put option, the cash date of the</p>

Name of bond	Bond abbreviation	Bond code	Issue date	Date of maturity	Bond balance (RMB 10,000)	Interest rate	Way of repaying capital and interest
							puttable part of the bonds is June 15, 2021.
Corporate bonds (Phase IV) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors	18 Suning 04	112733	July 17, 2018	July 17, 2021	120,000	5.70%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal.
Corporate 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	160,000	5.50%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal.
Corporate bonds (Phase VI) issued in public by Suning.Com Co., Ltd. in 2018 to qualified investors	18 Suning 06	112799	November 16, 2018	November 16, 2021	150,000	4.70%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal. If a holder exercises the put option, the interest payment date of the puttable part of the bonds is November 16 of each year (2019-2020); If a holder exercises the put option, the cash date of the puttable part of the bonds is November 16, 2020.

Name of bond	Bond abbreviation	Bond code	Issue date	Date of maturity	Bond balance (RMB 10,000)	Interest rate	Way of repaying capital and interest
	18 Suning 07	112800	November 16, 2018	November 16, 2023	100,000	4.90%	Payment of interest per year and one-off repayment of principal due. The interest is paid once a year, and the last interest is paid together with the principal. If a holder exercises the put option, the interest payment date of the puttable part of the bonds is November 16 of each year (2019-2021); If a holder exercises the put option, the cash date of the puttable part of the bonds is November 16, 2021.
Suning listed bond or transferred trading venues		Shenzhen Stock Exchange					
Investor suitability		Suning's bonds are publicly issued to qualified investors who meet the provisions of the <i>Measures for the Administration of Issuance and Trading of Corporate Bonds</i> and open qualified A-share securities accounts in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.					
Interest payment and cashing information of corporate bonds during the reporting period		<p>1. 13 Suning bond was fully paid with RMB 100/sheet on November 13, 2019, and the interest was paid with RMB 5.95/sheet (tax inclusive) from November 13, 2018 to November 12, 2019.</p> <p>2. On April 19, 2019, the interest of 18 Suning 01 was paid with RMB 5.20/sheet (tax inclusive) from April 19, 2018 to April 18, 2019.</p> <p>3. On May 09, 2019, the interest of 18 Suning 02 was paid with RMB 5.50/sheet (tax inclusive) from May 09, 2018 to May 08, 2019.</p> <p>4. On June 17, 2019, the interest of 18 Suning 03 was paid with RMB 5.75/sheet (tax inclusive) from June 15, 2018 to June 14, 2019.</p> <p>5. On July 17, 2019, the interest of 18 Suning 04 was paid with RMB 5.70/sheet (tax inclusive) from July 17, 2018 to July 16, 2019.</p> <p>6. On August 13, 2019, the interest of 18 Suning 05 was paid with RMB 5.50/sheet (tax inclusive) from August 13, 2018 to August 12, 2019.</p> <p>7. On November 18, 2019, the interest of 18 Suning 06 was paid with RMB</p>					

Name of bond	Bond abbreviation	Bond code	Issue date	Date of maturity	Bond balance (RMB 10,000)	Interest rate	Way of repaying capital and interest
		4.70/sheet (tax inclusive) from November 16, 2018 to November 15, 2019. 8. On November 18, 2019, the interest of 18 Suning 07 was paid with RMB 4.90/sheet (tax inclusive) from November 16, 2018 to November 15, 2019.					
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		<p>1. 18 Suning 03: the duration of the bonds is 5 years, that is, from June 15, 2018 to June 15, 2023. Option of adjusting coupon rate of the issuer and put option of investors at the end of the third year are attached.</p> <p>2. 18 Suning 06: the duration of the bonds is 3 years, that is, from November 16, 2018 to November 16, 2021. Option of adjusting coupon rate of the issuer and put option of investors at the end of the second year are attached.</p> <p>3. 18 Suning 07: the duration of the bonds is 5 years, that is, from November 16, 2018 to November 16, 2023. Option of adjusting coupon rate of the issuer and put option of investors at the end of the third year are attached.</p> <p>18 Suning 03, 18 Suning 06 and 18 Suning 07 are free from the case that the holder exercises the investor's put option during the reporting period.</p>					

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

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

Entrusted bonds manager:							
Name	CITIC Securities Co., Ltd.	Office address	CITICS Building, No.48 Liangmaqiao Road, Chaoyang District, Beijing	Contact	Zhao Wei, Zhou Weifan	Tel.	010-60836701
Credit rating agency tracking and rating corporate bonds during the reporting period:							
Name	China Chengxin Securities Rating Co., Ltd.			Office address	No. 760 Xizang South Road, Huangpu District, Shanghai		
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 funds of the bonds was proposed to supplement Suning's operating funds after deducting the issuing expenses. The raised funds by corporate bonds were all used for the above purposes.
Balance at the end of the year (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 year (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 pay off 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 year (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	Yes

funds is consistent with the purpose, use plan and other agreements promised in the prospectus	
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## 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 pay off 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 year (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 pay off 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 year (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 pay off Suning's debts after deducting the issuing expenses. All the raised funds in this period had paid off Suning's debts.
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Balance at the end of the year (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

#### 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 pay off 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 year (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

1. Regular follow-up rating for 18 Suning 01, 18 Suning 02, 18 Suning 03, 18 Suning 04, 18 Suning 05, 18 Suning 06, and 18 Suning 07 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](http://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:

#### (1) 13 Suning bond

On May 29, 2019, China Chengxin Securities Rating Co., Ltd., the credit rating agency of this bond, issued the *Follow-Up Rating Report on 2013 Corporate Bonds (Phase II) Issued by Suning.Com Co., Ltd. in Public (2019)*, and it indicates main credit rating of this follow-up is AAA, the rating outlook is stable, and maintaining the credit rating of this bond is AAA.

#### (2) 18 Suning 01/18 Suning 02/18 Suning 03/18 Suning 04/18 Suning 05/18 Suning 06/18 Suning 07

On May 29, 2019, China Chengxin Securities Rating Co., Ltd., the credit rating agency of this bond, issued the *Follow-Up Rating Report on 2013 Corporate Bonds (Phase II) Issued by Suning.Com Co., Ltd. in Public Corporate bonds (Phase I, II, III, IV, V, and VI) issued in public by Suning.Com*

Co., Ltd. in 2018 to qualified investors (2019), and it indicates main credit rating of this follow-up is AAA, the rating outlook is stable, and maintaining the credit rating of this bond is 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.

## 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, and 18 Suning 07 was held during reporting period.

## VII. Information of execution of duty of bond trustee during reporting period

On May 29, 2019, Huatai United Securities Co., Ltd., the trustee of 13 Suning bond, issued *Entrusted Business Report on 2013 Corporate Bonds (Phase II) Issued by Suning.Com Co., Ltd. in Public (2018)*.

On June 13, 2019, 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. (2018)*.

On July 30, 2019, 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	2019	2018	Rate of change of the corresponding period	Reasons for change
Earnings before interest, taxes, depreciation and amortization	20,109,279	17,694,586	13.65%	Mainly due to total profit increase.
Current ratio	1.00	1.41	-0.41	Because balance of factoring accounts payable is transferred to the balance of external accounts payable since the Suning Financial Services Group was excluded from the statements, current liabilities increased, and the current ratio and quick ratio of the Company decreased correspondingly.
Quick ratio	0.72	1.12	-0.40	
Asset-liability ratio	63.21%	55.78%	7.43%	Mainly due to the increase

				in long-term loans resulted from the Company's business development needs and the optimization of its debt structure during the reporting period. The Company will strengthen control over interest-bearing liabilities, thus improving the profitability of its business operations, reasonably controlling the asset-liability ratio and maintaining good solvency.
EBITDA total debt ratio	29.16%	25.33%	3.83%	Mainly due to increase of earnings before interest, taxes, depreciation and amortization YoY
Times interest earned	8.85	10.95	-19.18%	—
Times interest earned of cash	-8.09	-8.59	5.82%	-
EBITDA Times Interest Earned	10.87	12.65	-14.07%	—
Loan repayment rate	100%	100%	-	—
Interest coverage	100%	100%	-	—

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 operating activities + cash interest + 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, 2019, Suning and its subsidiaries have obtained credit line of RMB 74.873<sup>2</sup>billion and unused credit line of RMB 31.802 billion.

<sup>2</sup>Note: As of September 30, 2019, Suning Financial Services Group completed the increase of capital and share, and Suning held 41.15% of the equity of Suning Financial Services Group. It was no longer included in

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, 2018 Beginning balance	Amount borrowed of current year	Repayment of current year	December 31, 2019 Ending balance
RMB	26,083,203	44,663,465	42,769,529	27,977,139
HKD	1,675,000	4,615,000	5,475,000	815,000
USD	174,500	615,605	245,105	545,000
JPY	6,194,748	34,679,612	40,874,360	-

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, and 18 Suning 07 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**

According to the *Listing Rules of Corporate Bonds of Shenzhen Stock Exchange* and the *Guidance of Information Disclosure Format of Interim Report on Corporate Bonds*, if new accumulated loan of corporate bond issuer in the current year exceed 20% of the net assets at the end of the previous year, information disclosure is required. For details, see *Announcement on New Accumulated Loan in the Current Year of Suning.Com Co., Ltd.* (Suning No. 2019-073).

According to the contents of 2019 semi-annual report, through statistics, the new accumulated loan in the current year of Suning.Com Co., Ltd. (hereinafter referred to as "Suning") as of June 30, 2019 exceeded 20% of the net assets (audited) at the end of the previous year, and the details are disclosed as follows:

##### 1. Overview of main financial indicators

Unit: RMB 100 million

No.	Items	Amount
1	Net assets (audited) at the end of the previous year	882.11
2	Loan balance (audited) at the end of the previous year	426.22
3	Loan balance (unaudited) at the end of measurement date	631.78
4	New accumulated loan (unaudited)	205.57

Suning's consolidated statement, and has become significant joint stock company. Therefore, as of December 31, 2019, the credit line of Suning Financial Services Group is no longer included in the statistical scope.

5	Specific proportion of accumulated new loan in net assets at the end of last year (unaudited)	23.30%
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## 2. Classified disclosure of new accumulated loan of Suning as of June 30, 2019

(1) Net increase of bank loans: RMB 11.838 billion, accounting for 13.42% of the audited net assets at the end of 2018;

(2) Net increase of enterprise bonds, corporate bonds, financial bonds and non-financial corporate debt financing instruments: RMB 3.955 billion, accounting for 4.48% of the audited net assets at the end of 2018;

(3) Net increase of entrusted loans, financial leasing loans and petty loan: RMB 4.764 billion, accounting for 5.40% of the audited net assets at the end of 2018;

(4) Net increase of other loan: None.

## 3. Analysis of the impact of new loan on solvency in this year

Suning Financial Services Group and its subsidiaries had a rapid business development and an increasing demand for funds. They constantly enriched their own financing channels and obtain funds through syndicated loans, asset-backed securities and other channels. They paid close attention to sales promotion in peak season, increased its stock and supported Suning CVS, self-developed products and other businesses. In addition, in order to strengthen the construction of Suning's retail infrastructure, Suning has also made corresponding additional paid-in capital. The development of the above-mentioned operating activities made loans increase.

Suning's business condition is stable, its business operation is normal and its solvency is good. Suning will reasonably allocate and distribute funds to ensure the due payment of interest and principal on schedule in accordance with the arrangement for the due payment of principal and interest of debts.

## XIII. Is there a guarantor for corporate bonds?

☐ Yes ☒ No

## **Section XII Financial Report**

### **Audit Report**

PwC ZTSZ (2020) No. 10072

(Page I of VIII)

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, 2019 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 2019.

##### **(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, 2019, and the consolidated and company operating results and cash flows in 2019.

#### **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.

#### **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.

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

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

(I) Goodwill impairment evaluation

(II) Deferred income tax assets related to deductible losses

(III) Carrefour China Holding N.V. (hereinafter referred to as "Carrefour China"), Beijing Beiyuan Suning.Com Business Management Co., Ltd. (formerly known as "Beijing Tongzhou Wanda Department Store Co., Ltd."), and other 37 companies ("Wanda Dept. Store")

Accounting treatment of business acquisition

Key Items for Audit	How to deal with key items in audit?
<p>(I) Goodwill impairment evaluation See Notes II (31)(b)(iii) and Notes IV (22) to Financial Statements. On December 31, 2019, the book value of goodwill in the consolidated financial statements of Suning.Com is about RMB 7.478 billion, and the provision for impairment of goodwill is about RMB 358 million. In the goodwill impairment test, the management selected the method of predicting the present value of future cash flow to determine recoverable amount of the corresponding asset group. The management made a significant judgment when calculating the present value of the expected future cash flow. The key assumptions used in the calculation of the present value of the expected future cash flow include:</p> <ul style="list-style-type: none"> <li>•Growth rate of income</li> <li>•Gross profit rate in forecast period and stable stage</li> <li>•Sustainable growth rate</li> <li>•Pre-tax discount rate</li> </ul> <p>For the asset group or combination of asset groups whose present value of estimated future cash flow is lower than the book value of asset group, the management further calculated the net amount of fair value minus disposal expenses.</p>	<p>Our audit procedures for goodwill impairment evaluation include:</p> <ul style="list-style-type: none"> <li>• Understand, evaluate and test the internal control of Suning.Com for goodwill impairment evaluation;</li> <li>• Assess that goodwill is allocated to relevant assets groups or combination of asset groups in a reasonable way;</li> <li>• Compare the 2018 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 2019 to evaluate that there is any bias in the preparation of the management's forecast of future cash flow;</li> <li>• Evaluate the revenue growth rate and gross profit rate in forecast period and gross profit rate 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 profit rate of the previous year, where the market trend is considered in the evaluation;</li> <li>• 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;</li> </ul>

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

Key Items for Audit	How to deal with key items in audit?
<p>(I) Goodwill impairment evaluation (continued)</p> <p>Since the amount of goodwill was significant, and the evaluation of goodwill impairment involved making a significant judgment on the key 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.</p>	<ul style="list-style-type: none"> <li>• 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;</li> <li>• Recalculate the present value of future cash flows and the net amount of fair value minus disposal expenses.</li> </ul> <p>Based on the results of the above procedures, we found that the key assumptions adopted by the management in goodwill impairment evaluation are acceptable.</p>
<p>(II) Deferred income tax assets related to deductible losses</p> <p>See Notes II (25) and Notes IV (25) to Financial Statements.</p> <p>As of December 31, 2019, the amount of deferred income tax assets recognized by Suning.Com based on deductible tax losses is about RMB 2.377 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 operating activities of relevant enterprises of Suning and the taxable temporary differences generated in the previous period.</p> <p>In addition, on December 31, 2019, Suning.Com did not recognize the deferred income tax assets of about RMB 2.011 billion for the deductible loss of about RMB 8.411 billion.</p>	<p>Our audit procedures for deferred income tax assets recognized on the basis of deductible losses include:</p> <ul style="list-style-type: none"> <li>• Understand, evaluate and test the internal control of Suning.Com for deferred income tax assets;</li> <li>• Evaluate the rationality of the revenue growth rate and gross profit rate by analyzing and comparing the predicted revenue growth rate and gross profit rate with the historical revenue growth rate and gross profit rate of relevant subsidiaries of Suning.Com and the industry development trend;</li> </ul>

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

Key Items for Audit	How to deal with key items in audit?
<p>(II) Deferred income tax assets related to deductible losses (continued)</p> <p>The recognition of deferred income tax 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 key assumptions used in the process of predicting future taxable income based on profit forecast mainly include revenue growth rate and gross profit rate.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• 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 profit rate, shows the management's preference;</li> <li>• 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.</li> </ul> <p>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.</p>



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

Key Items for Audit	How to deal with key items in audit?
<p>(III) Accounting treatment of business acquisition of Carrefour China Holding N.V. (hereinafter referred to as "Carrefour China"), Beijing Beiyuan Suning.Com Business Management Co., Ltd. (formerly known as "Beijing Tongzhou Wanda Department Store Co., Ltd."), and other 37 companies ("Wanda Dept. Store")</p> <p>See Notes II (5)(b), Note II (31)(b)(ii) and Notes V (1) to Financial Statements.</p> <p>In 2019, Suning.Com acquired 80% of Carrefour China and 100% of Wanda Dept. Store with consideration of RMB 4.8 billion and RMB 2.7 billion respectively. As a result of the transaction of acquisition premium of Carrefour China and Wanda Dept. Store, Suning.Com confirmed that the goodwill generated was about RMB 3.872 billion and RMB 1.381 billion respectively, and the intangible assets were estimated to increase by RMB 3.834 billion and RMB 1.384 billion respectively.</p> <p>The management employed an independent evaluator to determine the fair value of all identifiable assets and liabilities of Carrefour China and Wanda Dept. Store on the acquisition date by using valuation technique. In this process, it involved the judgment of the key parameters used in the intangible assets evaluation (including the remaining economic life involved in the preferential lease right, market rent and discount rate, as well as the remaining economic life involved in the supplier channels and client relationship, the contributed assets and their return rate, discount rate and other parameters), as well as key assumptions for business and financial situation of Carrefour China and Wanda Dept. Store in the future, including estimates of sales growth rate and gross profit rate in the coming years.</p> <p>As there was a significant judgment on</p>	<p>For the accounting treatment of business acquisition of Carrefour China and Wanda Dept. Store, we implemented the following procedures:</p> <ul style="list-style-type: none"> <li>• Understand, evaluate and test the internal control of Suning.Com for items of major business acquisition;</li> <li>• Obtain and check the transaction agreement and other information;</li> <li>• Evaluate the competency, professional quality and objectivity of the independent evaluators hired by the management;</li> <li>• With the help of internal valuation experts, we evaluated the value types and evaluation methods, and reviewed the key evaluation parameters used in intangible assets evaluation by comparing industry information, market observation data and performing confirmatory analysis procedures;</li> <li>• For the operating and financial assumptions adopted in the evaluation in the next several years, including the sales growth rate and gross profit rate in the next several years, we compared the historical financial data, approved budget and development trend of businesses of Carrefour China and Wanda Dept. Store to assess their rationality;</li> <li>• Check the accounting treatment and related disclosure of the acquisition items.</li> </ul> <p>Based on the results of the above procedures, we found that the significant judgments on the relevant parameters and key assumptions used in the accounting treatment of the acquisition of Carrefour China and Wanda Dept. Store can be supported by the evidence we obtained.</p>

relevant parameters and key assumptions in the accounting treatment of the above acquisition of Carrefour China and Wanda Dept. Store, we regarded the item as a key item for audit.	
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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 2019 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 constant operational 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 goal is to ensure that the overall financial statements get reasonable assurance whether they have no major misstatement resulting from fraud or error and issue audit reports with opinions. 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 from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(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, the risk of failure to find the 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 constant operational 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 constant operational 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 information available as of the date of the 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 operating 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).

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)

Shanghai, China  
April 16, 2020

Certified  
Public  
Accountant

\_\_\_\_\_  
Zheng Yijie

Suning.Com Co., Ltd.

Consolidated and Company Balance Sheet on December 31, 2019

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

Assets	Note	December 31, 2019 Consolidated	December 31, 2018 Consolidated	December 31, 2019 Company	December 31, 2018 Company
Current assets					
Monetary fund	IV (1)	33,902,215	48,041,523	15,993,595	18,434,139
Released loans and advances	IV (2)		13,756,663	-	-
Trading financial assets	IV (3)	11,970,008	—	7,817,143	—
Financial assets measured at fair value and changes are recorded into the current gain or loss	IV (4)	—	15,720,394	—	4,727,683
Notes receivable	IV (5). XVII (1)	4,660,366	1,265,543	7,445,608	3,620,062
Accounts receivable	IV (6). XVII (2)	7,194,464	5,415,147	93,518,152	63,194,660
Accounts receivable financing	IV (7)	497,858	—	-	—
Advance payment	IV (8)	26,988,913	17,468,711	28,845,889	18,453,707
Other accounts receivable	IV (9). XVII (3)	1,601,848	2,874,535	23,356,245	26,518,947
Inventory	IV (10)	26,780,104	22,263,294	18,125,245	16,135,771
Non-current assets due within 1 year	IV (9)	11,488	-	-	-
Other current assets	IV (11)	7,154,210	4,936,732	2,275,473	259,808
Total current assets		120,761,474	131,742,542	197,377,350	151,344,777
Non-current assets					
Debt investment	IV (12)	10,442	—	10,442	—
Released loans and advances	IV (2)		4,548,598	-	-
Available-for-sale financial assets	IV (13)	—	6,937,380	—	5,536,818
Held-to-maturity	IV (14)	—	10,120	—	10,120

Suning.Com Co., Ltd.

Consolidated and Company Balance Sheet on December 31, 2019

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

investment					
Long-term accounts receivable	IV (9). XVII (3)	947,264	901,770	969,335	953,536
Long-term equity investment	IV (17). XVII (4)	40,258,417	17,674,550	46,128,979	38,897,605
Other equity instruments investment	IV (15)	4,598,377	—	4,553,304	—
Other non-current financial assets	IV (16)	12,310,358	—	1,728,539	—
Investment property	IV (18)	6,150,434	3,362,064	689,445	622,830
Fixed assets	IV (19)	17,807,820	15,198,907	1,953,071	2,122,800
Construction in progress	IV (20)	4,343,334	2,063,323	35,888	21,732
Intangible assets	IV (21)	14,694,322	9,653,568	346,740	329,500
Development expenditure	IV (21)	42,927	23,881	4,290	1,956
Goodwill	IV (22)	7,477,790	2,411,552	-	-
Long-term unamortized expenses	IV (23)	2,524,830	1,851,839	103,251	200,792
Deferred income tax assets	IV (25)	4,130,170	2,965,661	-	393,414
Other non-current assets	IV (24)	797,080	121,447	119,515	-
Total non-current assets		116,093,577	67,724,660	56,642,799	49,091,103
Total assets		236,855,044	199,467,202	254,020,149	200,435,880

## Consolidated and Company Balance Sheet on December 31, 2019 (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	December 31, 2019 Consolidated	December 31, 2018 Consolidated	December 31, 2019 Company	December 31, 2018 Company
Current liabilities					
Short-term borrowings	IV (27)	18,954,821	24,314,183	17,968,900	11,770,258
Derivative financial liabilities		400	—	400	—
Financial liabilities measured at fair value with their changes recorded into the current gain or loss		—	3,817	—	352
Notes payable	IV (28)	26,158,849	27,235,403	18,694,516	18,060,177
Accounts payable	IV (29)	44,380,475	19,835,614	84,632,541	44,965,735
Unearned revenue	IV (30)	7,157,577	1,966,192	51,780,639	45,525,496
Payroll payable	IV (31)	1,386,161	1,329,604	135,790	156,657
Taxes payable	IV (32)	1,713,287	2,085,856	196,239	585,104
Other payables	IV (33)	12,612,303	12,566,104	5,973,231	11,423,849
Non-current liabilities due within 1 year	IV (34)	7,662,708	3,536,432	7,458,690	3,514,902
Estimated liabilities	IV (39)	151,177	-	10	-
Other current liabilities	IV (35)	1,079,223	823,451	9,764	13,639
Total current liabilities		121,256,981	93,696,656	186,850,720	136,016,169
Non-current liabilities					
Long-term loans	IV (36)	7,720,895	4,813,747	2,083,000	4,775,900
Bonds payable	IV (37)	8,488,802	9,974,683	8,488,802	9,974,683
Long-term payables	IV (38)	2,440,760	-	380,000	-
Estimated liabilities	IV (39)	-	86,711	-	1,485
Deferred income	IV (40)	2,231,956	2,084,285	382,029	657,237
Long-term payroll payable		-	134,133	-	-
Deferred income tax liabilities	IV (25)	7,567,680	394,722	1,847,311	-

Suning.Com Co., Ltd.

Consolidated and Company Balance Sheet on December 31, 2019 (Continued)

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

Other non-current liabilities	IV (41)	3,158	71,466	-	-
Total non-current liabilities		28,453,251	17,559,747	13,181,142	15,409,305
Total liabilities		149,710,232	111,256,403	200,031,862	151,425,474
Shareholders' equity					
Issued capital	IV (42)	9,310,040	9,310,040	9,310,040	9,310,040
Additional paid-in capital	IV (43)	37,249,004	38,288,361	37,150,905	32,415,034
Minus: treasury stock	IV (44)	(1,899,961)	(1,000,000)	(1,899,961)	(1,000,000)
Other comprehensive income	IV (45)	197,575	299,958	(618,037)	(453,859)
Surplus reserve	IV (46)	1,748,672	1,507,827	1,748,672	1,507,827
General risk reserve		38,699	341,018	38,699	-
Undistributed profit	IV (47)	41,277,886	32,169,894	8,257,969	7,231,364
Total shareholders' equities attributable to Suning		87,921,915	80,917,098	53,988,287	49,010,406
Minority equity	VI (1)(b)	(777,102)	7,293,701	-	-
Total shareholders' equities		87,144,813	88,210,799	53,988,287	49,010,406
Total liabilities and shareholder's equity		236,855,045	199,467,202	254,020,149	200,435,880

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 2019

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

Items	Note	2019 Consolidated	2018 Consolidated	2019 Company	2018 Company
I. Operating revenue	IV (48), XVII (5)	269,228,900	244,956,573	195,032,300	197,450,983
Minus: Operating costs	IV (48), XVII (5)	(230,117,385)	(208,216,606)	(186,208,049)	(188,708,891)
Taxes and surcharges	IV (49)	(1,060,907)	(894,337)	(125,816)	(111,129)
Sales cost	IV (50)	(33,532,018)	(26,066,677)	(7,453,349)	(5,688,606)
Administrative cost	IV (51)	(4,945,032)	(5,200,684)	(1,493,063)	(1,982,370)
R&D cost	IV (52)	(3,267,610)	(2,261,875)	(367,934)	(228,290)
Net financial cost	IV (53)	(2,237,420)	(1,234,626)	(1,674,114)	(452,791)
Including: Interest		(1,785,808)	(1,376,874)	(1,386,519)	(1,119,931)
Interest income		921,612	1,062,271	423,041	625,788
Plus: investment income	IV (58), XVII (6)	21,791,411	13,990,648	6,260,272	2,437,214
Including: investment income in associates and joint ventures		264,998	296,717	446,426	41,743
Income / (loss) from changes in fair value	IV (59)	216,276	292,479	(147,539)	38,368
Credit impairment loss	IV (56)	(606,033)	—	(54,766)	—
Impairment loss on assets	IV (26), IV (55)	(1,120,029)	(2,059,468)	(161,659)	(409,033)
Loss on asset disposal	IV (60)	(16,473)	(33,133)	(616)	(1,609)
Other income	IV (57)	338,040	386,256	11,020	14,556
II. Operating Income		14,671,720	13,658,550	3,616,687	2,358,402
Plus: non-operating revenue	IV (61)	251,324	505,693	46,458	20,872
Minus: Non-operating expenses	IV (62)	(328,447)	(218,788)	(15,882)	(28,080)
III. Total Profit		14,594,597	13,945,455	3,647,263	2,351,194
Minus: Income tax expenses	IV (63)	(5,274,810)	(1,302,907)	(2,106,192)	(560,073)
IV. Net Profit		9,319,787	12,642,548	1,541,071	1,791,121
Classified as per business continuity					
Net (loss) / profit for going concern	XI	(1,746,350)	13,681,901	-	-
Net profits/(losses) for discontinuing operation	XI	11,066,137	(1,039,353)	-	-
Classified as per attribution of ownership					
Net profit attributable to shareholders of Suning	IV (46)	9,842,955	13,327,559	1,541,071	1,791,121



Suning.Com Co., Ltd.

Consolidated and Company Income Statement in 2019

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

Minority interest	VI (1)(b)	(523,168)	(685,011)	-	-
V. Other Comprehensive Income (net of tax)	IV (45)	274,015	(11,656,982)	125,831	(659,402)
Net amount of other comprehensive income attributable to shareholders of Suning (net of tax)		211,279	(11,745,738)	125,831	(659,402)
Other comprehensive income which will be reclassified into the gain or loss		392,573	(11,745,738)	20,478	(659,402)
Other comprehensive income that can be reclassified into the gain or loss under the Equity Method		43,182	(2,498)	20,478	(2,498)
Gain or loss from fair value changes of available-for-sale financial assets		—	(13,401,398)	—	(656,904)
Credit impairment reserves for other creditors' investment		(4,607)	—	-	—
Conversion differences in the foreign currency statements		353,998	1,658,158	-	-
Other comprehensive income which cannot be reclassified into the gain or loss in future		(181,294)	—	105,353	—
Other comprehensive incomes that cannot be reclassified into the gain or loss under the Equity Method		5,384	—	5,384	—
Fair value change in other equity instruments investment		(186,678)	—	99,969	—
Other comprehensive income attributable to minority shareholders (net of tax)		62,736	88,756	-	-
VI. Total Comprehensive Income		9,593,802	985,566	1,666,902	1,131,719
Total comprehensive income attributable to shareholders of Suning		10,054,234	1,581,821	1,666,902	1,131,719
Attributable to minority shareholders		(460,432)	(596,255)	-	-
VII. Earnings per Share					
Basic earnings per share (RMB)	IV (64)	1.07	1.44	Not applicable	Inapplicable
Diluted earnings per share (RMB)	IV (64)	1.07	1.44	Not applicable	Inapplicable

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

## Consolidated and Company Cash Flow Statement in 2019

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

Items	Note	2019 Consolidated	2018 Consolidated	2019 Company	2018 Company
I. Cash flows from operating activities					
Cash received from sales and services		296,770,982	283,101,450	209,021,988	189,849,079
Other cash receipts relating to operating activities	IV (65)(a)	3,720,348	3,308,653	29,036,030	13,340,144
Sub-total cash inflows from operating activities		300,491,330	286,410,103	238,058,018	203,189,223
Cash paid for goods and services		(271,358,699)	(259,970,711)	(190,941,832)	(178,786,288)
Cash paid to and on behalf of employees		(16,804,626)	(11,745,364)	(1,412,059)	(1,300,801)
Payment of taxes and surcharges		(5,942,814)	(4,517,304)	(585,864)	(455,582)
Other cash payments relating to operating activities	IV (65)(b)	(24,249,746)	(24,051,191)	(52,717,820)	(41,064,630)
Sub-total cash outflows from operating activities		(318,355,885)	(300,284,570)	(245,657,575)	(221,607,301)
Operational net cash flow of operating activities	IV (66)(a)	(17,864,555)	(13,874,467)	(7,599,557)	(18,418,078)
II. Cash Flow from Investing Activities					
Cash received from disposal of investments		89,732,059	213,244,735	65,037,459	176,158,481
Cash received from investment income		3,640,102	11,938,644	857,330	825,033
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		131,774	36,184	2,287	2,135
Net cash (paid) / received from disposal of subsidiaries	IV (66)(b)	(3,728,075)	1,145,130	4,269,173	964,305
Other cash receipts relating to investing activities		-	131,449	-	-
Sub-total cash inflows from investing activities		89,775,860	226,496,142	70,166,249	177,949,954
Cash paid for fixed assets, intangible assets and other long-term assets		(9,164,260)	(7,431,661)	(304,266)	(222,936)
Cash payments for investments		(97,179,888)	(221,922,830)	(64,132,272)	(176,592,200)
Net cash paid by subsidiaries	IV (66)(b)	(4,302,822)	(151,815)	(2,033,854)	-
Sub-total cash outflows from investing activities		(110,646,970)	(229,506,306)	(66,470,392)	(176,815,136)
Net cash flows from investing activities (use)/generated		(20,871,110)	(3,010,164)	3,695,857	1,134,818

Suning.Com Co., Ltd.

Consolidated and Company Cash Flow Statement in 2019

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

III. Cash Flow from Financing Activities					
Cash received from absorbing investment		10,546,305	5,304,244	-	-
Wherein: Cash received from increase in minority interest by subsidiary		10,546,305	5,304,244	-	-
Cash received from borrowings		67,389,340	43,396,110	27,145,791	19,020,745
Cash received from issuing bonds		4,789,850	9,968,505	-	9,968,505
Other cash receipts relating to financing activities	IV (65)(c)	8,783,379	5,090,724	-	499,805
Sub-total of cash inflows from financing activities		91,508,874	63,759,583	27,145,791	29,489,055
Cash repayments for debts		(51,613,003)	(26,202,665)	(21,520,501)	(8,540,941)
Cash payments for distribution of dividends, profit and interest		(2,989,531)	(2,017,294)	(2,743,296)	(1,778,252)
Including: Dividends or profit paid by subsidiaries to minority shareholders		(14,266)	(1,718)	-	-
Other cash payments relating to financing activities	IV (65)(d)	(10,705,101)	(13,005,549)	(1,308,725)	(1,000,000)
Sub-total cash outflows from financing activities		(65,307,635)	(41,225,508)	(25,572,522)	(11,319,193)
Net cash flows from financing activities		26,201,239	22,534,075	1,573,269	18,169,862
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		233,483	1,016,399	19,844	54,716
V. Net (decrease)/increase of cash and cash equivalent	IV (66)(c)	(12,300,943)	6,665,843	(2,310,587)	941,318
Plus: balance of cash and cash equivalents at the beginning of the year	IV (66)(c)	30,220,850	23,555,007	13,309,922	12,368,604
VI. Balance of cash and cash equivalents at end of year	IV (66)(c)	17,919,907	30,220,850	10,999,335	13,309,922

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 Statement of Changes in Shareholders' Equity in 2019

(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	Additional paid-in capital	Minus: treasury stock	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit		
Beginning balance on January 01, 2018		9,310,040	35,980,490	-	12,045,696	1,328,715	259,480	20,033,989	4,669,245	83,627,655
Increase/decrease change in 2018										
Total comprehensive income										
Net profit		-	-	-	-	-	-	13,327,559	(685,011)	12,642,548
Other comprehensive income	IV (45)	-	-	-	(11,745,738)	-	-	-	88,756	(11,656,982)
Total comprehensive income		-	-	-	(11,745,738)	-	-	13,327,559	(596,255)	985,566
Capital invested and decreased by the shareholder										
Increase of capital by minority shareholder		-	2,123,867	-	-	-	-	-	3,180,377	5,304,244
Decrease of capital by minority shareholder		-	-	-	-	-	-	-	(150)	(150)

Suning Commerce Group Co., Ltd.

Consolidated Statement of Changes in Shareholders' Equity in 2019

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

Merger and transfer of enterprises under different control		-	-	-	-	-	-	-	44,755	44,755
Stock Repurchases	IV (44)	-	-	(1,000,000)	-	-	-	-	-	(1,000,000)
Share-based payment included in Shareholders' equity	IV (43)	-	184,004	-	-	-	-	-	-	184,004
Others		-	-	-	-	-	-	-	(2,553)	(2,553)
Profit distribution										
Withdrawal of surplus reserves	IV (46)	-	-	-	-	179,112	-	(179,112)	-	-
Distribution to shareholders	IV (47)	-	-	-	-	-	-	(931,004)	(1,718)	(932,722)
Others		-	-	-	-	-	81,538	(81,538)	-	-
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

Suning.Com Co., Ltd.

Consolidated Statement of Changes in Shareholders' Equity in 2019 (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	Additional paid-in capital	Minus: treasury stock	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit		
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 (32)	-	-	-	(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 (45)	-	-	-	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		-	-	-	-	-	-	-	(31,197)	(31,197)

Suning Commerce Group Co., Ltd.

Consolidated Statement of Changes in Shareholders' Equity in 2019 (Continued)

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

shareholder										
Merger and transfer of enterprises under different control	V (1)(c)	-	-	-	-	-	-	-	860,693	860,693
Transfer-out of disposal of subsidiaries		-	-	-	-	57,799	(582,883)	525,084	(18,971,981)	(18,971,981)
Stock Repurchases	IV (44)	-	(200,074)	(899,961)	-	-	-	-	-	(1,100,035)
Share-based payment included in Shareholders' equity	IV (43)	-	234,702	-	-	-	-	-	-	234,702
Others	IV (43)	-	(1,073,985)	-	-	-	-	-	-	(1,073,985)
Profit distribution										
Withdrawal of surplus reserves	IV (46)	-	-	-	-	154,107	-	(154,107)	-	-
Withdrawal of general risk reserves	IV (47)	-	-	-	-	-	280,564	(280,564)	-	-
Distribution to shareholders	IV (47)	-	-	-	-	-	-	(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

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.

Company Statement of Changes in Shareholders' Equity in 2019

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

Items	Note	Issued capital	Additional paid-in capital	Minus: treasury stock	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Total shareholders' equities
Beginning balance on January 01, 2018		9,310,040	32,231,030	-	205,543	1,328,715	-	6,550,359	49,625,687
Increase/decrease change in 2018									
Total comprehensive income									
Net profit		-	-	-	-	-	-	1,791,121	1,791,121
Other comprehensive income		-	-	-	(659,402)	-	-	-	(659,402)
Total comprehensive income		-	-	-	(659,402)	-	-	1,791,121	1,131,719
Capital invested and decreased by the shareholder									
Share-based payment included in Shareholders' equity	IV (43)	-	184,004	-	-	-	-	-	184,004
Stock Repurchases		-	-	(1,000,000)	-	-	-	-	(1,000,000)
Profit distribution									
Withdrawal of surplus reserves	IV (46)	-	-	-	-	179,112		(179,112)	-
Distribution to shareholders	IV (47)	-	-	-	-	-	-	(931,004)	(931,004)
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
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 (32)	-	-	-	(290,009)	28,939	-	260,448	(622)
Beginning balance on January 01,		9,310,040	32,415,034	(1,000,000)	(743,868)	1,536,766	-	7,491,812	49,009,784



Suning Commerce Group Co., Ltd.

Company Statement of Changes in Shareholders' Equity in 2019

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

2019									
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 (43)	-	234,702	-	-	-	-	-	234,702
Stock Repurchases	IV (44)	-	-	(899,961)	-	-	-	-	(899,961)
Profit distribution									
Withdrawal of surplus reserves	IV (46)	-	-	-	-	154,107	-	(154,107)	-
Withdrawal of general risk reserves		-	-	-	-	-	38,699	(38,699)	-
Distribution to shareholders	IV (47)	-	-	-	-	-	-	(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

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.

## Notes to Financial Statements in 2019

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

### I Basic information

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

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

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

Upon the approval of the second extraordinary shareholders' meeting in 2005 held on September 29, 2005, Suning increased its issued capital by RMB 149,056,000 from additional paid-in capital. After this increase, the total issued capital was changed to RMB 335,376,000.

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

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 resolution of the 2nd extraordinary shareholders' meeting 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 2009 annual Shareholders' Meeting held on April 06, 2010, Suning increased its issued capital by RMB 2,332,070,622 from

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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 (42)) 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.

Suning and its subsidiaries (hereinafter referred to as "Suning") are mainly engaged in the chain sales and services of household appliances,

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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, general merchandise, needle textiles, home appliances, jewelry, motorcycles, class I medical devices and some class II medical devices, and related supporting services.

See Note VI (1) (a) for details of the main subsidiaries included in the consolidation scope in this year. Main subsidiaries included in the consolidation scope in this year include Carrefour China Holding N.V. (hereinafter referred to as “Carrefour China”), Beijing Beiyuan Suning.Com Business Management Co., Ltd. (formerly known as “Beijing Tongzhou Wanda Department Store Co., Ltd.”), and other 37 companies (“Wanda Dept. Store”), see Note V (1). See Note V (2) for details of subsidiaries no longer included in the consolidation scope in this year.

The financial statement was approved and reported by board of directors of Suning on April 16, 2020.

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### II Main accounting policies and accounting estimates

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

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

## II Significant Accounting Policies and Accounting Estimate (continued)

### (1) The basis for the formulation of financial statements

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

The financial statement is prepared based on continuous operation.

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

The financial statements in 2019 of Suning conform to the requirements of Accounting Standards for Business Enterprises, which truly and completely shows the Company's consolidated and company financial conditions on December 31, 2019, as well as consolidated and company operating results, cash flow and other related information in 2019.

### (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 consolidation:

(a) Business Combinations under the Same Control

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



## II Significant Accounting Policies and Accounting Estimate (continued)

### (5) Enterprise merger (continued)

#### (b) Business Combinations under the Different Control

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

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

#### (c) Purchasing minority equity of subsidiary

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

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

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

## II Significant Accounting Policies and Accounting Estimate (continued)

### (6) Preparation methods of consolidated financial statements

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

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

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

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

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

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

### (7) Cash and cash equivalents

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

## II Significant Accounting Policies and Accounting Estimate (continued)

### (8) Foreign currency translation

#### (a) Foreign currency transaction

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

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

#### (b) Conversion of foreign currency financial statement

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

## II Significant Accounting Policies and Accounting Estimate (continued)

### (9) Financial instruments

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

#### (a) Financial assets

##### (i) Classification and measurement

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

Financial assets are measured at fair value during initial price calculation. 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 receivables or notes receivable arising from the sale of products or the provision of services, which do not include or take into account significant financing component, Suning shall take the expected consideration that it is entitled to receive as the initial recognition amount.

#### Debt instrument

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

Measured at amortization:

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

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 one year; the other debt investment obtained within one year (including one year) is listed as other current assets.

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

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



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financial assets.

### Equity instruments

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

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

II Significant Accounting Policies and Accounting Estimate (continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

(ii) Impairment

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

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

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

For financial instruments with low credit risk on the balance sheet date, Suning assumes that the credit risk has not increased significantly since

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the initial confirmation, and measures the provision for losses according to the expected credit loss in the next 12 months.

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

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

II Significant Accounting Policies and Accounting Estimate (continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

(ii) Impairment (continued)

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

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

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

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

II Significant Accounting Policies and Accounting Estimate (continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

(iii) Terminated recognition

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 earning; 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 or 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

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

When the current obligations of financial liabilities have been discharged in whole or in part, recognition of financial liabilities or obligations discharged shall be terminated by Suning. The difference between the book value which is distributed to the part whose recognition is terminated and the considerations paid is accounted into current gain or 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. Gains and losses arising from the revaluation of the fair value of derivative financial instruments were included in the current gain or loss, in addition to meeting the requirements of hedge accounting.

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

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

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

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

- (i) There is an economic relationship between the hedged items and the hedging instrument. The economic relationship makes the value of the hedging instruments and the hedged items change in the opposite direction



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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:

II Significant Accounting Policies and Accounting Estimate (continued)

(9) Financial instruments (continued)

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

- The accumulative profit or loss of the hedging instrument as of the commencement of hedging;
- Cumulative changes in the present value of the estimated future cash flows of the hedged item since the beginning of hedging.

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

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

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

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

If the amount of cash flow hedging reserve recognized in other comprehensive income is a loss, and all or part of the loss is expected to be irreparable in the future accounting period, Suning will transfer the part that is expected to be irreparable out of other comprehensive income and record it into the current gain or loss when it is expected to be irreparable.

When the hedging relationship no longer meets the risk management objectives due to the change of risk management objectives (i.e. the entity no longer seeks to achieve the risk management objectives), when the hedging instrument has expired, been sold, the contract has been terminated or exercised, when there is no economic relationship between the hedged items and the hedging instruments, or when the impact of credit

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

#### (b) Valuation method on delivery of inventories

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

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

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

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

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

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

## II Significant Accounting Policies and Accounting Estimate (continued)

### (11) Long-term equity investment

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

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

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

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

#### (a) Determination of investment cost

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

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

II Significant Accounting Policies and Accounting Estimate (continued)

(11) Long-term equity investment (continued)

(b) Subsequent measurement and gain or loss recognition method

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

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



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

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

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

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

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

- (d) Long-term equity investment impairment

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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)).

## II Significant Accounting Policies and Accounting Estimate (continued)

### (12) Investment property

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

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

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

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

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

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

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

## II Significant Accounting Policies and Accounting Estimate (continued)

### (13) Fixed assets

#### (a) Recognition and initial measurement of fixed assets

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

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

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

#### (b) Depreciation method for fixed assets

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

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

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

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

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

## II Significant Accounting Policies and Accounting Estimate (continued)

### (13) Fixed assets (continued)

#### (d) Fixed assets disposal

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

### (14) Construction in progress

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

### (15) Borrowing costs

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

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

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



## 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

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

(e) Periodic review of service life and amortization method

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

## 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 or loss from the starting; The development expenditures that have been included into profits or losses in the previous periods will not be recognized as assets in the subsequent periods. The expenditures in development stage that have been capitalized are listed as development expenditures in balance sheet and are converted to intangible assets from the date when the project reaches its intended use.

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(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.

## II Significant Accounting Policies and Accounting Estimate (continued)

### (18) Long-term asset impairment

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

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

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

## II Significant Accounting Policies and Accounting Estimate (continued)

### (19) Employee compensation

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

#### (a) Short-term compensation

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

#### (b) Post-dimission welfare

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

##### Basic endowment insurance

Suning's employees participate in the basic social endowment insurance organized and implemented by the local labor and social security department. Suning pays the endowment insurance premiums to the local basic endowment insurance agency monthly based on the local basic endowment insurance contribution base and ratio. After employee retirement, the local labor and social security department has the responsibility to pay the basic social pension to the retired employees. In the accounting period when 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.

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

## II Significant Accounting Policies and Accounting Estimate (continued)

### (19) Employee compensation (continued)

#### (c) Dismissal 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 one year from the balance sheet date are presented as current liabilities.

### (20) Dividend distribution

Cash dividends are recognized as liabilities in the current period approved by the Shareholders' Meeting.

### (21) Estimated liabilities

When the performance of current obligations formed by product quality assurance, onerous contracts and other reasons is likely to lead to the outflow of economic benefits, and its amount can be reliably measured, estimated liabilities are determined.

Estimated liabilities are initially measured in accordance with the best estimate of expenditure required to perform the relevant current obligations in full consideration with the factors such as risks, uncertainties



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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 one year from the balance sheet date are presented as current liabilities.

## II Significant Accounting Policies and Accounting Estimate (continued)

### (22) Reward point program

Suning implements the reward point plan. The points generated by customers' previous consumption can be offset at the next consumption. Points awarded to customers are as the part of sales transaction. The payment for goods or receivables obtained from sales shall be distributed between the income generated from the sale of goods or the provision of services and the fair value of reward points. The part of the payment for goods or receivables obtained after deducting the fair value of reward points shall be recognized as income, and the fair value of reward points shall be recognized as deferred income. The deferred income recognized by reward points shall be based on the points granted to customers, and shall be recognized at fair value according to the use method of points published by Suning and the expected payment rate.

When a customer exchanges reward points, the part related to the exchanged reward points originally included in the deferred income is recognized as income.

### (23) Income

The amount of income shall be determined according to the fair value at the received or receivable contract or agreed price when Suning sells goods or provides services in the daily operating activities. Income is listed as the net amount after the sales allowance and sales return are deducted.

The relevant incomes shall be confirmed if the economic benefits associated with the transaction are likely to flow into Suning and when the relevant incomes can be reliably measured and meet the specific revenue recognition criteria for the following operating activities:

#### (a) Sale of commodities

Suning is engaged in commodity retail business. When Suning transfers the commodity ownership certificate to the consumer, the main risks and rewards of commodity ownership will be transferred, and the cost related to the sale of the commodity can be reliably measured. At this time, Suning recognizes the revenue of the commodity.

(b) Sales of real estate

The main risks and rewards of the ownership of real estate development products are transferred to buyers after the products are completed and accepted and sold with a legally binding sales contract. Suning does not retain the continuous management right usually associated with the ownership, nor effectively control the sold development products. When the relevant cost that has occurred or will be issued can be measured reliably, the realization of revenue of real estate development products is recognized.

II Significant Accounting Policies and Accounting Estimate (continued)

(23) Income (continued)

(c) Sales material

Material sales mainly refer to the sales of other express envelope items except for express label. When Suning transfers materials to express franchisees, the main risks and rewards of material ownership will be transferred, and the costs related to the sale of the materials can be reliably measured. At this time, Suning recognizes the revenue of the materials.

(d) Providing labor service

Suning provides transportation, delivery and value-added service, warehousing service, express service and insurance express service, installation and maintenance service, chain store service, platform service, leasing service, agency service, etc. The labor income is recognized when total labor income and total costs can be reliably measured, the economic benefits related to transactions can flow into the enterprise, and the completion degree of services can be reliably determined.

Specific principles:

Goods transportation and delivery and value-added services, insurance express services: revenue is recognized at the time when the subject matter is transported, delivered and signed.

Warehousing revenue: Based on the warehousing business contract, revenue is recognized according to the actual storage and loading quantity of goods.

Express service: the express business model is divided into four links: collection, sorting, transport and delivery. For self-operated business, Suning recognizes the express service revenue when the collection, sorting, transport and delivery services have been completed and the right to receive service revenue has been obtained. For the business that franchisees are responsible for collection and delivery and Suning is only responsible for sorting and transport, Suning confirms the service revenue of sorting, transport and express network information management when the express leaves the transfer center where the addressee is located.

Other service revenue: revenue is recognized at the time of service completion.

## II Significant Accounting Policies and Accounting Estimate (continued)

### (24) Government subsidies

Government subsidies are monetary assets or non-monetary assets obtained for free by Suning from government, including tax refund, fiscal subsidies, etc.

The government subsidies are recognized when Suning can satisfy the conditions attached and can receive such subsidies. The government subsidies that are monetary assets shall be measured according to received or receivable amount. If the government subsidies are non-monetary assets, they shall be calculated at fair value; if the fair value cannot be reliably obtained, they shall be calculated on the basis of nominal amount.

Government subsidy related to assets refers to that obtained by Suning and used for purchase and construction of long-term assets or formation by other ways. The government subsidies pertinent to income refer to all the government subsidies 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.

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For government subsidies related to tax return, incentive payments and guiding of subsidy funds, those used for compensating the related cost or loss in later periods will be recognized as deferred income and counted into current gain or loss in the period of recognizing relevant costs; while subsidies used for compensating incurred cost or loss will be directly counted into current gain or loss. Other government subsidies related to income used for compensating the related cost, expenses or losses incurred during the period shall be recognized as the deferred income and used for offsetting related costs in the period of recognizing relevant costs, expenses or losses; subsidies used for compensating the incurred costs, expenses or losses shall be directly used for offsetting related costs.

Suning adopts the same presentation method for similar government subsidies.

Government subsidy related to daily activity of the enterprise is included into the operating income, while government subsidy irrelevant to daily activity of the enterprise is accounted into non-operating revenue.

## II Significant Accounting Policies and Accounting Estimate (continued)

### (25) Deferred income tax assets and liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and recognized according to the difference (temporary difference) between the tax basis of assets and liabilities and its book value. For the deductible loss that can be offset against taxable income in subsequent years according to the provisions of tax law, the corresponding deferred income tax assets shall be recognized. For the temporary difference caused by the initial recognition of goodwill, the corresponding deferred income tax liabilities are not recognized. The temporary differences between assets and liabilities without impacts both on accounting profit and taxable income (or deductible loss) made by initial recognition in the non-consolidated transactions, relevant deferred income tax assets and liabilities as unrecognized. On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are calculated on the basis of the applicable tax rate in the expected assets recovery or liabilities liquidation period.

The recognition of deferred income tax assets is limited to the taxable income possibly for deducting the deductible temporary difference, loss and tax.

For the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, the deferred income tax liabilities are recognized unless Suning can control the reversal time of temporary difference and the temporary difference is probably to be reversed in the foreseeable future. For the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, the deferred income tax assets are recognized when the temporary difference is probably to be reversed in the foreseeable future and probably to be obtained to deduct the taxable income that has deductible temporary difference in the future.

The deferred income tax assets and deferred income tax liabilities that meet the following conditions simultaneously are listed as net amount after offset:

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- The deferred income tax assets and deferred income 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.



## II Significant Accounting Policies and Accounting Estimate (continued)

### (26) Leased

Finance lease refers to the lease that has actually transfers all risks and rewards related to the assets ownership. It is regarded as financial lease when one or more of following conditions are satisfied:

- The ownership of assets is transferred to the lessee at the expiration of lease term.
- The lessee enjoys the right of choice to purchase the leased asset at a price which is expected to be much lower than the fair value at the date when the option is exercised. Therefore, it is available to reasonably confirm at the starting date of lease that the lessee will exercise the right.
- The lease term occupies most service life of assets even if the ownership is not transferred.
- The minimum lease payment present value of the lessee applicable on the lease commencement date is nearly equal to the fair value of the hired assets on the lease commencement date.
- With special natures, the leased assets can only be used by the lessee if there is no great change.

Operating lease refers to the leases except for financial lease.

The rental payment of operating lease shall be included in relevant assets cost or current gain or loss with straight line method in the lease term.

The rental payment of operating lease shall be recognized with straight line method in the lease term.

If sale and leaseback transactions are recognized as operating leases and any evidence shows that such transaction is based on the fair value, the balance between the sales price and the book value of the asset shall be recorded in the gain or loss of the current period. If the sale and leaseback

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transaction is not concluded according to the fair value, the relevant gain or loss shall be recognized in the current period; however, if the loss will be compensated by the future lease payment lower than the market price, it shall be deferred and apportioned within the expected service life of the asset according to the method consistent with the recognized rental expense; if the sales price is higher than the fair value, the higher part shall be deferred and apportioned within the expected service life of the asset.

(27) Discontinuing operation

Operation termination refers to the constituent part that satisfies one of the following conditions, can be distinguished separately and has been disposed or divided into held-for-sale: (I) the constituent part represents an independent principal business or a separate principal business area; (II) the constituent part is a part of a relevant plan to dispose an independent principal business or a separate principal business area; (III) the constituent part is a subsidiary acquired specifically for resale.

The net profit of operation termination as shown in the income statement includes operating gain or loss as well as disposal gain or loss.

## II Significant Accounting Policies and Accounting Estimate (continued)

### (28) Share-based payment

Share-based payment refers to the transaction of granting the equity instrument or undertaking the liabilities determined based on the equity instruments in order to obtain the service provided by the employees. Equity instruments include equity instruments of Suning itself, its parent company or other accounting entities of Suning. The share-based payment is divided into equity settlement and cash settlement. The share-based payments in Suning were equity-settled share-based payments.

#### Equity-settled share-based payment

Suning adopted equity-settled share-based payment as its employee stock ownership plan. Such plans shall be measured at the fair value of the equity instrument granted to employees on the granting date, and can only be exercised or implemented after the services within the waiting period are completed or the specified performance conditions are met. During the waiting period, based on the best estimation of the number of exercisable / implemented equity instrument, the services acquired during the current period shall be included in the related costs or expenses at the fair value on the granting date of equity instrument, and the additional paid-in capital shall be increased correspondingly. If the subsequent information indicates that the number of vested / unlockable equity instruments is different from the previous estimate, an adjustment shall be made and on the vesting / unlocking date, the estimate shall be adjusted to equal the number of the actually vested / unlockable equity instruments.

### (29) Share repurchase

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The treasury stocks in Suning were mainly generated by repurchasing its own equity instrument.

The consideration and transaction costs paid for the repurchase of its own equity instrument reduced the owner's equity and did not recognize financial assets. The price paid by Suning for repurchasing its own equity instrument and related transaction costs were listed as treasury stocks.

On the date of share cancellation, Suning carried forward relevant issued shares and treasury stocks according to the specific cancellation, and the difference was included in the additional paid-in capital (issued share premium).

On the granting date of the restricted stocks, Suning recognized the bank deposits according to the stock subscription paid by the employees, and recognized the liabilities for the repurchase obligations. On the implemented date of the restricted stocks, Suning carried forward relevant treasury stocks, liabilities and additional paid-in capital recognized in the waiting period according to the specific implementation.

## II Significant Accounting Policies and Accounting Estimate (continued)

### (30) Segment information

Suning determines the operating segment based on the internal organizational structure, management requirements and internal reporting system, and then determines the reportable segment based on the operating segment to disclose the segment information.

Operating segment is a constituent part of Suning that satisfies the following conditions simultaneously: (1) The part can generate income and expense in routine activities; (2) The management of Suning can regularly evaluate the operating results of the part to decide to allocate resources to it and evaluate its performance; (3) Suning can obtain relevant accounting information of the part, such as financial condition, operating results and cash flow. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they may be merged into one operating segment.

### (31) Significant Accounting Estimates and Judgements

Suning continuously evaluates the important accounting estimates and key judgments adopted according to the historical experience and other factors including reasonable expectation of future events.

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

The following significant accounting estimate and critical assumption may cause the major risks of significant adjustments of next year's accounting assets and liabilities book value.

##### (i) Provision for inventory

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Suning invested a large amount of working capital into the inventory. For the risk of provision for inventory, Suning has implemented strict measures for monitoring. For the unsalable inventory on the inventory aging list, Suning will understand the reasons for unsalable inventory and actively communicate with suppliers to return the unsalable inventory as much as possible; for the inventory that cannot be returned to the supplier, or the supplier who no longer has transactions with Suning, Suning withdrew the provision for inventory based on the difference between the book value of the unsalable inventory and their respective net realizable value.

II Significant Accounting Policies and Accounting Estimate (continued)

(31) Significant accounting estimate and judgment (continued)

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

(ii) Reward point program

Suning implements the reward point plan. The points generated by customers' previous consumption can be offset at the next consumption. Points awarded to customers are as the part of sales transaction. The payment for goods obtained from sales shall be distributed between the revenue generated from the sale of goods and the bonus credits. The part related to the bonus credits shall be firstly regarded as the deferred income, and then shall be carried forward and included in the current gain or loss when the customer exchanges the bonus credits or the credits are invalid. The deferred income recognized shall be based on the points granted to customers, and shall be recognized at fair value according to the use method of points published by Suning and the expected payment rate. The reliable estimation of expected payment rate depended on historical data and mathematical statistics. On each balance sheet date, Suning re-estimated the expected payment rate and adjusted the deferred income balance according to the actual payment of credits.

(iii) Depreciation method for fixed assets

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

(iv) Equity transfer transaction and leaseback business constituting the business

Suning comprehensively evaluated that it still enjoys control right after the completion of the equity transfer transaction by combining such relevant contractual arrangements as equity transfer transaction, relevant activities conducted under specific circumstances, voting rights of all participants and other factors. Besides, Suning judged that it constitutes a business based on whether the related assets of the transferred equity were provided with input, processing flow and output capacity, and judged that the leaseback arrangement belongs to the operating lease or the financial lease based on whether all the risks and remunerations related to the ownership of the relevant assets have been substantially transferred.

(b) Important accounting estimates and critical assumptions

(i) Measurement of expected credit loss

Suning calculated expected credit loss through default risk exposure and expected credit loss rate, and determined expected credit loss rate based on default probability and default loss rate. In determining the expected credit loss rate, Suning used internal and historical credit loss data and other data, and adjusted the historical data in combination with the current situation and forward-looking information. When considering forward-looking information, Suning selected appropriate economic indicators and analyzed them according to different economic scenarios and weights. Suning regularly monitored and checked the assumptions related to the calculation of expected credit loss. The above estimation techniques and critical assumptions have not changed significantly in 2019.



II Significant Accounting Policies and Accounting Estimate (continued)

(31) Significant accounting estimate and judgment (continued)

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

(ii) Enterprise merger and goodwill

Identifiable assets and liabilities and contingent liabilities for the acquiree acquired in the merger of enterprises under the consistent control shall be valued by fair value, at the acquisition date. In this process, it involved the judgment of the key parameters used in the intangible assets evaluation (including the remaining economic life involved in the preferential lease right, market rent and discount rate, supplier channel, contributed assets involved in client relationship and its return rate and discount rate, as well as the remaining economic life involved in the supplier channels and client relationship, the contributed assets and their return rate, discount rate and other parameters), as well as key assumptions for business and financial situation of Carrefour China and Wanda Dept. Store in the future, including estimates of sales growth rate and gross profit rate in the coming years.

(iii) Accounting estimate for goodwill impairment reserves

Suning will test the impairment of the goodwill every year. The recoverable amount of the asset group and the asset combination containing goodwill is the present value of the estimated future cash flow, and the calculation thereof is subject to accounting estimate (Note IV (22)).

If the management revises the income growth rate adopted in the calculation of future cash flows of asset groups and combination of asset groups and the revised income growth rate is lower than current income growth rate, Suning shall accrue the impairment provision for increase in goodwill.

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If the management revises the gross profit rate in forecast period and stable period adopted in the calculation of future cash flows of asset groups and combination of asset groups, and the revised gross profit rate is lower than current gross profit rate, Suning shall accrue the impairment provision for increase in goodwill.

If the management revised the sustainable growth rate adopted in the calculation of future cash flows of assets group and combination of assets group, and the revised net operating capital investment was higher than that currently adopted, Suning shall withdraw the impairment provision for the increase in the goodwill.

If the management revises the pre-tax discount rate applicable to the discount of the cash flow, and the revised pre-tax discount rate is higher than the currently adopted discount rate, Suning shall accrue the impairment provision for increase in goodwill.

If the actual gross profit rate, revenue growth rate, sustainable growth rate or pre-tax discount rate was higher or lower than the estimates of the management, Suning cannot transfer back the originally withdrawn goodwill impairment loss.

II Significant Accounting Policies and Accounting Estimate (continued)

(31) Significant accounting estimate and judgment (continued)

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

(iv) Current and deferred income tax

Suning pays enterprise income tax in many areas. In normal operating activities, there is uncertainty about the final tax treatment of some transactions and events. Suning needs to make a major judgment when the income tax in each area is calculated. If the finally recognized result of such taxation is different from the amount entered initially, the difference will affect the income tax and deferred income tax in above final recognition period.

The recognition of deferred income tax assets of Suning is limited to the taxable income possibly for deducting the deductible temporary difference, loss and tax. There was uncertainty in the taxable income amount obtained by each company within Suning for the deduction of deductible temporary differences, deductible losses and tax reductions, and Suning needed to make a significant judgment. If the finally recognized result of deductible temporary differences and deductible losses of the deferred income tax asset that have been withdrawn were different from the amount entered initially, the difference will affect the deferred income tax in final recognition period.

(v) Fair value of financial instruments.

Suning adopted valuation techniques to determine the fair values of financial instruments without active market. Valuation techniques include referring to the transaction price determined when conducting fair transactions between economic entities with complete information and the intention to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or using discounted cash flow analysis and option pricing models for estimation. Valuation techniques make maximum use of market information. However, when market information was not available, Suning used calibrated assumptions as close as possible to market observable data. The management

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## Notes to Financial Statements in 2019

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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.

### (32) Change of significant accounting policies

The Ministry of Finance issued the revised *No.22 Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments*, *No.23 Accounting Standards for Business Enterprises - Transfer of Financial Assets*, *No.24 Accounting Standards for Business Enterprises - Hedging* and *No.37 Accounting Standards for Business Enterprises - Presentation of Financial Instruments* (hereinafter referred to as the new financial instrument standards) in 2017, and issued the *Notice on Revising and Issuing of the Format of Financial Statements of General Enterprises* in 2019 (CK [2019] No. 6), revised *No.7 Accounting Standards for Business Enterprises - Non-monetary Assets Exchange* (hereinafter referred to as “Non-monetary Assets Exchange Standards”) and *Accounting Standards for Business Enterprises No.12 - Debt Restructuring* (hereinafter referred to as “Debt Restructuring Standards”) in 2019. Suning has adopted the above standards and notices for the preparation of the 2019 financial statements. The revised non-monetary assets exchange standards and debt restructuring standards had no significant impact on Suning and Suning, and the impact of other revised standards on Suning and the company's statements are as follows:

## II Significant Accounting Policies and Accounting Estimate (continued)

## (32) Changes of significant accounting policy (continued)

## (a) Modification of general enterprise report format

## (i) The impact on the consolidated balance sheet was listed as follows:

The content and reason for change of accounting policy	Name of report items affected	Amount affected	
		December 31, 2018	January 01, 2018
Suning split original item "notes and accounts receivable" into two items: notes receivable and accounts receivable.	Accounts receivable	5,415,147	2,389,180
	Notes receivable	1,265,543	19,033
	Notes and accounts receivable	(6,680,690)	(2,408,213)
Suning split original item "notes and accounts payable" into two items: notes payable and accounts payable.	Accounts payable	19,835,614	13,095,182
	Notes payable	27,235,403	27,356,717
	Notes and accounts payable	(47,071,017)	(40,451,899)

## (ii) The impact on the balance sheet was listed as follows:

The content and reason for change of accounting policy	Name of report items affected	Amount affected	
		December	January 01,

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31, 2018 2018

Suning split original item “notes and accounts receivable” into two items: notes receivable and accounts receivable.	Accounts receivable	63,194,660	21,650,893
	Notes receivable	3,620,062	9,319
	Notes and accounts receivable	(66,814,722)	(21,660,212)

Suning split original item “notes and accounts payable” into two items: notes payable and accounts payable.	Accounts payable	44,965,735	17,281,425
	Notes payable	18,060,177	16,959,372
	Notes and accounts payable	(63,025,912)	(34,240,797)

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II Significant Accounting Policies and Accounting Estimate (continued)

(32) Changes of significant accounting policy (continued)

(b) Financial instruments

According to the relevant provisions of the new financial instrument standards, the cumulative influencing amount of Suning on the standards was adjusted to the amount of retained earning and other related items in the financial statements at the beginning of 2019, and the comparative financial statements were not restated.

- (i) The comparative table of the classification and measurement results of financial assets in the consolidated financial statements in Suning based on the provisions of the original financial instrument standards and the new financial instrument standards on January 1, 2019:

Original financial instrument standards			New financial instrument standards		
Items presented	Measurement category	Book value	Items presented	Measurement category	Book value
Released loans and advances	Amortization	18,305,261	Released loans and advances	Amortization	18,221,470
Financial assets measured at fair value and changes	The fluctuation , measured at the fair value , is included in current gain or loss	15,720,394	Trading financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	14,833,649

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are recorded into the current gain or loss			Other non-current financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	538,982
			Other equity instruments investment	Measured at fair value with the changes included in other comprehensive income	347,763
Notes receivable	Amortization	1,265,543	Notes receivable	Amortization	1,249,939
Accounts receivable	Amortization	5,415,147	Accounts receivable	Amortization	5,517,123
Other accounts receivable	Amortization	2,874,535	Other accounts receivable	Amortization	1,490,779
			Debt investment	Amortization	377
			Trading financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	1,377,662
Held-to-maturity investment	Amortization	10,120	Debt investment	Amortization	10,120
Available-for-sale financial assets (Including other current assets)	Measured at fair value with the changes included in other comprehensive income (debt instrument)	2,680,100	Trading financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	2,626,974
			Other equity instruments investment	Measured at fair value with the changes included in other comprehensive income	53,126
	Measured at fair value with the changes included in other comprehensive income (equity instrument)	4,795,847	Trading financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	895,500
			Other non-current financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	863,540
			Other equity instruments investment	Measured at fair value with the changes included in other comprehensive income	3,036,807
	Measured at cost (equity instrument)	277,227	Other non-current financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	253,474
			Other equity instruments investment	Measured at fair value with the changes included in other comprehensive income	23,753



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Long-term receivable	accounts	Amortization	901,770	Long-term receivable	accounts	Amortization	900,655
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## II Significant Accounting Policies and Accounting Estimate (continued)

### (32) Changes of significant accounting policy (continued)

#### (b) Financial instruments (continued)

- (i) The comparative table of the classification and measurement results of financial assets in the financial statements in Suning based on the provisions of the original financial instrument standards and the new financial instrument standards on January 1, 2019:

Original financial instrument standards			New financial instrument standards		
Items presented	Measurement category	Book value	Items presented	Measurement category	Book value
Financial assets measured at fair value and changes are recorded into the current gain or loss	The fluctuation , measured at the fair value , is included in current gain or loss	4,727,683	Trading financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	4,673,202
			Other non-current financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	54,481
Notes receivable	Amortization	3,620,062	Notes receivable	Amortization	3,606,699

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Accounts receivable	Amortization	63,194,660	Accounts receivable	Amortization	63,205,437
Other accounts receivable	Amortization	26,518,947	Other accounts receivable	Amortization	25,155,036
			Debt investment	Amortization	377
			Trading financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	1,365,354
Held-to-maturity investment	Amortization	10,120	Debt investment	Amortization	10,120
Available-for-sale financial assets (Including other current assets)	Measured at fair value with the changes included in other comprehensive income (debt instrument)	1,286,605	Trading financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	1,286,605
	Measured at fair value with the changes included in other comprehensive income (equity instrument)	4,147,890	Trading financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	895,500
			Other non-current financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	224,572
			Other equity instruments investment	Measured at fair value with the changes included in other comprehensive income	3,027,818
	Measured at cost (equity instrument)	228,473	Other non-current financial assets	The fluctuation , measured at the fair value , is included in current gain or loss	228,473
Long-term accounts receivable	Amortization	953,536	Long-term accounts receivable	Amortization	953,476

II Significant Accounting Policies and Accounting Estimate (continued)

(32) Changes of significant accounting policy (continued)

(b) Financial instruments  
(continued)

- (ii) The adjustment table of the book value from original financial assets to the new financial instrument standards in Suning based on the measurement categories under the new financial instruments standards on January 1, 2019:

Measurement categories under the new financial instruments standards	Note
Financial assets measured at amortization	Table 1
Financial assets measured at fair value and changes are recorded into the current gain or loss	Table 2
Financial assets measured at fair value with the changes accounted into other comprehensive income	Table 3

## II Significant Accounting Policies and Accounting Estimate (continued)

## (32) Changes of significant accounting policy (continued)

(b) Financial instruments  
(continued)

Table 1: Financial Assets Measured at Amortization under the New Financial Instrument Standards

	Note	Book value	
		Consolidated	Company
Released loans and advances			
December 31, 2018		18,305,261	-
Re-measurement: total expected credit loss		(83,791)	-
January 01, 2019		18,221,470	-
Receivables (Note 1)			
December 31, 2018		10,456,995	94,287,205
Minus: transferred to trading financial assets (new financial instrument standards)	i)	(1,377,662)	(1,365,354)
Minus: transferred to debt investment		(377)	(377)
Re-measurement: total expected credit loss		79,540	(826)
January 01, 2019		9,158,496	92,920,648
Debt investment			
December 31, 2018		—	—
Plus: transferred from held-to-maturity investment (original financial instrument standards)	ii)	10,120	10,120
Plus: transferred from other receivables (original financial instrument standards)		377	377
January 01, 2019		10,497	10,497

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Held-to-maturity investment

December 31, 2018	10,120	10,120
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Minus: transferred to financial assets measured at amortization (new financial instrument standards)	ii)	(10,120)	(10,120)
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January 01, 2019	—	—
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Total of financial assets measured at amortization (new financial instrument standards)	27,390,463	92,931,145
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Note 1: on December 31, 2018 and January 1, 2019, the balance of receivables includes such statement items as notes receivable, accounts receivable, other receivables and long-term receivables.

## II Significant Accounting Policies and Accounting Estimate (continued)

## (32) Changes of significant accounting policy (continued)

## (b) Financial instruments (continued)

- (ii) The adjustment table of the book value from original financial assets to the new financial instrument standards in Suning based on the measurement categories under the new financial instruments standards on January 1, 2019 (continued):

Table 2: Financial Asset Measured at Fair Value with their Changes included in the Current Gain or Loss Based on New Financial Instrument Standards

	Note	Book value	
		Consolidated	Company
Trading financial assets (including other non-current financial assets)			
December 31, 2018		15,720,394	4,727,683
Plus: transferred from available-for-sale financial assets (original financial instrument standards)	iii)	4,639,488	2,635,150
Plus: transferred from other receivables (original financial instrument standards)	i)	1,377,662	1,365,354
Minus: Total amount of assets transferred and measured at fair value with changes included in other comprehensive income (new financial instrument standards)	iv)	(347,763)	-
January 01, 2019		21,389,781	8,728,187
Total financial assets measured at fair value and changes are recorded into the current gain or loss			
(New financial instrument standards)		21,389,781	8,728,187

Table 3: Financial Asset Measured at Fair Value with their Changes included in Other

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Comprehensive Income Based on New Financial Instrument Standards

	Note	Book value	
		Consolidated	Company
Other equity instruments investment			
December 31, 2018		—	—
Plus: transferred from financial assets measured at fair value with changes included in current gain or loss (original financial instrument standards)	iv)	347,763	-
Plus: transferred from available-for-sale financial assets (original financial instrument standards)	v)	3,113,686	3,027,818
January 01, 2019		3,461,449	3,027,818
Total financial assets measured at fair value and changes are recorded into the current gain or loss			
(New financial instrument standards)		3,461,449	3,027,818

## II Significant Accounting Policies and Accounting Estimate (continued)

## (32) Changes of significant accounting policy (continued)

(b) Financial instruments  
(continued)

- (ii) The adjustment table of the book value from original financial assets to the new financial instrument standards in Suning based on the measurement categories under the new financial instruments standards on January 1, 2019 (continued):

Table 3: Financial Asset Measured at Fair Value with their Changes included in Other Comprehensive Income Based on New Financial Instrument Standards (continued)

	Note	Book value	
		Consolidated	Company
Available-for-sale financial assets			
December 31, 2018		7,753,174	5,662,968
Minus: transferred to financial assets measured at fair value with changes included in gain or loss from fair value changes (original financial instrument standards)	iii)	(4,639,488)	(2,635,150)
Minus: Total amount of assets transferred and measured at fair value with changes included in other comprehensive income (new financial instrument standards)	v)	(3,113,686)	(3,027,818)
January 01, 2019		—	—
Total amount of assets measured at fair value with changes included in other comprehensive income (new financial instrument standards)		3,461,449	3,027,818

- i) On December 31, 2018, a number of principal-guaranteed floating profit financing products held by Suning were classified as other receivables, with book values of about RMB 1.378 billion and RMB



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1.365 billion respectively. After Suning implemented new financial instrument standards, considering that the overall cash flow characteristics of the contract did not meet the basic lending facility, on January 1, 2019, Suning reclassified them to the financial assets measured at fair value with changes included in current gain or loss, which were listed as trading financial assets.

- ii) On December 31, 2018, the bonds issued by China Development Bank ("CDB") held by Suning were classified as held-to-maturity investment, with book values of about RMB 10.12 million. The bond interest was classified as interest receivable, with book values of about RMB 377,000. After Suning implemented new financial instrument standards, considering that the business mode of the bond investment was designed to collect the contract cash flow, and the characteristics of the contract cash flow were consistent with the basic lending facility, on January 1, 2019, Suning reclassified them to the financial assets measured at amortization, which were listed as debt investment.

## II Significant Accounting Policies and Accounting Estimate (continued)

### (32) Changes of significant accounting policy (continued)

#### (b) Financial instruments (continued)

- (ii) The adjustment table of the book value from original financial assets to the new financial instrument standards in Suning based on the measurement categories under the new financial instruments standards on January 1, 2019 (continued):
- iii) On December 31, 2018, a number of principal-guaranteed floating profit financing products held by Suning were classified as available-for-sale financial assets, with book values of about RMB 2.627 billion and RMB 1.287 billion respectively. After Suning implemented new financial instrument standards, considering that the contract cash flow characteristics did not meet the basic lending facility, on January 1, 2019, Suning reclassified them to the financial assets measured at fair value with changes included in current gain or loss. On December 31, 2018, a number of external ownership investments held by Suning were classified as available-for-sale financial assets, with book values of about RMB 2.013 billion and RMB 1.349 billion respectively. After Suning implemented new financial instrument standards, on January 1, 2019, Suning reclassified them to the financial assets measured at fair value with changes included in current gain or loss. Accordingly, Suning transferred the accumulated amount included in other comprehensive income of about RMB 321 million and RMB 290 million to retained earning at the beginning of the period.
- iv) On December 31, 2018, the foreign equity investment held by Suning was classified as financial assets measured at fair value with changes included in current gain or loss, with book values of about RMB 348 million. After Suning implemented new financial instrument standards, considering the selling intention of Suning in the short term, on January 1, 2019, Suning designated them as financial assets measured at fair value with changes included in other comprehensive income, which were listed as other equity instrument investment. Accordingly, Suning transferred the accumulated amount included in the retained earning at the beginning of the period of about RMB 7.3 million to other comprehensive income.
- v) On December 31, 2018, a number of external ownership investments held by Suning were classified as available-for-sale financial assets, with book values of about RMB 3.114 billion and RMB 3.028 billion respectively. After Suning implemented new financial instrument standards, considering no selling intention of Suning in the short term, on January 1, 2019, Suning designated them as financial assets measured at fair value with changes included in other comprehensive income, which were listed as other equity instrument investment.
- (iii) The table for adjustment from the original impairment provision of financial assets in Suning to the loss provision based on the new financial instrument standards on January 1, 2019:

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Measurement category		Loss provision withdrawn according to the original financial instrument standards / estimated liabilities recognized according to the contingency standards	Re-measurement	Loss provision withdrawn according to the new financial instrument standards
Financial assets measured at amortization—			-	
Impairment provision for notes receivable		79	15,604	15,683
Impairment provision of accounts receivable		472,683	(101,976)	370,707
Impairment provision for other receivables		155,380	5,717	161,097
Impairment provision for long-term receivables		-	1,115	1,115
Loan loss reserve		292,531	83,791	376,322
Financial assets measured at fair value with the changes accounted into other comprehensive income—				
Impairment provision for available-for-sale financial assets		180,851	(180,851)	—
Total		1,101,524	(176,600)	924,924

## II Significant Accounting Policies and Accounting Estimate (continued)

## (32) Changes of significant accounting policy (continued)

## (b) Financial instruments (continued)

## (iii) The table for adjustment from the original impairment provision of financial assets in Suning to the loss provision based on the new financial instrument standards on January 1, 2019 (continued):

Measurement category	Loss provision withdrawn according to the original financial instrument standards / estimated liabilities recognized according to the contingency standards	Recalculate	Loss provision withdrawn according to the new financial instrument standards
Financial assets measured at amortization—			
Impairment provision for notes receivable	42	13,363	13,405
Impairment provision of accounts receivable	37,611	(10,777)	26,834
Impairment provision for other receivables	10,458	(1,820)	8,638
Impairment provision for long-term receivables	-	60	60
Financial assets measured at fair value with the changes accounted into other comprehensive income—			
Impairment provision for available-for-sale financial assets	155,851	(155,851)	—
Total	203,962	(155,025)	48,937

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## Notes to Financial Statements in 2019

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As a result of the implementation of the above revised standards, Suning correspondingly reduced the deferred income tax assets by RMB 3.28 million on January 1, 2019; it also reduced the amount influenced of related adjustments on shareholders' equity attributable to the parent company in the consolidated financial statements of Suning by about RMB 7.61 million, of which the surplus reserves increased by about RMB 28.94 million, undistributed profits increased by about RMB 277 million, and other comprehensive income decreased by about RMB 314 million; the amount influenced on minority equity increased by about RMB 75,000. Suning correspondingly increased the deferred income tax assets by RMB 205,000 on January 1, 2019; reduced the amount influenced of related adjustments on shareholders' equity in Suning by about RMB 621,000, of which the surplus reserves increased by about RMB 28.94 million, undistributed profits increased by about RMB 260 million, and other comprehensive income decreased by about RMB 290 million.

### III Tax item

#### (1) Main tax categories and tax rate applied by Suning are as follows:

Tax type	Tax basis	Tax rate
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#### Suning and its domestic subsidiaries

Enterprise income tax (a)	Taxable income	<p>The enterprise income tax rate was generally 25%. Some subsidiaries can enjoy the preferential enterprise income tax rate:</p> <p>Impose enterprise income tax at a reduced rate of 15% for encouraged enterprises in the western area;</p> <p>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%.</p> <p>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%.</p>
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## 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
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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)	<p>Household appliances sales: VAT rate for small-scale taxpayers is 3%, and VAT rate for general taxpayers is 16% (before March 31, 2019 (inclusive)) or 13% (from April 1, 2019 (inclusive));</p> <p>Transportation services: VAT rate for general taxpayers is 10% (before March 31, 2019 (inclusive)) or 9% (from April 1, 2019 (inclusive));</p> <p>Real estate sales: VAT rate for general taxpayers is 10% (before March 31, 2019 (inclusive)) or 9% (from April 1, 2019 (inclusive)); VAT rate for real estate old projects self-developed by real estate development enterprises is 5%.</p> <p>Financial services: VAT rate for general taxpayers is 6%;</p> <p>Mobile communication resale business includes: basic telecommunication services, the VAT rate for general taxpayers is 10% (before March 31, 2019 (inclusive)) or 9% (from April 1, 2019 (inclusive)); value-added telecommunication services, the VAT rate for general taxpayers is simple 6%;</p> <p>Tangible movable property leasing services: VAT rate for general taxpayers is 16% (before March 31, 2019 (inclusive)) or 13% (from April 1, 2019 (inclusive));</p> <p>Real estate leasing services: VAT rate for the lease revenue of the general taxpayer from the rental of the real estate obtained after April 30, 2016 is 10% (before March 31, 2019 (inclusive)) or 9% (from April 1, 2019 (inclusive)); VAT rate for the lease revenue of the general taxpayer from the rental of the real estate obtained before April 30, 2016 is simple 5%.</p> <p>Other modern service industries (R&amp;D and technical services, information technology services, advertising services, logistics auxiliary services, cultural and</p>
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Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

creative services, business auxiliary services, consulting services and leasing services (excluding tangible movable property leasing) and cultural and sports services): VAT rate for general taxpayers is 6%;

The VAT rate for small-scale taxpayers of the above taxable services is 3%.



### III Taxes (Continued)

- (1) The main tax types applicable to Suning and their tax rates are shown as below (continued):

Tax type	Tax basis	Tax rate
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Suning and its domestic subsidiaries (continued):

Land value-added tax	Value-added part of real estate	Levy four-level extra progressive tax rate (30% - 60%) according to the VAT rate of real estate.
Urban maintenance and construction tax	VAT and consumption tax paid	Tax rate of 7% in urban area; Tax rate of 5% in county or town; Tax rate of 1% for those not in the above three areas;
Educational surtax	VAT and consumption tax paid	3%
Local educational surtax	VAT and consumption tax paid	2%

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

- (a) According to the *Announcement of Relevant Policies for Deepening VAT Reform* (Ministry of Finance, the State Administration of Taxation and the General Administration of Customs [2019] No. 39) and relevant regulations, since April 1, 2019, the VAT rate applicable to the general merchandise retail business revenue of Suning's subsidiary Beijing Suning Commerce Sales Co., Ltd. is 13%, and the VAT rate applicable to the business before April 1, 2019 is 16%; since April 1, 2019, the VAT rate applicable to the transportation service revenue of Suning's subsidiary Jiangsu Suning Logistics Co., Ltd. is 9%, and the VAT rate applicable to the business before April 1, 2019 is 10%; since April 1, 2019, the VAT rate applicable to the basic telecommunication service revenue of Suning's subsidiary Suning Commerce Group Co., Ltd., Nanjing Suning Mobile Branch and other Internet subsidiaries is 9%, and the VAT rate applicable to the business before April 1, 2019 is 10%; since April 1, 2019, the VAT rate applicable to the tangible movable property leasing revenue of Suning's subsidiary Jiangsu Suning Logistics Co., Ltd. is 13%, and the VAT rate applicable to the business before April 1, 2019 is 16%; since April 1, 2019, the VAT rate applicable to the tangible movable property leasing revenue obtained by Suning's subsidiary Guangdong Suning Commerce Sales Co., Ltd. after April 30, 2016 is 9%, and the VAT rate applicable to the business before April 1, 2019 is 10%.

## III Taxes (Continued)

- (1) The main tax types applicable to Suning and their tax rates are shown as below (continued):

Tax type	Tax basis	Tax rate
Overseas subsidiaries:		
Hong Kong profits tax	Profits in Hong Kong	In 2018 / 19 and after, the tax rate of the assessable profits not exceeding HKD 2,000,000 is 8.25%; the tax rate of the part of the assessable profits exceeding HKD 2,000,000 is 16.5%
Cayman Islands		At present, there is no tax on enterprise profits, capital profits and salaries of the company established in Cayman.
Japanese enterprise income tax	Profits in Japan	30.62%
US enterprise income tax	Profits in US	Federal tax: paid according to the tax rate corresponding to the calculated taxable income. California tax: 8.84%

### III Taxes (Continued)

#### (2) Tax preference and approvals

##### (a) Preferential tax policies for China Western Development

According to the *Announcement on Tax Policy related to Deep Implementing China Western Development Strategy* (CS [2011] No.58) ("Doc. No. 58") of the Ministry of Finance, General Administration of Customs and State Administration of Taxation, it shall impose the enterprise income tax at a reduced rate of 15% for encouraged corporate in the western area from January 1, 2011 to December 31, 2020. The above-mentioned encouraged corporate refer to those taking the items in the *Directory of Encouraged Industries in Western Area* as main business and whose main business revenue accounts for more than 70% of the total revenue of the enterprise. The *Directory of Encouraged Industries in Western Area* (Decree Order [2014] No.15 of National Development and Reform Commission of the People's Republic of China) has been officially implemented since October 1, 2014: the *Directory of Encouraged Industries in Western Area* includes the encouraged industries in the existing national directory and the newly-added encouraged industries in the western area. After the implementation of the *Directory of Encouraged Industries in Western Area*, the original preferential enterprises can continue to enjoy the preferential policies for China Western Development.

In addition, according to Article 4 of the announcement of the *Measures for Handling Preferential Policies of Enterprise Income Tax* (SAT Announcement [2018] No. 23): the preferential items enjoyed by the enterprise shall be handled in the way of "self-judgment, declaration and enjoyment, and retention of relevant materials for future reference". The enterprise shall, on the basis of its business operation and relevant tax regulations, determine that it meets the conditions specified in the preferential items. If so, it may calculate the tax deduction or exemption on its own according to the time listed in the *Directory of Preferential Items of Enterprise Income Tax* (2017) (hereinafter referred to as the *Directory*), and enjoy the tax preference by filling in and submitting the return of enterprise income tax. Meanwhile, relevant data shall be collected and retained for future reference in accordance with the provisions of the *Measures*.

The approvals previously obtained by the subsidiaries of Suning are still valid, and the tax policy confirmed by the competent tax authority is as follows:

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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On January 15, 2013, Suning.Com Sales Co., Ltd. of Xiangxi Autonomous Prefecture was approved by Jishou City State Administration of Taxation (JGSJMZ [2013] No. 43). From 2011 to 2020, it enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

III Taxes (Continued)

(2) Tax preference and approvals (continued)

(a) Preferential tax policies for China Western Development (continued)

On June 05, 2012, Chongqing Suning.Com Sales Co., Ltd. was approved by Yuzhong District (Chongqing) State Administration of Taxation (YZGSJ [2012] No. 147). From 2011 to 2020, it enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

According to the *Notice of the People's Government of Tibet Autonomous Region on Issues Concerning the Enterprise Income Tax Rate in the Region* ((ZZF [2011] No. 14)), for all kinds of enterprises located in Tibet Autonomous Region (including enterprises outside Tibet), the enterprise income tax will continue to be levied at the rate of 15% from 2011 to 2020, so Tibet Suning.Com Sales Co., Ltd. can enjoy the preferential tax rate policy of 15% in the China Western Development.

On July 11, 2012, Sichuan Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYPH [2012] No. 881).

On April 22, 2013, Sichuan Suning Logistics Co., Ltd. was confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYPH [2013] No. 409).

On July 05, 2012, Mianyang Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYPH [2012] No. 843).

On August 16, 2012, Guangan Suning.Com Sales Co., Ltd. and Guangyuan Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYPH [2012] No. 1026).

On March 24, 2016, Guangyuan Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Guangyuan Development and Reform Commission (GFGH [2016] No. 40).

On August 16, 2012, Nanchong Suning.Com Sales Co., Ltd. and Suining Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYPH [2012] No. 1027).

On January 16, 2013, Beihai Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Department of Commerce of Guangxi Zhuang Autonomous Region (GSSMH [2013] No. 6).

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

III Taxes (Continued)

(2) Tax preference and approvals (continued)

(a) Preferential tax policies for China Western Development (continued)

On August 08, 2012, the management function of Qinzhou Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Department of Commence of Guangxi Zhuang Autonomous Region (GSSMH [2012] No. 126).

On May 13, 2014, Shaanxi Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Xi'an Municipal Development and Reform Commission (SFGCF [2014] No. 248).

On August 16, 2012, Deyang Suning.Com Sales Co., Ltd., Zigong Suning.Com Sales Co., Ltd. and Dazhou Suning.Com Sales Co., Ltd. were confirmed to be a national encouraged industrial project by Sichuan Provincial Economic and Information Commission (CJXCYPH [2012] No. 1027).

On March 26, 2015, Chongqing Suning Logistics Co., Ltd. was confirmed to be a national encouraged industrial project by Chongqing Yubei Development and Reform Commission.

On November 20, 2017, Chongqing Yuning Suning Commercial and Trading Co., Ltd. was confirmed to be a national encouraged industrial project by Chongqing Liangjian New Area Industry Promotion Bureau (YLJCS [2017] No. 59).

On November 20, 2017, Chongqing Suning Petty Loan Co., Ltd. was confirmed to be a national encouraged industrial project by Chongqing Liangjian New Area Industry Promotion Bureau (YLJCS [2017] No. 61).

On November 20, 2017, Chongqing Maoning Electronic Commerce Co., Ltd. was confirmed to be a national encouraged industrial project by Chongqing Liangjian New Area Industry Promotion Bureau (YLJCS [2017] No. 60).

On October 27, 2017, Chongqing Suning RedBaby Commercial and Trading Co., Ltd. was confirmed to be a national encouraged industrial project by Chongqing Liangjian New Area Industry Promotion Bureau (YLJCS [2017] No. 57).

On May 19, 2014, Yulin Suning.Com Sales Co., Ltd. was approved by Yulin

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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Yuzhou District State Administration of Taxation (YQGSZ [2014] No. 21), and it has implemented the preferential income tax policies since January 2013.

On April 21, 2014, Weinan Suning.Com Sales Co., Ltd. was confirmed by Weinan Linwei State Administration of Taxation (WLGSYBTZ [2014] No. 3), and has enjoyed preferential income tax policies since 2013.

On December 30, 2015, Guigang Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Guigang Development and Reform Commission (GFGJMH [2015] No. 61).

### III Taxes (Continued)

#### (2) Tax preference and approvals (continued)

##### (a) Preferential tax policies for China Western Development (continued)

On November 8, 2015, Dehong Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Development and Reform Commission of Dehong Dai Jingpo Autonomous Prefecture (DFGXB [2015] No. 665).

On October 13, 2015, Qujing Suning Cloud Business and Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Economic Development Bureau of Qujing Economic and Technological Development Zone (QKJF [2015] No. 9).

On December 9, 2015, Honghe Suning Cloud Business and Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Development and Reform Commission of Honghe Hani and Yi Autonomous Prefecture (HFGXK [2015] No. 789).

On April 25, 2016, Yuxi Suning.Com Sales Co., Ltd. was confirmed to be a national encouraged industrial project by Yuxi Development and Reform Commission (YFGNJ [2016] No. 226).

On October 27, 2017, Yunnan Diannan Suning Logistics Co., Ltd. was confirmed as a national encouraged industrial project by the Kunming Municipal Commission of Development and Reform (KFGGH [2017] No. 618).

On April 23, 2013, Neijiang Suning Commerce Sales Co., Ltd., approved by



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## Notes to Financial Statements in 2019

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Neijiang Shizhong State Administration of Taxation ([2012] No. 12), from 2012 to 2020, enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

On March 11, 2011, Yibin Suning Commerce Sales Co., Ltd., approved by Cuiping District (Yibin City) State Administration of Taxation CS [2011] No. 58), from 2011 to 2020, enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

On August 14, 2013, Ziyang Suning Commerce Sales Co., Ltd., approved by Yanjiang District (Ziyang City) State Administration of Taxation ([2012] No. 12), from 2012 to 2020, enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

On March 01, 2011, Zigong Suning Commerce Sales Co., Ltd., approved by New District Huidong (Zigong City) State Administration of Taxation ([2012] No. 12), from 2011 to 2020, enjoyed the preferential tax policy of China Western Development and paid the enterprise income tax at a reduced rate of 15%.

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Notes to Financial Statements in 2019

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

III Taxes (Continued)

(2) Tax preference and approvals (continued)

- (b) According to the *Announcement of Relevant Policies for Deepening VAT Reform* (Ministry of Finance, the State Administration of Taxation and the General Administration of Customs [2019] No. 39) and relevant regulations, as a productive service enterprises, Jiangsu Suning.Com E-commerce Co., Ltd., a subsidiary of Suning, and other companies will deduct the VAT payable with 10% income taxes deductible in current period from April 1, 2019 to December 31, 2021.

## IV Notes to Items of Consolidated Financial Statement

## (1) Monetary fund

	December 31, 2019	December 31, 2018
Cash on hand	55,725	37,268
Bank deposits	17,384,372	28,562,136
Other monetary capital	16,462,118	19,442,119
	<u>33,902,215</u>	<u>48,041,523</u>
Wherein: amount of the deposit abroad	<u>9,745,495</u>	<u>18,102,222</u>

On December 31, 2019, Suning pledged about RMB 7.806 billion (December 31, 2018: about RMB 8.157 billion) of other monetary funds to banks for issuing banker's acceptance bill (Note IV (28)), and pledged about RMB 7.898 billion of bank time deposit to banks as collateral for short-term loans (Note IV (27)) (December 31, 2018: about RMB 7.415 billion).

On December 31, 2019, about RMB 145 million (December 31, 2018: about RMB 144 million) of Suning's other monetary funds was used as performance security, RMB 98 million as L/C deposits (Note IV (27)) (December 31, 2018: none), about RMB 17.5 million as forward foreign exchange deposits (December 31, 2018: none), about RMB 16.66 million as special repayment account funds of long-term mortgage loans (Note IV (36)) (December 31, 2018: none).

On December 31, 2019, there was no provision regulated by the People's Bank of China in Suning's other monetary funds (December 31, 2018: about RMB 2.104 billion, including the recharge balance of the SuningPay account of about RMB 2.008 billion (including the corresponding 15% risk reserve withdrawn from the interest of the provisions bank account), about RMB 82.96 million of collection and payment funds and about RMB 13.28 million of Huaxiatong card recharge balance).

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

On December 31, 2019, the in-transit payment for other monetary funds (including inter-bank transaction of bank cards) was about RMB 130 million (December 31, 2018: about 1.451 billion), and the time deposit of Suning Consumer Finance Co., Ltd. ("Suning Consumer Finance Co., Ltd."), an associated company of Suning, was RMB 350 million (December 31, 2018: RMB 170 million) (note VIII (8)).

IV Notes to Items of Consolidated Financial Statement (continued)

(2) Released loans and advances

	December 31, 2019	December 31, 2018
Total released loans and advances	-	18,597,792
Minus: loan loss reserves	-	(292,531)
		<hr/>
		18,305,261
Minus: loans issuing and advances due more than one year	-	
		(4,548,598)
		<hr/>
	-	13,756,663
	<hr/>	<hr/>

	December 31, 2019	December 31, 2018
With recourse factoring	-	8,338,150
Private loan	-	4,683,358
Corporate loans	-	4,469,083
Discounting of bill	-	1,062,605

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Without recourse factoring	-	44,596
	-	18,597,792
Minus: loan loss reserves	-	(292,531)
Total released loans and advances	-	18,305,261

In September 2019, Suning lost control of Suning Financial Services Group (Note V (2)), and the book loans issued by Suning Financial Services and the loan balance were transferred out accordingly.

## IV Notes to Items of Consolidated Financial Statement (continued)

## (3) Trading financial assets

	December 31, 2019	December 31, 2018
Financial products	6,075,901	—
Trading equity instrument investment (i)	3,045,436	—
Designation of financial assets measured at their fair values and with the variation included in the current gain or loss	2,848,671	—
	<u>11,970,008</u>	<u>—</u>

- (i) On December 31, 2019, Suning pledged 122,860,000 non-tradable shares (December 31, 2018: 258,000,000 shares) of Huatai Securities Company Limited ("Huatai Securities") to the bank as collateral of long-term loans due within 1 year of about RMB 1 billion (Note IV (36)).

- (4) Financial assets measured at fair value and changes are recorded into the current gain or loss

	December 31, 2019	December 31, 2018
Equity investment of unlisted company	—	9,999,761
Financial products	—	4,833,888
Preferred stock	—	430,008

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Equity of listed company	—	347,763
Priority bankruptcy liquidation and redemption right	—	54,493
convertible bond	—	54,481
	<hr/>	<hr/>
	—	15,720,394
Minus: Financial assets listed as non-current assets that are measured at fair value and changes are recorded into the current gain or loss	—	-
	<hr/>	<hr/>
	—	15,720,394
	<hr/>	<hr/>

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(5) Notes receivable

	December 31, 2019	December 31, 2018
Commercial acceptance bill	4,701,390	1,265,622
Minus: bad debt reserves	(41,024)	(79)
	<u>4,660,366</u>	<u>1,265,543</u>

(a) On December 31, 2019, Suning has no pledged notes receivable listed in notes receivable (December 31, 2018: none).

(b) On December 31, 2019, the endorsed or discounted but not yet due notes receivable were as follows:

	Terminated recognition	Non-terminated recognition
Bank acceptance bill	<u>1,940</u>	<u>-</u>

(c) Bad debt reserves

Notes receivable of Suning were generated from daily business activities such as selling goods and providing services, regardless of whether there was any significant financing component, the provision for losses was measured according to the expected credit loss in the whole duration.



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

- (i) The analysis of notes receivable with comprehensively provision for bad debts was as follows:

On December 31, 2019, Suning measured the allowance for bad debt according to the expected credit loss in the whole duration, with the relevant amount of 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.

IV Notes to Items of Consolidated Financial Statement (continued)

(5) Notes receivable (continued)

(c) Bad debt reserves (continued)

- (ii) The amount of allowance for bad debt withdrawn in this year was about RMB 41.74 million, of which the amount of allowance for bad debt transferred back or recovered was about RMB 15.68 million, and the corresponding book balance was about RMB 1.266 billion. There was no significant transferred back or recovered bad debt.

(6) Accounts receivable

	December 31, 2019	December 31, 2018
Accounts receivable	7,576,813	5,887,830
Minus: bad debt reserves	(382,349)	(472,683)
	<u>7,194,464</u>	<u>5,415,147</u>

(a) Analysis on accounts receivable age is as follows:

	December 31, 2019	December 31, 2018
Within 1 year	7,139,205	5,622,377
1-2 year (s)	243,429	198,012

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

2 to 3 years	139,231	40,666
3 to 4 years	39,327	13,185
4 to 5 years	8,834	2,606
More than 5 years	6,787	10,984
	<u>7,576,813</u>	<u>5,887,830</u>

- (b) On December 31, 2019, the gathered accounts receivable based on debt party with top five balances were summarized and analyzed as follows:

	Balance	Withdrawn bad debt reserves	Proportion in total balance of accounts receivable  Proportion of total balance
Total accounts receivable with the top five balances	<u>2,494,369</u>	<u>(30,405)</u>	<u>32.9%</u>

#### IV Notes to Items of Consolidated Financial Statement (continued)

##### (6) Accounts receivable (continued)

(c) No accounts receivable derecognized due to the transfer of financial assets in 2019

(d) Bad debt reserves

For accounts receivable, regardless of whether there is any significant financing component, Suning shall measure the provision for losses according to the expected credit loss in the whole duration.

(i) Accounts receivable whose allowance for bad debt are withdrawn individually are analyzed as follows:

On December 31, 2019, the franchise fees of TTK Express franchisee was 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 provision for bad debts was fully withdrawn.

(ii) Accounts receivable whose allowance for bad debt are withdrawn comprehensively are analyzed as follows:

Portfolio - Clients based on aging classification

December 31, 2019		
Book balance	Bad debt reserves	
	Expected credit loss rate in the	
Amount		Amount

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

		whole duration	
Within 1 year	7,109,552	1.23%	(87,211)
1-2 year (s)	210,066	18.06%	(37,943)
Above 2 years	84,524	100%	(84,524)
	<u>7,404,142</u>		<u>(209,678)</u>

- (iii) The amount of allowance for bad debt accrued in this year was about RMB 69.03 million (2018: about RMB 184 million), and there was no significant transferred back or recovered amount.
- (e) The book balance of accounts receivable actually write-off in this year was about RMB 32.93 million (2018: about RMB 146 million), and there was no significant write-off of accounts receivable.
- (f) On December 31, 2019, Suning had no accounts receivable (December 31, 2018: about RMB 350 million) pledged to the bank as collateral for short-term loans (Note IV (27)).

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(7) Accounts receivable financing

	December 31, 2019	December 31, 2018
Accounts receivable financing	497,858	—

Shanghai Suning Trade Co., Ltd., a subsidiary of Suning, took all the accounts receivable on its book as non-recourse factoring according to the needs of its daily capital management and met the conditions of terminated recognition. Therefore, the accounts receivable in Shanghai Suning Trading Co., Ltd. were classified as financial assets measured at fair value with changes included in other comprehensive income.

Suning has no accounts receivable financing with single impairment provision. On December 31, 2019, Suning measured the allowance for bad debt according to the expected credit loss in the whole duration, with the relevant amount of RMB 6.14 million. Suning believed that there was no significant credit risk in the accounts receivable held by itself and there would be no significant loss due to the default of the clients.

On December 31, 2019, Suning has no pledged notes receivable listed in accounts receivable financing.

(8) Advance payment

(a) Analysis on prepayment by age is as follows:

December 31, 2019	December 31, 2018
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Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	26,988,913	100%	17,468,711	100%

- (b) On December 31, 2019, the gathered advance payment based on debt party with top five balances were summarized and analyzed as follows:

	Amount	Proportion in total prepayment
Total amount of prepayments in the top five balances	8,076,242	30%

## IV Notes to Items of Consolidated Financial Statement (continued)

## (9) Other receivables, non-current assets due within one year and long-term receivables

	December 31, 2019	December 31, 2018
Bond and deposit	1,158,059	1,357,476
Return of information service expenses receivable	417,912	-
Equity transfer fund receivable	251,685	-
Bank deposit interest	220,111	130,292
Logistics franchisee loans	130,595	108,441
Prepaid utilities receivable	114,357	120,456
Dividends receivable	103,172	-
Finance lease receivable	57,634	-
Staff loans	23,973	37,615
Financial receivables	12,750	-
Third-party funds with repayment guarantee	7,575	83,197
Interest of released loans and advances	-	312,047
Receivables of fund advances	-	23,989
Financial products with guaranteed capital and income	-	1,362,000
Interest of financial products with guaranteed capital and income	-	16,039
Others	267,296	380,133



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

	<u>2,765,119</u>	<u>3,931,685</u>
Minus: bad debt reserves	<u>(204,519)</u>	<u>(155,380)</u>
Total	<u>2,560,600</u>	<u>3,776,305</u>
Minus: long-term receivables and those due within one year		
Non-current assets (i)	<u>(958,752)</u>	<u>(901,770)</u>
	<u>1,601,848</u>	<u>2,874,535</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (9) Other receivables, non-current assets due within one year and long-term receivables (continued)

## (i) Long-term accounts receivable

	December 31, 2019	December 31, 2018
Lease deposit over one year	830,836	789,230
Purchase deposit over one year	10,162	67,330
Finance lease outlay	57,634	-
Others	61,006	45,210
	<u>959,638</u>	<u>901,770</u>
Minus: bad debt reserves	(886)	-
Total	<u>958,752</u>	<u>901,770</u>
Including: Non-current assets due within 1 year	(11,488)	-
	<u>947,264</u>	<u>901,770</u>

## (a) Analysis on other accounts receivable age is as follows:

December 31, 2019	December 31, 2018
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Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Within 1 year	1,471,436	2,808,819
1-2 year (s)	192,040	127,071
2 to 3 years	51,545	39,690
Above 3 years	90,460	54,335
	<hr/>	<hr/>
	1,805,481	3,029,915
	<hr/>	<hr/>

(b) The aging analysis of long-term accounts receivable is as follows:

	December 31, 2019	December 31, 2018
Within 1 year	555,595	479,847
1-2 year (s)	73,250	89,565
2 to 3 years	76,621	73,727
Above 3 years	242,684	258,631
	<hr/>	<hr/>
	948,150	901,770
	<hr/>	<hr/>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (9) Other receivables, non-current assets due within one year and long-term receivables (continued)

## (c) Statement of other receivables and long-term receivables loss reserves and changes in book balance:

		Phase I				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)		Total
		Book balance	Bad debt reserves	Book balance	Bad debt reserves	Bad debt reserves	Book balance	Bad debt reserves	Bad debt reserves
December 31, 2018		3,527,028	(62,770)	312,047	-	(62,770)	92,610	(92,610)	(155,380)
Change of accounting policy		-	(3,284)	-	(3,548)	(6,832)	-	-	(6,832)
January 01, 2019		3,527,028	(66,054)	312,047	(3,548)	(69,602)	92,610	(92,610)	(162,212)
New payment of this year		46,379	(40,478)	943,948	(54,673)	(95,151)	-	-	(95,151)
Decreased payment of this year		(1,856,334)	17,963	(312,047)	56,928	74,891	-	-	74,891
Including: write-off of this year		-	7,990	-	-	7,990	-	-	7,990
Disposal of subsidiary		-	9,946	-	56,928	66,874	-	-	66,874

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Decreased cancellation	-	27	-	-	27	-	-	27
Transferred into Phase III	(22,047)	-	-	-	-	22,047	(22,047)	(22,047)
December 31, 2019	1,695,026	(88,569)	943,948	(1,293)	(89,862)	114,657	(114,657)	(204,519)

## IV Notes to Items of Consolidated Financial Statement (continued)

(9) Other receivables, non-current assets due within one year and long-term receivables (continued)

(c) Statement of other receivables and long-term receivables loss reserves and changes in book balance (continued):

(i) Other accounts receivable with individually withdrawn bad debt reserves on 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
	<u>943,948</u>		<u>(1,293)</u>	

	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

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Transaction payment receivables of franchisees	81,920	100%	(81,920)	Expected not to be recovered
	<u>114,657</u>		<u>(114,657)</u>	

- (ii) On December 31, 2019, other receivables with comprehensively provision for bad debts were in the first stage, as follows:

	December 31, 2019		
	Book balance	Loss reserve	
	Amount	Amount	Withdrawal Proportion %
Within 1 year	471,706	(6,215)	1%
1-2 year(s)	163,024	(12,990)	8%
2 to 3 years	43,675	(12,681)	29%
3 to 4 years	33,228	(20,554)	62%
4 to 5 years	25,011	(25,011)	100%
More than 5 years	10,232	(10,232)	100%
	<u>746,876</u>	<u>(87,683)</u>	

## IV Notes to Items of Consolidated Financial Statement (continued)

- (9) Other receivables, non-current assets due within one year and long-term receivables (continued)

- (c) Statement of other receivables and long-term receivables loss reserves and changes in book balance (continued):

- (iii) On December 31, 2019, long-term receivables with comprehensively provision for bad debts were in the first stage, as follows (continued):

	December 31, 2019		
	Book balance	Loss reserve	
	Amount	Amount	Withdrawal Proportion %
Combination of deposits and security funds	948,150	(886)	0.09%

- (d) The amount of allowance for bad debt withdrawn in this year was about RMB 117 million, and there was no significant transferred back or recovered amount.
- (e) Other receivables actually written off in 2019 were about RMB 79.9 million (2018: about RMB 121 million), and there was no significant write-off of other receivables.
- (f) On December 31, 2019, the other gathered receivables and long-term receivables based on debt party with top five balances were analyzed as follows:

Nature	Balance	Account	Proportion in total balance of	Bad debt
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Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

		e	age	other receivables and long-term receivables	reserves
Alibaba China Co., Ltd.	East Return of information service expenses receivable	417,912	Within one year	15%	(86)
Shenzhen Hengning Business Development Co., Ltd. ("Shenzhen Hengning")	Dividends receivable	71,957	Within one year	3%	(1,159)
Chongqing International Trust Company	Deposit	40,000	Within one year	1%	(475)
China Network Communications Limited ("China Unicom")	Dividends receivable	31,215	Within one year	1%	(6)
BAIC BJEV	Deposit	23,400	Within one year	1%	(535)
		<u>584,484</u>		<u>21%</u>	<u>(2,261)</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (10) Inventory

## (a) Inventory is categorized as below:

	December 31, 2019			December 31, 2018		
	Book balance	Provision for inventory	Book value	Book balance	Provision for inventory	Book value
Inventory commodity	26,921,356	(358,213)	26,563,143	22,398,955	(400,123)	21,998,832
Real estate development products	130,146	-	130,146	205,867	-	205,867
Spare parts for installation and maintenance	86,815	-	86,815	58,595	-	58,595
	<u>27,138,317</u>	<u>(358,213)</u>	<u>26,780,104</u>	<u>22,663,417</u>	<u>(400,123)</u>	<u>22,263,294</u>

On December 31, 2019, Suning pledged RMB 68 million of inventory goods to the bank as collateral for short-term loans (December 31, 2018: RMB 625 million) (Note IV (27)).

## (b) The provision for inventory are analyzed as below:

	December 31, 2018	Withdrawal in current year	Amount charge-off	Disposal of subsidiaries in this year	December 31, 2019
Inventory commodity	(400,123)	(226,465)	233,683	34,692	(358,213)

## (c) The provision for inventory are analyzed as below:

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

	Specific basis of determining net realizable value	Reasons for charge-off inventory price reduction reserve in this year
Inventory goods, spare parts for installation and maintenance	Determined based on the estimated selling price of inventory goods in daily activities  minus the estimated sales expenses  and related taxes	Inventory goods with provision for inventory in the previous year were sold in this year
Real estate development products	Determined based on the estimated selling price of inventory goods in daily activities  Based on the estimated selling price of inventory goods in daily activities minus the estimated cost to be incurred and the estimated sales expenses at the time of completion  and related taxes	Not applicable

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(10) Inventories (continued)

(d) According to the real estate development project, the capitalization interest is listed as follows:

	Accumulated capitalization	Including: capitalization amount of	Capitalization rate of
Shanghai Fengxian Suning Real Estate Project	20,106	-	-
Chuzhou Suning Real Estate Project	9,709	-	-
Jining Suning Real Estate Project	8,789	-	-
	<u>38,604</u>	<u>-</u>	<u>-</u>

(e) The analysis of real estate development products is as follows:

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Project name	Completion date	December 31, 2018	Sales in this year	Transferred to investment property (Note IV (18))	Transferred fixed assets (Note IV (19))	Adjustment of final accounts in this year	December 31, 2019
Jining Suning Real Estate Project	December 04, 2015	105,970	(535)	-	-	(342)	105,093
Shantou Longhu Suning Real Estate Project	July 15, 2015	70,311	-	(51,268)	(19,436)	393	-
Shanghai Fengxian Suning Real Estate Project	December 04, 2015	17,544	-	-	-	-	17,544
Chuzhou Suning Real Estate Project	April 30, 2014	7,509	-	-	-	-	7,509
Baotou Suning Real Estate Project	January 13, 2017	4,533	(4,533)	-	-	-	-
		<u>205,867</u>	<u>(5,068)</u>	<u>(51,268)</u>	<u>(19,436)</u>	<u>51</u>	<u>130,146</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (11) Other current assets

	December 31, 2019	December 31, 2018
VAT input tax to be offset	3,052,915	1,727,346
Equity of listed company (i)	2,021,538	—
Prepaid rental expenses	1,703,053	2,132,485
Prepayment of enterprise income tax	142,008	93,381
Prepaid land value-added tax	75,410	34,855
Available-for-sale financial assets	—	840,794
Others	159,286	132,871
	<u>7,154,210</u>	<u>4,961,732</u>
Minus: Impairment provision - for available-for-sale financial assets	—	(25,000)
	<u>7,154,210</u>	<u>4,936,732</u>

## (i) Equity of listed company

	December 31, 2019	December 31, 2018
Equity of listed company		
- Cost	2,703,297	—

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

- Changes in accumulated fair value	(681,759)	—
	<u>2,021,538</u>	<u>—</u>

On December 31, 2019, Suning pledged 292,825,769 non-tradable shares of China Unicom to the bank as a pledge of RMB 1.398 billion of long-term loans due within one year (December 31, 2018: pledged 585,651,537 non-tradable shares to the bank as a pledge of RMB 2.798 billion of long-term loans) (Note IV (36)).

## IV Notes to Items of Consolidated Financial Statement (continued)

## (12) Debt investment

	December 31, 2019	December 31, 2018
Phase III financial bonds of China Development Bank in 2018 (i)	10,442	—

- (i) On December 31, 2019, 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
	10,000			

As mentioned in Note II (32) (b), on January 1, 2019, Suning reclassified the bond investment held by China Development Bank from held-to-maturity investment into debt investment. On December 31, 2019, the book value of the bond investment was about RMB 10.44 million.

## (13) Available-for-sale financial assets



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

	December 31, 2019	December 31, 2018
Calculated based on fair value		
—Financial products	—	2,705,100
—Equity instrument available for sale	—	4,795,847
	—	7,500,947
Calculated based on cost		
—Equity instrument available for sale	—	433,078
	—	7,934,025
Minus: Impairment provision		
—Calculated based on fair value	—	(25,000)
—Calculated based on cost	—	(155,851)
	—	7,753,174
	—	
Minus: available-for-sale financial assets listed in other current assets	—	(815,794)
	—	6,937,380

## IV Notes to Items of Consolidated Financial Statement (continued)

## (13) Available-for-sale financial assets (continued)

(a) The information about available-for-sale financial assets is analyzed as follows:

Financial assets available for sales calculated based on fair value:

	December 31, 2019	December 31, 2018
Financial products		
—Fair value	—	2,705,100
- Cost	—	2,653,851
—Accumulated into other comprehensive income	—	51,249
- Accumulated impairment	—	(25,000)
Equity instrument available for sale		
—Fair value	—	4,795,847
- Cost	—	5,422,429
—Accumulated into other comprehensive income	—	(626,582)
- Accumulated impairment	—	-
Total		
—Fair value	—	7,500,947

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

- Cost	—	8,076,280
—Accumulated into other comprehensive income	—	(575,333)
- Accumulated impairment	—	(25,000)
	<hr/>	<hr/>

(14) Held-to-maturity investment

	December 31, 2019			December 31, 2018		
	Book balance	Impairme nt reserves	Book value	Book balance	Impairme nt reserves	Book value
Phase III financial bonds of China Development Bank in 2018	—	—	—	10,120	-	10,120
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (15) Other equity instruments investment

	December 31, 2019	December 31, 2018
Equity of unlisted company	3,008,341	—
Equity and preferred stock of listed company (i)	1,590,030	—
	<u>4,598,371</u>	<u>—</u>
	December 31, 2019	December 31, 2018
Equity and preferred stock of listed company		
- Cost	2,042,098	—
- Changes in accumulated fair value	(452,068)	—
	<u>1,590,030</u>	<u>—</u>
Equity of unlisted company		
- Cost		—
- Changes in accumulated fair value	(659)	—
	<u>3,008,341</u>	<u>—</u>

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

- (i) On December 31, 2019, Suning pledged 292,825,768 non-tradable shares of China Unicom to the bank as a pledge of RMB 1.398 billion of long-term loans (December 31, 2018: pledged 585,651,537 non-tradable shares to the bank as a pledge of RMB 2.798 billion of long-term loans) (Note IV (36)).

## IV Notes to Items of Consolidated Financial Statement (continued)

## (16) Other non-current financial assets

	December 31, 2019	December 31, 2018
Equity investment	12,091,088	—
Preferred stock	106,501	—
Derivative financial instruments	61,884	—
Convertible bond	50,885	—
	<u>12,310,358</u>	<u>—</u>

## (17) Long-term equity investment

	December 31, 2019	December 31, 2018
Joint ventures (a)	2,983,095	1,783,641
Associated enterprises (b)	37,279,924	15,895,511
	<u>40,263,019</u>	<u>17,679,152</u>
Minus: impairment provision of long-term equity investment	(4,602)	(4,602)
	<u>40,258,417</u>	<u>17,674,550</u>

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### IV Notes to Items of Consolidated Financial Statement (continued)

#### (17) Long-term equity investment (continued)

##### (a) Joint ventures (continued)

	December 31, 2018	Additional investment	Negative investment	Net profit or loss adjusted by equity method	Other comprehens ive income adjustment	Cash dividends or benefit to be issued or Profit	Withdrawal of impairment reserves	Others	December 31, 2019	Balance of impairme nt reserves at end of year
Suning Warehouse Phase I Fund - SCGC Logistics Fund ("Yunxiang Warehouse Logistics Phase I Fund") (i)	1,424,819	801,846	-	(13,005)	-	(652,130)	-	35	1,561,565	-
Suning Warehouse Phase II Fund - SCGC Logistics Fund ("Yunxiang Warehouse Logistics Phase II Fund") (ii)	-	1,067,430	-	(4,844)	-	(1,985)	-	-	1,060,601	-

## Suning.Com Co., Ltd.

### Notes to Financial Statements in 2019

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

Nanjing Heyin Real Estate Development Co., Ltd. ("Nanjing Heyin")	331,968	-	-	(432)	-	-	-	-	331,536	-
Suning Goldstone (Tianjin) Fund Management Co., Ltd. ("Suning Goldstone")	22,252	-	-	2,539	-	-	-	-	24,791	-
Beijing Juhe Tourism Consulting Co., Ltd. ("Juhe Tourism")	4,602	-	-	-	-	-	-	-	4,602	(4,602)
	<u>1,783,641</u>	<u>1,869,276</u>	<u>-</u>	<u>(15,742)</u>	<u>-</u>	<u>(654,115)</u>	<u>-</u>	<u>35</u>	<u>2,983,095</u>	<u>(4,602)</u>



Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### IV Notes to Items of Consolidated Financial Statement (continued)

#### (17) Long-term equity investment (continued)

##### (a) Joint ventures (continued)

- (i) In September 2018, Suning, together with SCGC Real Estate Fund Management (Shenzhen) Co., Ltd. ("SCGC Real Estate") and part of the management team, established a subsidiary Suning SCGC Fund Management (Nanjing) Co., Ltd. ("Suning SCGC"). Suning SCGC, as the fund manager, initiated Yunxiang Warehouse Logistics Phase I Fund and held the equity on its behalf. Suning subscribed 51% of Yunxiang Warehouse Logistics Phase I Fund in cash. According to the provisions of the fund contract, both Suning and SCGC Real Estate enjoyed the same one-vote veto power for major relevant activities of the Yunxiang Warehouse Logistics Phase I Fund, such as over-budget solutions, related transactions as well as financiers and investors' exit plans. As of December 31, 2019, Suning has paid about RMB 2.203 billion of subscription capital in total.
- (ii) In July 2019, Suning SCGC, as the fund manager, initiated Yunxiang Warehouse Logistics Phase II Fund and held the equity on its behalf. Suning subscribed 51% of Yunxiang Warehouse Logistics Phase II Fund in cash. According to the provisions of the fund contract, both Suning and SCGC Real Estate enjoyed the same one-vote veto power for major relevant activities of the Yunxiang Warehouse Logistics Phase II Fund, such as over-budget solutions, related transactions as well as financiers and investors' exit plans. As of December 31, 2019, Suning has paid about RMB 1.067 billion of subscription capital in total.

For information on equity in joint ventures, please refer to Note VI (2).

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(17) Long-term equity investment (continued)

(b) Associated enterprises

Increase/decrease changes in this year											
	December 31, 2018	Increase in current period	Negative investment	Net profit or loss adjusted by equity method	Other comprehensive income adjustment	Other equity changes	Cash dividends or benefit to be issued	Withdrawal of impairment reserves	Others	December 31, 2019	Balance of impairment reserves at end of year
Suning Financial Services Group (i)	-	23,414,830	-	202,046	-	-	-	-	2,438	23,619,314	-
Shenzhen Hengning	10,026,591	-	-	550,728	-	-	(203,889)	-	-	10,373,430	-
Jiangsu Suning Bank Co., Ltd. ("Suning Bank")	1,201,974	-	-	22,720	22,511	-	-	-	-	1,247,205	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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Suning Smart Life Holding Limited ("Suning Smart Life") (ii)	-	1,812,557	-	(706,094)	22,704	-	-	-	475	1,129,642	-
Japan LAOX (iii)	-	500,286	-	(20,084)	-	-	-	-	-	480,202	-
Suning Consumer Finance Co., Ltd.	299,414	-	-	4,955	-	-	-	-	-	304,369	-
Lamabang	54,497	-	-	(5,594)	-	-	-	-	-	48,903	-
Beijing Qili Software Technology Co., Ltd. ("Beijing Qili")	51,395	-	-	(5,188)	-	-	-	-	-	46,207	-

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### IV Notes to Items of Consolidated Financial Statement (continued)

#### (17) Long-term equity investment (continued)

##### (b) Associated enterprises (continued)

	Increase/decrease changes in this year									December 31, 2019	Impairment reserves Balance at the end of the year
	December 31, 2018	Increase in current period	Negative investment	Net profit or loss adjusted by equity method	Other comprehensive income adjustment	Other equity changes	Cash dividends or benefit to be issued	Withdrawal of impairment reserves	Others		
Maruetsu Hong Kong Limited ("Maruetsu")	23,882	-	-	705	-	-	-	-	-	24,587	-
Greenland and Laox Investment Limited ("Greenland")(iii)	133,893	-	-	4,843	-	-	-	-	(138,736)	-	-
MHI Residential Air-Conditioners (Shanghai) Co., Ltd.	6,021	-	-	44	-	-	-	-	-	6,065	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

(MHIRS)

Onward J Bridge Co.,  
Ltd. ("Onward J  
Bridge")(iii)

	3,781	-	-	246	-	-	-	-	(4,027)	-	-
Huatai Securities (iv)	4,094,063	344,681	1,355,410)	231,413	20,024	11,385	(83,987)	-	3,262,169)	-	-
	15,895,511	26,072,354	1,355,410)	280,740	65,239	11,385	(287,876)	-	3,402,019)	37,279,924	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(17) Long-term equity investment (continued)

(b) Associated enterprises (continued)

- (i) In September 2019, Suning Financial Services Group completed series C increase in capital and share, after which Suning's equity in Suning Financial Services Group were decreased from 50.1% to 41.15%. Besides, the Board of Directors of Suning Financial Services Group changed from one director (appointed by Suning to exercise the functions of the Board of Directors) before capital increase to five directors, and the resolution mechanism of the Board of Directors was approved by more than half of the votes. Suning held two seats in the Board of Directors (composed of five directors) of Suning Financial Services Group. As a result, on September 27, 2019, Suning has lost control over Suning Financial Services Group and converted its investment into investment accounting for the associated company (Note V (2)).
- (ii) In 2019, Suning paid about USD 263 million to complete the actual contribution to all subscribed shares of Suning Smart Life, and held 35% equity of Suning Smart Life.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

- (iii) On December 5, 2019, Japan LAOX completed the private placement of GRANDA GALAXY LIMITED and GLOBAL WORKER, after which Suning's equity in Japan LAOX decreased from 41.85% to 29.77%. Besides, Suning signed the *Termination Agreement of the Agreement on Concerted Action* with Japan National Tourism Organization (JNTO) to terminate the concerted action agreement at the level of the shareholders' meeting and the Board of Directors. Therefore, on December 5, 2019, Suning has lost control over Japan LAOX. However, as Suning still holds three seats in the Board of Directors (composed of seven directors) in Japan LAOX, the investment in Japan LAOX was converted to investment accounting for the associated enterprise (Note five (2)).

Due to the loss of control over Japan LAOX, the associated enterprise investment in Greenland and Onward J Bridge, which were originally held by Japan LAOX, was transferred out of Suning's consolidated statements accordingly.

- (iv) In September 2019, Suning began to dispose the shares of Huatai Securities in succession, resulting in the shareholding ratio of less than 3%. According to the Articles of Association of Huatai Securities, Suning lost the right to nominate directors due to the shareholding ratio of less than 3%. On December 16, 2019, Huatai Securities held the first Extraordinary Shareholders Meeting in 2019. According to the resolution of the Shareholders' Meeting, Suning lost a seat in Huatai Securities. As a result, it has lost its significant influence on Huatai Securities, the investment in which has been changed to trading financial asset accounting.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(18) Investment property

	December 31, 2018	Acquisition for the year (Note V (1) (c))	Transfer of fixed assets this year (Note IV (19))	Transferred from inventories for the year (Note IV (10))	Withdrawal in current year	Disposal of subsidiary	Transferred to fixed assets for the year (Note IV (19))	December 31, 2019
Total original value	3,845,811	4,514,332	541,699	51,268	-	(1,130,300)	(1,022,938)	6,799,872
Houses and buildings	3,845,811	4,514,332	541,699	51,268	-	(1,130,300)	(1,022,938)	6,799,872
Total accumulated depreciation	(483,747)	-	(48,442)	-	(133,513)	-	16,264	(649,438)
Houses and buildings	(483,747)	-	(48,442)	-	(133,513)	-	16,264	(649,438)



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Total net book value	3,362,064	4,514,332	493,257	51,268	(133,513)	(1,130,300)	(1,006,674)	6,150,434
Houses and buildings	3,362,064	4,514,332	493,257	51,268	(133,513)	(1,130,300)	(1,006,674)	6,150,434

In 2019, the withdraw depreciation amount of the investment property was about RMB 134 million (in 2018, it was about RMB 77.68 million).

In 2019, Suning changed the use of houses and buildings with book value of about RMB 1.007 billion (the original value was about RMB 1.023 billion) to self-use, and converted corresponding investment property into fixed assets accounting as of the date of change of use.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(18) Investment property (continued)

In 2019, Suning changed the use of houses and buildings with book value of RMB 493 million and original price of RMB 542 million to lease, and converted the corresponding fixed assets into investment real estate accounting as of the date of change of use.

In 2019, Suning changed the use of real estate development products with book value of about RMB 51.27 million to lease, and converted corresponding inventory into investment property accounting as of the date of change of use.

As of December 31, 2019, the property ownership certificates for Suning's investment property with book value of about RMB 161 million has not been completed (on December 31, 2018, the book value was about RMB 351 million).

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(19) Fixed assets

	Houses and buildings	Machinery equipment	Transportation means	Electronic equipment	Other equipment	Total
Original price						
December 31, 2018	14,372,772	1,242,437	253,789	3,145,332	1,586,142	20,600,472
Amount of increase in current year						
Purchase	1,106,689	100,243	107,524	755,778	699,612	2,769,846
Transferred from inventories (Note IV (10))	19,436	-	-	-	-	19,436
Transferred from investment property (Note IV (18))	1,022,938	-	-	-	-	1,022,938
Transferred from construction in progress (Note IV (20))	1,661,432	533	-	-	3,261	1,665,226
Acquisition for the year (Note V (1)(c))	809,970	1,024,189	24,454	118,996	3,283	1,980,892
						423

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Amount of decrease in current year						
Disposal and scrapping	(72,140)	(61,964)	(30,050)	(196,998)	(126,608)	(487,760)
Disposal of subsidiary	(2,389,420)	(92,528)	(48,743)	(337,264)	(729,765)	(3,597,720)
Cancellation of subsidiaries	-	(607)	-	(134)	(253)	(994)
Transferred to investment property (Note IV (18))	(541,699)	-	-	-	-	(541,699)
Conversion difference from foreign currency statements in current year	-	-	31	146	114	291
December 31, 2019	15,989,978	2,212,303	307,005	3,485,856	1,435,786	23,430,928

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(19) Fixed assets (continued)

	Houses and buildings	Machinery equipment	Transportation means	Electronic equipment	Other equipment	Total
Accumulated depreciation						
December 31, 2018	(1,876,624)	(394,797)	(151,999)	(1,775,859)	(883,487)	(5,082,766)
Amount of increase in current year						
Withdrawal	(671,443)	(247,162)	(33,221)	(459,855)	(188,413)	(1,600,094)
Transferred from investment property (Note IV (18))	(16,264)	-	-	-	-	(16,264)
Amount of decrease in current year						
Disposal and scrapping	48,025	39,354	22,812	187,381	115,677	413,249
Disposal of subsidiary	394,287	28,198	8,029	83,435	100,084	614,033
Cancellation of subsidiaries	-	215	-	48	90	353
Transferred to investment property (Note IV (18))	48,442	-	-	-	-	48,442
Conversion difference from foreign currency statements in current year	-	-	27	184	(272)	(61)
December 31, 2019	(2,073,577)	(574,192)	(154,352)	(1,964,666)	(856,321)	(5,623,108)

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(19) Fixed assets (continued)

	Houses and buildings	Machinery equipment	Transportation means	Electronic equipment	Other equipment	Total
Impairment reserves						
December 31, 2018	(251,087)	(1,498)	(749)	(44,564)	(20,901)	(318,799)
Amount of increase in current year						
Withdrawal	(77,185)	(993)	(28)	(15,777)	(2,339)	(96,322)
Amount of decrease in current year						
Disposal and scrapping	-	-	-	-	61	61
Disposal of subsidiary	328,272	2,491	777	60,341	23,179	415,060
December 31, 2019	-	-	-	-	-	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Book value

December 31, 2019	13,916,401	1,638,111	152,653	1,521,190	579,465	17,807,820
December 31, 2018	12,245,061	846,142	101,041	1,324,909	681,754	15,198,907

IV Notes to Items of Consolidated Financial Statement (continued)

(19) Fixed assets (continued)

- (a) On December 31, 2019, houses and buildings with book value of about RMB 621 million were treated as the collateral for long-term loans (Note IV (36)).

In 2019, the withdraw depreciation amount of the fixed assets was about RMB 1.6 billion (in 2018, it was about RMB 1.118 billion). Therein, the depreciation expenses included in cost of revenues, sales cost, management cost and R&D cost were about RMB 37 million, RMB 1.044 billion, RMB 272 million and RMB 247 million (in 2018, they were about RMB 89 million, RMB 633 million, RMB 234 million and RMB 162 million) respectively.

The original value of the fixed assets transferred from the construction in progress was about RMB 1.665 billion (in 2018, it was about RMB 1.757 billion).

- (b) Temporarily idle fixed assets

On December 31, 2019 and December 31, 2018, Suning has no significant idle fixed assets.

- (c) Fixed assets with uncompleted certificate of property title on December 31, 2019:

	Book value	Reasons for the property certificate failure
Houses and buildings	694,821	The procedure is in



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(20) Construction in progress

	December 31, 2019	December 31, 2018
Construction in progress		
(a)	4,332,066	2,053,989
Project materials	11,268	9,334
	<u>4,343,334</u>	<u>2,063,323</u>

(a) Construction in progress

	December 31, 2019			December 31, 2018		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Hefei Changfeng Logistics Base	505,159	-	505,159	-	-	-
Tianjin Beichen Logistics Base	480,833	-	480,833	58,932	-	58,932
Chengdu Xindu Bell Tower Suning.Com Plaza	386,147	-	386,147	33,164	-	33,164
Chengdu Qingbaijiang Logistics Base	365,924	-	365,924	230,136	-	230,136
TTK Express Logistics Base	294,692	-	294,692	30,237	-	30,237
Xuzhou High-tech Logistics Base	260,269	-	260,269	98,331	-	98,331
Shenyang Sujiatun Suning.Com Plaza	240,687	-	240,687	60,366	-	60,366

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Wuhu Logistics Base	238,199	-	238,199	105,107	-	105,107
Huaian Jinhu Suning.Com Plaza	184,401	-	184,401	382	-	382
Zhengzhou Airport Logistics Base	184,237	-	184,237	129,734	-	129,734
Xiangyang Smart Retail E-commerce Industrial Park	179,469	-	179,469	-	-	-
Nanjing Airport Phase II Logistics Base	145,050	-	145,050	-	-	-
Shaoxing Phase III Logistics Base	118,563	-	118,563	1,561	-	1,561
Yuhua Cloud Data Center Project	116,771	-	116,771	27,029	-	27,029
Dalian Phase II Logistics Base	108,812	-	108,812	-	-	-
Changchun Phase III Logistics Base	108,688	-	108,688	-	-	-
Meishan Phase II Logistics Base	79,116	-	79,116	-	-	-
Zhengzhou Bonded Logistics Base	72,329	-	72,329	20,998	-	20,998
Hainan Chengmai Logistics Base	70,432	-	70,432	926	-	926
Jining Yanzhou Phase I Logistics Base	57,480	-	57,480	-	-	-
Zhengzhou Phase II Logistics Base	45,294	-	45,294	275	-	275
Carrefour Store Decoration Project	10,884	-	10,884	-	-	-

## IV Notes to Items of Consolidated Financial Statement (continued)

## (20) Construction in progress (continued)

## (a) Construction in progress (continued)

	December 31, 2019			December 31, 2018		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Mianyang Anchang Purchase Store	7,379	-	7,379	7,379	-	7,379
Suning Chongqing Smart Industrial Park Project	3,134	-	3,134	-	-	-
Shenyang Yuhong Logistics Base	3,066	-	3,066	-	-	-
Guangxi Smart E-commerce Industrial Park Project	2,632	-	2,632	-	-	-
Guiyang High-tech Logistics Base	2,156	-	2,156	1,413	-	1,413
Xiamen Smart Logistics E-commerce Industrial Park	2,132	-	2,132	-	-	-
Qingdao Jiaozhou Logistics Base	2,083	-	2,083	-	-	-
Jinan High-tech Logistics Base	2,036	-	2,036	-	-	-
Xi'an International Port District Logistics Base	1,867	-	1,867	-	-	-
Tianjin Logistics Base	1,742	-	1,742	1,689	-	1,689
Suzhou Phase II Logistics Base	1,010	-	1,010	840	-	840

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Changsha Wangcheng Logistics Base	-	-	-	427,898	-	427,898
Nanjing Airport Logistics Base	-	-	-	321,299	-	321,299
Xi'an High-tech Logistics Base	-	-	-	187,062	-	187,062
Chengdu Phase II Small Package Logistics Base	-	-	-	47,897	-	47,897
Neijiang Phase II Logistics Base	-	-	-	48,254	-	48,254
Changchun Phase II Logistics Base	-	-	-	37,700	-	37,700
Guiyang Phase II Logistics Base	-	-	-	21,251	-	21,251
Taiyuan Logistics Base	-	-	-	3,025	-	3,025
Japan LAOX Project	-	-	-	96	-	96
Other items	49,393	-	49,393	151,008	-	151,008
	<u>4,332,066</u>	<u>-</u>	<u>4,332,066</u>	<u>2,053,989</u>	<u>-</u>	<u>2,053,989</u>

## Notes to Financial Statements in 2019

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

## IV Notes to Items of Consolidated Financial Statement (continued)

(20) Construction in progress (continued)

## (a) Construction in progress (continued)

(i) Changes in significant projects in-process

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Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Chengdu Qingbaijiang Logistics Base	445,319	230,136	-	135,788	-	-	-	365,924	82%	Under construction	6,794	5,903	5.39%	Loans and raised funds
TTK Express Logistics Base	463,704	30,237	-	264,455	-	-	-	294,692	64%	Under construction	3,931	1,526	5.39%	Loan
Xuzhou High-tech Logistics Base	407,029	98,331	-	161,938	-	-	-	260,269	64%	Under construction	2,162	2,159	5.39%	Loans and raised funds
Shenyang Sujiatun Suning.Com Plaza	313,680	60,366	-	180,321	-	-	-	240,687	77%	Under construction	4,487	3,948	5.39%	Loan
Wuhu Logistics Base	295,016	105,107	-	133,092	-	-	-	238,199	81%	Under construction	3,194	3,145	5.39%	Loans and raised funds
Huaian Jinhu Suning.Com Plaza	581,520	382	-	184,019	-	-	-	184,401	32%	Under construction	2,037	2,033	5.39%	Loan
Zhengzhou Airport Logistics Base	201,856	129,734	-	54,503	-	-	-	184,237	91%	Under construction	2,477	2,343	5.39%	Loans and raised funds
Xiangyang Smart Retail E-commerce Industrial Park	220,532	-	-	179,469	-	-	-	179,469	81%	Under construction	334	334	5.39%	Loans and raised funds
Nanjing Airport Phase II Logistics Base	717,256	-	-	145,050	-	-	-	145,050	20%	Under construction	-	-	-	Raise funds
Shaoxing Phase III Logistics Base	832,610	1,561	-	117,002	-	-	-	118,563	14%	Under construction	54	54	5.39%	Loans and raised funds
Yuhua Cloud Data Center Project	294,947	27,029	-	89,742	-	-	-	116,771	40%	Under construction	2,582	2,230	5.39%	Loan
Dalian Phase II Logistics Base	300,232	-	-	108,812	-	-	-	108,812	36%	Under construction	-	-	-	Raise funds

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(20) Construction in progress (continued)

(a) Construction in progress (continued)

(i) Major Changes in construction in progress (continued)

Project name	Budget amount	December 31, 2018	Acquisition for the year (Note V (1)(c))	Amount of increase in current year	Transferred to fixed assets for the year (Note IV (19))	Other decreases for the year	Disposal in current year	December 31, 2019	Proportion of budget	Project schedule	Accumulated capitalization amount of borrowing costs	Including: capitalization amount of borrowing costs in this year	Capitalization rate of borrowing costs in this year	Sources of funds
Changchun Phase III Logistics Base	145,317	-	-	108,688	-	-	-	108,688	75%	Under construction	1,959	1,959	5.39%	Loans and raised

## Notes to Financial Statements in 2019

Investment in construction projects														funds
Meishan Phase II Logistics Base	101,126	-	-	79,116	-	-	-	79,116	78%	Under construction	-	-	-	Self-owned funds
Zhengzhou Bonded Logistics Base	150,652	20,998	-	51,331	-	-	-	72,329	48%	Under construction	921	921	5.39%	Loans and raised funds
Hainan Chengmai Logistics Base	248,586	926	-	69,506	-	-	-	70,432	28%	Under construction	78	76	5.39%	Loans and raised funds
Jining Yanzhou Phase I Logistics Base	234,821	-	-	57,480	-	-	-	57,480	24%	Under construction	176	176	5.39%	Loan
Zhengzhou Phase II Logistics Base	97,703	275	-	45,019	-	-	-	45,294	46%	Under construction	430	430	5.39%	Loans and raised funds
Carrefour Store Decoration Project	-	-	46,124	2,108	-	(37,348)	-	10,884	-	Under construction	-	-	-	Self-owned funds
Mianyang Anchang Purchase Store	47,026	7,379	-	-	-	-	-	7,379	16%	Under construction	-	-	-	Self-owned funds
Suning Chongqing Smart Industrial Park Project	555,192	-	-	3,134	-	-	-	3,134	1%	Under construction	9	9	5.39%	Loan
Shenyang Yuhong Logistics Base	26,228	-	-	3,066	-	-	-	3,066	12%	Under construction	36	36	5.39%	Loan
Guangxi Smart E-commerce Industrial Park Project	53,737	-	-	2,632	-	-	-	2,632	5%	Under construction	6	6	5.39%	Loan
Guiyang High-tech Logistics Base	549,734	1,413	-	743	-	-	-	2,156	-	Under construction	52	49	5.39%	Loans and raised funds
Xiamen Smart Logistics E-commerce Industrial	39,402	-	-	2,132	-	-	-	2,132	5%	Under construction	47	47	5.39%	Loan
														436



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Park

Qingdao Jiaozhou Logistics Base	70,672	-	-	2,083	-	-	-	2,083	3%	Under construction	4	4	5.39%	Loan
Jinan High-tech Logistics Project	35,365	-	-	2,036	-	-	-	2,036	6%	Under construction	53	53	5.39%	Loan

IV Notes to Items of Consolidated Financial Statement (continued)

(20) Construction in progress (continued)

(a) Construction in progress (continued)

(i) Major Changes in construction in progress (continued)

Project name	Budget amount	December 31, 2018	Acquisition for the year (Note V (1)(c))	Amount of increase in current year	Transferred to fixed assets this year (Note (19))	Other decreases for the year	Disposal of subsidiaries in this year	December 31, 2019	Proportion of budget	Project schedule	Accumulated capitalization amount of borrowing costs	Including: capitalization amount of borrowing costs in this year	Capitalization rate of borrowing costs in this year	Sources of funds
Xi'an International Port District Logistics Base	71,530	-	-	1,867	-	-	-	1,867	3%	Under construction	65	65	5.39%	Loan
Tianjin Logistics Base	358,148	1,689	-	53	-	-	-	1,742	-	Under construction	204	53	5.39%	Loan
Suzhou Phase II Logistics Base	107,010	840	-	170	-	-	-	1,010	1%	Under construction	65	-	5.39%	Loan

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Changsha Wangcheng Logistics Base	599,685	427,898	-	74,655	(502,553)	-	-	-	84%	In operation already	16,577	10,310	5.39%	Loans and raised funds
Nanjing Airport Logistics Base	395,987	321,299	-	15,109	(336,408)	-	-	-	85%	In operation already	12,961	8,294	5.39%	Loans and raised funds
Xi'an High-tech Logistics Base	311,965	187,062	-	109,853	(296,915)	-	-	-	95%	In operation already	5,133	4,771	5.39%	Loans and raised funds
Chengdu Phase II Small Package Logistics Base	166,368	47,897	-	37,857	(85,754)	-	-	-	52%	In operation already	618	618	5.39%	Loans and raised funds
Neijiang Phase II Logistics Base	58,031	48,254	-	3,663	(51,917)	-	-	-	89%	In operation already	-	-	-	Raise funds
Changchun Phase II Logistics Base	37,700	37,700	-	-	(37,700)	-	-	-	100%	In operation already	57	-	5.39%	Loans and raised funds
Guiyang Phase II Logistics Base	95,542	21,251	-	67,495	(88,746)	-	-	-	93%	In operation already	779	779	5.39%	Loans and raised funds
Taiyuan Logistics Base	44,548	3,025	-	39,015	(42,040)	-	-	-	94%	In operation already	491	491	5.39%	Loan
Japan LAOX Project	608,499	96	-	153	-	-	(249)	-	-	Under construction	-	-	-	Self-owned funds
Other items	1,604,120	151,008	135	121,443	(223,193)	-	-	49,393	-	-	2,024	917	-	-
	2,053,989	46,259	3,934,641	(1,665,226)	(37,348)	(249)	4,332,066				81,720	64,389		

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(21) Intangible assets

	Land use right	Software	Trademarks and domain names	Client relationship intangible assets	Supplier channel	Preferential lease right (a)	Total
Original price							
December 31, 2018	6,920,688	1,681,883	2,388,504	1,328,908	84,525	245,233	12,649,741
Amount of increase in current year							
Purchase	1,708,627	44,267	-	-	-	-	1,752,894
Transferred from development expenditure	-		-	-	-	-	266,792
Acquisition for the year (Note V (1)(c))		234,437	-	870,998	1,198,760	1,109,145	5,693,258
Amount of decrease in current year							
Disposal		(16,534)	-	-	-	-	(63,711)
Disposal of subsidiary	(781,131)	(430,787)	(435,104)	(3,339)	(84,525)	-	(1,734,886)

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Conversion difference from foreign currency statements in current year	-	-	302	69	-	-	371
December 31, 2019	10,080,925	1,780,058	1,953,702	2,196,636	1,198,760	1,354,378	18,564,459

Accumulated amortization

December 31, 2018	(753,194)	(1,177,116)	(574,210)	(235,075)	(3,522)	(245,233)	(2,988,350)
Amount of increase in current year							
Withdrawal	(283,731)	(185,313)	(148,847)	(187,478)	(32,712)	(38,875)	(876,956)
Amount of decrease in current year							
Disposal	6,938	11,909	-	-	-	-	18,847
Disposal of subsidiary	103,059	145,018	269,186	1,192	7,748	-	526,203
Conversion difference from foreign currency statements in current year	-	-	(302)	(69)	-	-	(371)
December 31, 2019	(926,928)	(1,205,502)	(454,173)	(421,430)	(28,486)	(284,108)	(3,320,627)

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(21) Intangible assets (continued)

	Land use right	Software	Trademarks and domain names	Client relationship intangible assets	Supplier channel	Preferential lease right (a)	Total
Impairment reserves							
December 31, 2018	-	(219)	(7,604)	-	-	-	(7,823)
Amount of increase in current year							
Withdrawal	-	-	(6,170)	(542,757)	-	-	(548,927)
Amount of decrease in current year							
Disposal of subsidiary	-	-	7,240	-	-	-	7,240
Conversion difference from foreign currency statements in current year	-	-	-	-	-	-	-
December 31, 2019	-	(219)	(6,534)	(542,757)	-	-	(549,510)

Book value							
December 31, 2019	9,153,997	574,337	1,492,995	1,232,449	1,170,274	1,070,270	14,694,322
December 31, 2018	6,167,494	504,548	1,806,690	1,093,833	81,003	-	9,653,568

IV Notes to Items of Consolidated Financial Statement (continued)

(21) Intangible assets (continued)

In 2019, the amortized amount of intangible assets was about RMB 877 million (in 2018, it was about RMB 524 million).

On December 31, 2019, there was no land use right without a property ownership certificate (on December 31, 2018, there was also no land use right without a property ownership certificate).

On December 31, 2019, no land use right has been treated as the collateral for long-term loans (Note IV (36)) (on December 31, 2018, land use right with book value of about JPY 1.249 billion (equivalent to about RMB 77.24 million) was treated as collateral for bonds payable, short-term loans and long-term loans).

(a) Preferential lease right

Preferential lease right was an intangible asset recognized by Suning during business merger of Wanda Dept. Store and Carrefour China in 2019. Suning undertakes rental agreements signed by the acquired company prior to the acquisition date. As the rent in some rental agreements is more favorable than that in the market, Suning recognizes the preferential lease right as the intangible asset of Suning based on the assessed value and amortizes it in method of lines based on the expected benefit period.

(b) The development expenditure for Suning is shown as follows:

December	Amount	<u>Amount of decrease in current year</u>	December
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Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

	31, 2018	of increase in current year	Included in gain or loss	Confirme d as intangibl e assets	Disposal of subsidia ry	31, 2019
Software developm ent	23,881	327,324	(30,617)	(266,792)	(10,869)	42,927

In 2019, the newly increased software development expenditure for Suning was about RMB 327 million (in 2018, it was about RMB 256 million). Therein, about RMB 267 million (in 2018, it was about RMB 224 million) has been recognized as intangible assets in the current period, and about RMB 42.93 million is included in the year-end balance of development expenditure (in 2018, it was about RMB 23.88 million).

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(22) Goodwill

	December 31, 2018	Amount of increase in current year (Note V (1) (b))	Disposal of subsidiaries in this year Note (V (2))	December 31, 2019
Goodwill -				
Carrefour China business	-	3,872,201	-	3,872,201
TTK Express Logistics business (i)	2,116,296	75,657	-	2,191,953
Wanda Dept. Store business	-	1,381,015	-	1,381,015
RedBaby and Cosmetic business	270,670	-	-	270,670
Japan LAOX	226,006	29,483	(255,489)	-
Dia Convenience Store business	106,506	-	(106,506)	-
Manzuo.com business	33,372	-	-	33,372
Technology Sector business of Allyes	25,109	-	-	25,109
Property company business	-	141,470	(82,012)	59,458
Suning Intelligent Terminal Co., Ltd. ("Suning Intelligent Terminal") business	-	1,264	-	1,264
The retail and wholesaling business of Citicall Retain & Management Limited	616	-	-	616
Wuxi Shenglimen Suning Commerce Sales Co., Ltd.	569	-	-	569



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

	2,779,144	5,501,090	(444,007)	7,836,227
Minus: Impairment provision -				
Japan LAOX	(226,006)	(29,483)	255,489	-
Logistics business of TTK Express	(140,970)	(216,845)	-	(357,815)
The retail and wholesaling business of				
Citicall Retain &				
Management Limited	(616)	-	-	(616)
	(367,592)	(246,328)	255,489	(358,431)
	2,411,552			7,477,796

## IV Notes to Items of Consolidated Financial Statement (continued)

## (22) Goodwill

All goodwill of Suning has been allocated to relevant assets groups or combinations of assets groups on the acquisition date. The allocation is summarized as follows:

Assets groups or combinations of assets groups	Business division	December 31, 2019		
		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	Logistics in mainland China	2,191,953	(357,815)	1,834,138
Wanda Dept. 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
Combinations of assets groups for on-line retail business and open platform business in mainland China	Retail in mainland China	33,372	-	33,372
Open platform business assets group	Retail in mainland China	25,109	-	25,109
Suning Logistics Storage business assets group	Logistics in mainland China	59,458	-	59,458
Others	Others	2,449	(616)	1,833
		7,836,227	(358,431)	7,477,796

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

In goodwill impairment tests, Suning compared the book value of the relevant assets or combinations of assets groups (including goodwill) with the recoverable amount. And if the recoverable amount was lower than the book value, the difference among them was included in the current gain or loss (Note IV (55)).

The goodwill allocation of Suning has not been changed since 2018.

Since 2018, Suning began to integrate the TTK Express logistics business with the original logistics transport & distribution business of Suning, and has begun to benefit from the synergy of the integration. Suning accelerated and deepened the integration of the TTK Express logistics business, as well as the original logistics transport & distribution business, of Suning by acquiring local TTK Express business under the original TTK Express logistics business, which was operated in a franchise mode. Therefore, Suning allocated all goodwill generated by acquisition of TTK Express logistics business and local TTK Express logistics business operating under the franchise mode successively to Suning logistics transport & distribution assets group composed of TTK Express logistics business and Suning's logistics transport & distribution business. In 2019, the withdraw impairment provision was about RMB 217 million due to the unexpected overall operation of TTK Express.

## IV Notes to Items of Consolidated Financial Statement (continued)

## (22) Goodwill (continued)

The recoverable amount of assets groups and combinations of assets groups was based on the five-year budget approved by the management, and then was estimated on the basis of a fixed growth rate (as described in the following table) and calculated by the cash flow forecasting method.

Main assumptions for adopting discounting future cash flow method are:

	Carrefour China business
Growth rate of income	3%-18.4%
Forecast gross profit rate	24%-25.1%
Gross profit rate at the stable stage	25.1%
Sustainable growth rate	2.8%
Pre-tax discount rate	14.85%

	Wanda Dept. Store business
Growth rate of income	2%-3.5%
Forecast gross profit rate	18.9%
Gross profit rate at the stable stage	18.9%
Sustainable growth rate	2.8%
Pre-tax discount rate	14.96%

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

	Logistics business of TTK Express
Growth rate of income	4%-14%
Forecast gross profit rate	13%-22%
Gross profit rate at the stable stage	22%
Sustainable growth rate	2.8%
Pre-tax discount rate	15.3%

	RedBaby and Cosmetic business
Growth rate of income	6.5%-7%
Forecast gross profit rate	13.9%-14.9%
Gross profit rate at the stable stage	14%
Sustainable growth rate	2.8%
Pre-tax discount rate	15.3%

IV Notes to Items of Consolidated Financial Statement (continued)

(22) Goodwill (continued)

Main assumptions for adopting discounting future cash flow method are (continued):

	Manzuo.com business
Growth rate of income	10%-10.5%
Forecast gross profit rate	15.6%-16.1%

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Gross profit rate at the stable stage	16%
Sustainable growth rate	2.8%
Pre-tax discount rate	23.2%

	Technology Sector business of Allyes
Growth rate of income	10%-20%
Forecast gross profit rate	91.3-92%
Gross profit rate at the stable stage	91%
Sustainable growth rate	2.8%
Pre-tax discount rate	19.5%

Suning determined the growth rate and gross profit rate based on historical experience and market development forecasts. The growth rate at the stable stage, not exceeding the long-term average growth rate for each product, was the weighted average growth rate adopted by Suning to forecast cash flows after the five-year budget, and was consistent with the forecast data contained in the industry report. Suning adopts the pre-tax rate that can reflect the specific risks of relevant assets groups and combinations of assets groups as the discount rate, which is consistent with the previous year.

## IV Notes to Items of Consolidated Financial Statement (continued)

## (23) Long-term unamortized expenses

	December 31, 2018	Amount of increase in current year	Increase in acquisition s	Amortization of the year	Disposal of subsidiary	December 31, 2019
Improvement expense of fixed assets of operating lease	1,280,247	724,787	1,035,352	(821,533)	(610,992)	1,607,861
Expenses for deferred extended warranty service (a)	503,066	214,397	-	(210,189)		507,274
Prepaid long-term rental expenses	49,658	149,036	312,007	(100,254)	(746)	409,701
Others	18,868	40,000	-	-	(58,868)	-
Total	1,851,839	1,128,220	1,347,359	(1,131,976)	(670,606)	2,524,836
Impairment provision - Improvement of fixed assets of operating lease	-	(1,987)	-	-	1,987	-
	1,851,839	1,126,233	1,347,359	(1,131,976)	(668,619)	2,524,836

- (a) Suning provides extended warranty service for electrical appliances to clients, signs an insurance service agreement with a third party insurance company for the extended warranty service provided, and pays corresponding insurance expenses to ensure that relevant compensation can be collected from the insurance company according to the contract when providing extended warranty service in the future. On December 31, 2019, Suning received income from deferred extended warranty service and cumulative unamortized balance payment of deferred extended insurance expenses were about RMB 1.41 billion (on December 31, 2018, it was about RMB 1.475 billion) (Note IV (40)) and RMB 507 million (on December 31, 2018, it was about 503 million) respectively.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

(24) Other non-current assets

	December 31, 2019	December 31, 2018
Advance payment for land and house purchase	487,729	101,030
Advance payment for engineering equipment	190,888	20,417
Advance payment for equity acquisition	90,923	-
Guarantee deposit	27,540	-
	<hr/>	<hr/>
	797,080	121,447
	<hr/>	<hr/>



## IV Notes to Items of Consolidated Financial Statement (continued)

## (25) Deferred income tax assets and liabilities

## (a) Non-offset deferred income tax assets

	December 31, 2019		December 31, 2018	
	Deductible temporary difference and loss deductible	Deferred income tax assets	Deductible temporary difference and loss deductible	Deferred income tax assets
Amortization of long-term unamortized expenses	21,822	5,021	72,004	17,131
Unpaid advertising expenses	1,317,841	323,506	1,365,137	320,269
Prepaid rental expenses	953,307	243,456	792,512	198,128
Deductible loss	10,284,678	2,376,910	8,216,208	1,897,468
Assets impairment reserves	1,661,765	408,617	1,116,287	263,477
Asset-based government subsidies	793,344	194,962	606,081	143,984
Warranty extension income	781,249	195,312	591,768	142,936
Financial liabilities measured at fair value with their changes recorded into the current gain or loss	-	-	3,817	954
Advertising and business promotion expenses exceeding 15% of the current year's revenue	3,105,720	776,430	1,302,383	325,596
Expected profits of	1,533	383	5,961	1,509

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Financial assets measured at fair value with the changes accounted into other comprehensive income	855,862	213,966	608,420	152,105
Financial assets measured at fair value and changes are recorded into the current gain or loss	248,666	62,167	-	-
Offsetting of internal unrealized profit	111,645	27,911	75,246	18,812
Write-off of financial assets	-	-	538,759	80,984
Employee Stock Ownership Plan	415,760	102,137	184,004	46,001
Others	1,019,962	232,035	328,801	86,817
	<u>21,573,154</u>	<u>5,162,813</u>	<u>15,807,388</u>	<u>3,696,171</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (25) Deferred income tax assets and liabilities (continued)

## (a) Non-offset deferred income tax assets (continued)

	December 31, 2019	December 31, 2018
Wherein:		
Amount to be transferred back within 1 year (including 1 year)	1,097,535	1,027,522
Amount to be transferred back in 1 year	4,065,278	2,668,649
	<u>5,162,813</u>	<u>3,696,171</u>

## (b) Non-offset deferred income tax liabilities

	December 31, 2019		December 31, 2018	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Unrealized changes in fair value	24,073,487	6,018,283	835,409	208,852
Interest capitalization	392,466	98,566	372,288	92,992
Business combination under different common control	9,761,277	2,440,228	2,907,513	765,732
Extended warranty expenses	115,720	28,759	145,582	36,396
Others	138,208	14,487	85,039	21,260

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

<u>34,481,158</u>	<u>8,600,323</u>	<u>4,345,831</u>	<u>1,125,232</u>
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Wherein:

Amount to be transferred  
back within 1 year  
(including 1 year)

398,979

120,037

Amount to be transferred  
back in 1 year

8,201,344

1,005,195

8,600,323

1,125,232

## IV Notes to Items of Consolidated Financial Statement (continued)

## (25) Deferred income tax assets and liabilities (continued)

- (c) The deductible temporary differences and deductible losses of deferred income tax assets not recognized by Suning are analyzed as follows:

	December 31, 2019	December 31, 2018
Deductible temporary difference		
(i)	596,768	398,159
Deductible loss (ii)	8,411,451	3,671,297
	<u>9,008,219</u>	<u>4,069,456</u>

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, 2019, Suning has not confirmed the deferred income tax assets of about RMB 149 million (on December 31, 2018, it was about RMB 128 million) for deductible temporary differences of about RMB 597 million (on December 31, 2018, it was about 398 million).
- (ii) On December 31, 2019, Suning has not confirmed the deferred income tax assets of about RMB 2.011 billion (on December 31, 2018, it was about RMB 877 million) for deductible loss of about RMB 8.411 billion (on December 31, 2018, it was about 3.671 billion).
- (iii) Suning took full consideration of the tax impact which may arise when overseas subsidiaries remit their profits back to China in the future. Since Suning could decide its dividend distribution policy independently 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.

## IV Notes to Items of Consolidated Financial Statement (continued)

## (25) Deferred income tax assets and liabilities (continued)

- (d) Deductible losses of unrecognized deferred income tax assets will expire in the following years:

	December 31, 2019	December 31, 2018
2019	Inapplicable	346,404
2020	1,488,553	325,885
2021	1,394,387	217,822
2022	1,722,047	263,751
2023	1,492,130	1,584,081
2024	1,419,879	2,572
2025	-	16,909
2026	-	31,848
2027	-	51,152
2033	2,761	3,870
2034	34,757	34,757
2035	7,289	7,289
2036	11,364	11,364
2037	10,617	10,617
2038	3,395	6,441
No due date	824,272	756,535

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

8,411,451

3,671,297

- (e) As to the deferred income tax assets and liabilities after offset, their net amounts are listed as follows:

		December 31, 2019		December 31, 2018	
		Offset amount	Balance after set-off	Offset amount	Balance after set-off
Deferred income assets	tax	(1,032,643)	4,130,170	(730,510)	2,965,661
Deferred income liabilities	tax	(1,032,643)	7,567,680	(730,510)	394,722

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### IV Notes to Items of Consolidated Financial Statement (continued)

#### (26) Asset impairment and loss provision

	December 31, 2018	Change of accounting policy	January 01, 2019	Amount of increase in current year	Amount of decrease in current year				December 31, 2019
					Back to	Write-off / charge-off	Disposal	Cancellation of subsidiaries	
Bad debt reserves of accounts receivable	472,683	(101,976)	370,707	69,026	(118)	(32,930)	(24,335)	(1)	382,349
Including: withdrawal of bad debt reserves by single item	172,789	-	172,789	-	(118)	-	-	-	172,671
Withdrawal of bad debt reserves by combination	299,894	(101,976)	197,918	69,026	-	(32,930)	(24,335)	(1)	209,678
Allowance for bad debt for other accounts receivable	155,380	5,717	161,097	117,427	-	(7,990)	(66,874)	(27)	203,633
Including: withdrawal of bad debt reserves by single item	92,610	3,548	96,158	76,720	-	-	(56,928)	-	115,950
Withdrawal of bad debt reserves by combination	62,770	2,169	64,939	40,707	-	(7,990)	(9,946)	(27)	87,683
Allowance for bad debt of long-term receivables	-	1,115	1,115	(229)	-	-	-	-	886
Including: withdrawal of bad debt reserves by single item	-	-	-	-	-	-	-	-	-
Withdrawal of bad debt reserves	-	1,115	1,115	(229)	-	-	-	-	886



# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

by combination									
Allowance for bad debt of notes receivable	79	15,604	15,683	41,739	(15,682)	-	(716)	-	41,024
Allowance for bad debt of accounts receivable financing	-	-	-	6,144	-	-	-	-	6,144
Loan issuing and impairment provision of advances	292,531	83,791	376,322	393,870	-	(223,868)	(546,324)	-	-
Impairment provision for available-for-sale financial assets	180,851	(180,851)	—	—	—	—	—	—	—
Subtotal	1,101,524	(176,600)	924,924	627,977	(15,800)	(264,788)	(638,249)	(28)	634,036
Provision for inventory	400,123	-	400,123	226,465	-	(233,683)	(34,692)	-	358,213
Impairment reserves of long-term equity investment	4,602	-	4,602	-	-	-	-	-	4,602
Fixed assets impairment reserves	318,799	-	318,799	96,322	-	(61)	(415,060)	-	-
Impairment reserves of intangible assets	7,823	-	7,823	548,927	-	-	(7,240)	-	549,510
Impairment reserves for goodwill	367,592	-	367,592	246,328	-	-	(255,489)	-	358,431
Impairment provision of long-term unamortized expenses	-	-	-	1,987	-	-	(1,987)	-	-
Subtotal	1,098,939	-	1,098,939	1,120,029	-	(233,744)	(714,468)	-	1,270,756
	2,200,463	(176,600)	2,023,863	1,748,006	(15,800)	(498,532)	(1,352,717)	(28)	1,904,792

## IV Notes to Items of Consolidated Financial Statement (continued)

## (27) Short-term borrowings

	December 31, 2019	December 31, 2018
Credit loan	9,731,233	9,300,239
Pledge loan (a)	8,245,753	10,969,905
Guaranteed loan (b)	940,989	3,909,134
Mortgage loan	-	134,905
Interest payable of short-term loans	36,846	-
	<u>18,954,821</u>	<u>24,314,183</u>

- (a) On December 31, 2019, the amount of RMB bank pledged loans was about RMB 8.246 billion, which was pledged by time deposit in the bank of about RMB 7.898 billion, L/C deposits of about RMB 98 million (Note IV (1)) and inventories of about RMB 68 million (Note IV (10)) (on December 31, 2018, the amount of RMB bank pledged loans was about RMB 9.91 billion which was pledged by time deposit in the bank of about RMB 7.415 billion, accounts receivable within Suning of about RMB 350 million, non-recourse factoring of about RMB 3.556 billion and inventories of about RMB 625 million).

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

- (b) On December 31, 2019, HKD guaranteed loans and USD guaranteed loans were about RMB 627 million and RMB 314 million respectively, which were guaranteed by Nanjing Branch of China Merchants Bank Co., Ltd. (on December 31, 2018, RMB guaranteed loans of RMB 300 million were guaranteed by Jiangsu Branch of Industrial and Commercial Bank of China, RMB guaranteed loans of RMB 651 million were guaranteed by Suning Appliance Group Co., Ltd. ("Suning Appliance Group Co., Ltd."), 40% of RMB guaranteed loans of RMB 1.4 billion were guaranteed by Suning Jinkong Investment Co., Ltd. ("Suning Jinkong"), 49.9% of RMB guaranteed loans of RMB 1.252 billion were guaranteed by Suning Financial Holding (Note VIII (6) (k)), and HKD guaranteed loans of RMB 307 million were guaranteed by Nanjing Branch of China Merchants Bank Co., Ltd.).
- (c) On December 31, 2019, the interest rate range for short-term loans was from 2.22% to 8% (on December 31, 2018, it was from 0.15% to 7%).

IV Notes to Items of Consolidated Financial Statement (continued)

(28) Notes payable

	December 31, 2019	December 31, 2018
Commercial acceptance bill	2,161,644	2,028,458
Bank acceptance bill	23,997,205	25,206,945
	<u>26,158,849</u>	<u>27,235,403</u>

On December 31, 2019, the banker's acceptance bills issued by Suning were pledged and guaranteed by the bill deposits deposited in banks of about RMB 7.806 billion (on December 31, 2018, the total was about RMB 8.157 billion) (Note IV (1)).

## (29) Accounts payable

	December 31, 2019	December 31, 2018
Trade payables	<u>44,380,475</u>	<u>19,835,614</u>

- (i) On December 31, 2019, the accounts payable with an age of more than 1 year was about RMB 657 million (on December 31, 2018, it was about RMB 601 million), mainly including the outstanding payment of suppliers, who failed to settle the payment with Suning in a timely manner, in previous years.

## (30) Unearned revenue

	December 31, 2019	December 31, 2018
Store value card	4,565,499	288,509
advances on sales	2,244,680	1,443,481
Prepaid rental expenses	343,609	221,013
Pre-sale funds of real estate	<u>3,789</u>	<u>13,189</u>
	<u>7,157,577</u>	<u>1,966,192</u>

- (a) On December 31, 2019, the unearned revenue with an age of more than 1 year were about RMB 423 million (on December 31, 2018, it was about RMB 245 million), mainly including the balance payment that has not been settled with clients.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(31) Payroll payable

	December 31, 2019	December 31, 2018
Short-term compensation payable (a)	1,354,375	1,317,026
Defined contribution plan payable (b)	31,786	12,578
	<u>1,386,161</u>	<u>1,329,604</u>

(a Short-term compensation )

	December 31, 2018	Amount of increase in current year	Amount of decrease in current year	Increase in acquisitions Note (V (1))	Disposal of subsidiary	December 31, 2019
Wages, bonuses, allowances and subsidies	1,235,833	14,630,114	(14,624,467)	234,453	(204,581)	1,271,352
Staff welfare expense	61,771	228,406	(271,016)	4,114	132	23,407
Social insurance cost	4,380	509,521	(511,831)	9,764	(326)	11,508
Inc.: Medical insurance premiums	3,807	443,097	(445,105)	8,476	(284)	9,991
Industrial	219	25,423	(25,539)	524	(16)	611

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

injury insurance						
Birth insurance premium	354	41,001	(41,187)	764	(26)	906
Housing fund	3,958	331,555	(335,974)	10,629	(108)	10,060
Labor union expenditure and personnel education fund	11,084	41,851	(41,352)	26,541	(76)	38,048
	1,317,026	15,741,447	(15,784,640)	285,501	(204,959)	1,354,375

(b) Defining contribution plan

	December 31, 2018	Amount of increase in current year	Amount of decrease in current year	Increase in acquisitions Note (V (1))	Disposal of subsidiary	December 31, 2019
Basic endowment insurance	11,586	918,580	(917,903)	17,616	(586)	29,293
Unemployment insurance	992	78,598	(78,540)	1,493	(50)	2,493
	12,578	997,178	(996,443)	19,109	(636)	31,786

## IV Notes to Items of Consolidated Financial Statement (continued)

## (32) Taxes payable

	December 31, 2019	December 31, 2018
Enterprise income tax payable	1,019,333	1,678,950
Value-added tax unpaid	530,025	281,767
Urban maintenance and construction tax payable	34,214	31,377
Individual income tax payable	27,400	11,636
Education surtax payable	25,534	22,156
Land value-added tax payable	3,026	2,151
Others	73,755	57,819
	<u>1,713,287</u>	<u>2,085,856</u>

## (33) Other payables

	December 31, 2019	December 31, 2018
Project payables	3,433,241	2,514,507
Deposit and bond payable	2,312,929	1,778,204
Expenses payable for advertising, marketing and information technology services	2,600,770	2,542,345
Investment payables	923,009	1,542,470

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Expenses payable for rent and utilities	728,573	456,649
Expenses payable for information service	403,928	115,802
Expenses payable for administrative office	317,970	222,817
Employee stock ownership plan payable	291,114	499,805
Prepaid rent/utilities for sublease	242,417	124,673
Expenses payable for labor outsourcing	134,035	115,440
Long-term loan interest	21,555	17,286
Interest on short-term loan	-	103,267
Provisions payable for SuningPay account	-	1,424,019
Bond interest payable	-	273,648
Others	1,202,762	835,172
	<u>12,612,303</u>	<u>12,566,104</u>

- (a) On December 31, 2019, other payables with an age of more than 1 year were about RMB 2.113 billion (on December 31, 2018, it was about RMB 1.156 billion), mainly including various kinds of security funds and guarantee deposits collected.



## IV Notes to Items of Consolidated Financial Statement (continued)

## (34) Non-current liabilities due within 1 year

	December 31, 2019	December 31, 2018
Long-term loans expired within one year (Note IV (36))	5,870,205	18,929
interest of bond due and payable within 1 year	245,691	-
Interest of long-term loans expired within one year	31,558	-
Revenue of deferred advertising space usage	18,484	17,508
Bonds payable to be paid within 1 year (Note IV (37))	1,496,770	3,499,995
	<u>7,662,708</u>	<u>3,536,432</u>

## (35) Other current liabilities

	December 31, 2019	December 31, 2018
Prepaid house rent	713,759	491,210
Reward point program (a)	259,925	179,380
Prepaid utilities	105,288	147,748
Others	251	5,113
	<u>1,079,223</u>	<u>823,451</u>

- (a) The deferred income recognized by reward point plan shall be based on the points granted to customers, and shall be recognized at fair value according to the use method of points published by Suning and the expected payment rate.

## IV Notes to Items of Consolidated Financial Statement (continued)

## (36) Long-term loans

	December 31, 2019	December 31, 2018
Pledge loan (a)	5,415,900	4,778,000
Credit loan	7,453,100	19,890
Mortgage loan (b)	722,100	34,786
	<hr/>	<hr/>
Minus: Long-term loans expired within one year (Note IV (34))	(5,870,205)	(18,929)
	<hr/>	<hr/>
	7,720,895	4,813,747
	<hr/>	<hr/>

- (a) On December 31, 2019, the amount of RMB pledged loans was about RMB 5.416 billion (including RMB pledged long-term loans due within 1 year of about RMB 2.398 billion), of which: five-year loans at a fixed rate of RMB 2.796 billion (including loans transferred to non-current liabilities due within 1 year of RMB 1.398 billion) were pledged by 585,651,537 non-tradable shares of China Unicom held by Suning (Note IV (11) & (15)), and the annual interest rate for loans was 5.7% while the interest was paid quarterly and the principal was repaid in installments; long-term loans due within 1 year at floating interest rates of RMB 1 billion were pledged by 122,860,000 non-tradable shares of Huatai Securities held by Suning (Note IV (3)), and the annual interest rate for loans was 3-month SHIBOR plus 125 basis points while the interest was paid quarterly and the principal was repaid in installments; five-year loans at floating interest rates of RMB 1.62 billion were pledged by 100% equity of Wanda Dept. Store held by Suning, and the annual interest rate for loans was the 5-year LPR + 1.05% while the interest was paid quarterly and the principal was repaid in installments (on December 31, 2018, the amount of RMB pledged loans was about RMB 4.778 billion, of which: five-year loans at a fixed rate of RMB 2.798 billion were pledged by 585,651,537 non-tradable shares of China Unicom held by Suning, 2-year loans at a fixed rate of RMB 980 million were pledged by 135 million non-tradable shares of Huatai Securities held by Suning, and 2-year loans at a fixed rate of RMB 1 billion were pledged by 123 million shares of Huatai Securities held by Suning).

- (b) On December 31, 2019, the amount of bank mortgage loans was RMB 722 million (including RMB long-term mortgage loans due within 1 year of RMB 17.90 million), which was mortgaged by houses and buildings of Suning with book value of 621 million (Note IV (19)) (on December 31, 2018, there was none), and repaid by the repayment account of long-term mortgage loans of about RMB 16.66 million (Note IV (1)).
- (c) On December 31, 2019, the interest rate range for long-term loans was from 3.32% to 6.1% (on December 31, 2018, it was from 0.7% to 6.1%).

#### IV Notes to Items of Consolidated Financial Statement (continued)

(37) Bonds payable

	December 31, 2018	Issuance in current year	Interest accrued by face value	Amortization of premium	Repayment of current year	Disposal of subsidiary	December 31, 2019
Corporate bonds (Phase II)	3,499,995	-	180,293	27,952	(3,708,240)	-	-
Corporate Bonds -18 Suning (a)	9,974,683	-	530,900	10,889	(530,900)	-	9,985,572
Huatai Securities Asset Management - Suning supply chain asset-backed special scheme (b)	-	4,789,850	75,507	-	(75,507)	(4,789,850)	-
	13,474,678	4,789,850	786,700	38,841	(4,314,647)	(4,789,850)	9,985,572

# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

Including: bonds due within 1 year	(3,499,995 )	(1,496,770 )
	<u>9,974,683</u>	<u>8,488,802</u>

Relevant bound information is as follows:

	Face value	Date of issue	Term of bonds	Issued amount
Corporate Bonds -18 Suning 01	2,000,000	April 19, 2018	3	2,000,000
Corporate Bonds -18 Suning 02	1,700,000	May 09, 2018	3	1,700,000
Corporate Bonds -18 Suning 03	1,000,000	June 15, 2018	5-year (with the option of issuer to raise the coupon rate and the put option of investor to resell at the end of the third year)	1,000,000
Corporate Bonds -18 Suning 04	1,200,000	July 17, 2018	3	1,200,000
Corporate Bonds -18 Suning 05	1,600,000	August 13, 2018	3	1,600,000
Corporate Bonds -18 Suning 06	1,500,000	November 16, 2018	3-year (with the option of issuer to raise the coupon rate and the put option of investor to resell at the end of the second year)	1,500,000
Corporate Bonds -18 Suning 07	1,000,000	November 16, 2018	5-year (with the option of issuer to raise the coupon rate and the put option of investor to resell at the end of the third year)	1,000,000
Huatai Securities Asset Management - Suning supply chain asset-backed special scheme (No. 1)	1,343,000	March 12, 2019	15 months	1,343,000
Huatai Securities Asset Management - Suning supply chain asset-backed special scheme (No. 2)	1,500,000	April 19, 2019	12 months	1,500,000
Huatai Securities Asset	1,320,000	June 6, 2019	12 months	1,320,000

## Suning.Com Co., Ltd.

### Notes to Financial Statements in 2019

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

Management - Suning  
supply chain

Asset-backed special  
scheme (No. 3)

Huatai Securities Asset Management - Suning supply chain	1,114,000	August 27, 2019	12 months	1,114,000
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Asset-backed special  
scheme (No. 4)

IV Notes to Items of Consolidated Financial Statement (continued)

(37) 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 09, 2018, the corporate bonds for 2018 have been issued (Phase II (18 Suning 02)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 5.5%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On June 15, 2018, the corporate bonds for 2018 have been issued (Phase III (18 Suning 03)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 5.75%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On July 17, 2018, the corporate bonds for 2018 have been issued (Phase IV (18 Suning 04)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 5.7%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On August 13, 2018, the corporate bonds for 2018 have been issued (Phase V (18 Suning 05)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 5.5%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On November 16, 2018, the corporate bonds for 2018 have been issued (Phase VI (18 Suning 06)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 4.7%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest. On November 16, 2018, the corporate bonds for 2018 have been issued (Phase VI (18 Suning 07)) and were adopted simple interest rate calculated on an annual basis. The fixed annual interest rate was 4.9%. The interest would be paid once a year while the principal should be repaid once at maturity with the last interest.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

IV Notes to Items of Consolidated Financial Statement (continued)

(37) Bonds payable (continued)

- (b) On March 12, 2019, Suning Commercial Factoring Co., Ltd. ("Suning Commercial Factoring") transferred non-recourse factoring and recourse factoring with face value of RMB 1.343 billion to Huatai Securities Asset Management Company, the trustee, who was responsible for issuing "Huatai Securities Asset Management - Suning supply chain asset-backed special scheme (No.1)" with the due date of June 12, 2020. The asset-backed securities of the current period were divided into priority and subordinated asset-backed securities with total face value of RMB 1.343 billion, of which the face value of priority asset-backed securities was about RMB 1.276 billion at a fixed interest rate. The coupon rate was determined according to bookkeeping conditions before issuance. The face value of subordinated asset-backed securities is RMB 67.15 million, with no coupon rate. Suning Commercial Factoring held all subordinated securities.

On April 19, 2019, Suning Commercial Factoring transferred non-recourse factoring and recourse factoring with face value of RMB 1.5 billion to Huatai Securities Asset Management Company, the trustee, who was responsible for issuing "Huatai Securities Asset Management - Suning supply chain asset-backed special scheme (No.2)" with the due date of April 19, 2020. The asset-backed securities of the current period were divided into priority and subordinated asset-backed securities with total face value of RMB 1.5 billion, of which the face value of priority asset-backed securities was about RMB 1.425 billion at a fixed interest rate. The coupon rate was determined according to bookkeeping conditions before issuance. The face value of subordinated asset-backed securities is RMB 75 million, with no coupon rate. Suning Commercial Factoring held all subordinated securities.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

On June 6, 2019, Suning Commercial Factoring transferred non-recourse factoring and recourse factoring with face value of RMB 1.32 billion to Huatai Securities Asset Management Company, the trustee, who was responsible for issuing “Huatai Securities Asset Management - Suning supply chain asset-backed special scheme (No.3)” with the due date of June 06, 2020. The asset-backed securities of the current period were divided into priority and subordinated asset-backed securities with total face value of RMB 1.32 billion, of which the face value of priority asset-backed securities was about RMB 1.254 billion at a fixed interest rate. The coupon rate was determined according to bookkeeping conditions before issuance. The face value of subordinated asset-backed securities is RMB 66 million, with no coupon rate. Suning Commercial Factoring held all subordinated securities.

On August 27, 2019, Suning Commercial Factoring transferred non-recourse factoring and recourse factoring with face value of RMB 1.114 billion to Huatai Securities Asset Management Company, the trustee, who was responsible for issuing “Huatai Securities Asset Management - Suning supply chain asset-backed special scheme (No.4)” with the due date of August 27, 2020. The asset-backed securities of the current period were divided into priority and subordinated asset-backed securities with total face value of RMB 1.114 billion, of which the face value of priority asset-backed securities was about RMB 1.058 billion at a fixed interest rate. The coupon rate was determined according to bookkeeping conditions before issuance. The face value of subordinated asset-backed securities is RMB 55.70 million, with no coupon rate. Suning Commercial Factoring held all subordinated securities and priority backed securities RMB 223 million.

IV Notes to Items of Consolidated Financial Statement (continued)

(38) Long-term payables

	December 31, 2019	December 31, 2018
Performance bond and deposit payable	1,330,171	
Carrefour China equity fund payable (i)	1,110,589	-



2,440,760

-

- (i) On June 22, 2019, Suning International Group Co., Ltd. ("Suning International"), a subsidiary of Suning, signed an equity purchase agreement with Carrefour Nederland B.V. ("Carrefour Nederland") for purchasing 80% of Carrefour China's equities held by Carrefour Nederland B.V. for a consideration of RMB 4.8 billion. According to aforementioned agreement, if Carrefour Nederland chose to transfer the remaining 20% of Carrefour's China equities to Suning at the agreed fixed price within 90 days from the end of the two years following the acquisition, Suning should buy them ("put option") unconditionally. Within 90 days of the expiration of the put option for Carrefour Nederland, Carrefour Nederland should sell the remaining 20% of Carrefour China equities ("call option") to Suning at the agreed fixed price unconditionally if Suning chose to purchase them. On September 26, 2019, Suning completed the acquisition of 80% of Carrefour's equities. On the acquisition date, the amount of the put option discounted at the future fixed transfer price agreed in the agreement was included in long-term payables and additional paid-in capital (Note IV (43)) 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.

## (39) Estimated liabilities

	December 31, 2018	Amount of increase in current year	Increase in acquisitions	Amount of decrease in current year	Disposal of subsidiary	December 31, 2019
Obligation of restoring leased premises to the original state	69,505	11,132	63,877	(224)	(80,637)	63,653
Pending suit	17,206	40,068	80,191	(54,044)	-	83,421
Others	-	4,103	-	-	-	4,103
	86,711	55,303	144,068	(54,268)	(80,637)	151,177

## (40) Deferred income

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

	December 31, 2018	Amount of increase in current year	Disposal of subsidiary	Amount of decrease in current year	December 31, 2019	Causes
Revenue for deferred extended warranty service (Note (23) (i))	1,475,438	460,825	-	(526,071)	1,410,192	Revenue for prepaid extended warranty service
Government subsidies (i)	606,081	316,284	(59,367)	(47,903)	815,095	Subsidy for project construction
Revenue for franchise fees	2,766	3,903	-	-	6,669	Revenue for franchise fees received in advance
	2,084,285	781,012	(59,367)	(573,974)	2,231,956	

## IV Notes to Items of Consolidated Financial Statement (continued)

## (40) Deferred income (continued)

(i)	Items of government subsidy		December 31, 2018	Amount of increase in current year		Included in other income (Note IV (57))	Disposal of subsidiary	Terminated recognition	December 31, 2019	Related to assets/income
	Wuhu Base	Logistics	-	63,771	(1,210)	-	-	-	62,561	Related to assets
	Huaihai Pioneer Project	E-commerce Smart Park	-	55,146	-	-	-	-	55,146	Related to assets
	Ezhou Base	Logistics	53,251	-	(1,139)	-	-	-	52,112	Related to assets
	Hefei Industrial Project	Smart E-commerce Park	-	50,000	(504)	-	-	-	49,496	Related to assets
	Harbin Base	Logistics	47,626	3,000	(1,203)	-	-	-	49,423	Related to assets
	Jining Logistics Base	Yanzhou	-	33,270	-	-	-	-	33,270	Related to assets
	Beijing Base	Logistics	33,219	-	(862)	-	-	-	32,357	Related to assets
	Nanjing Logistics Base	Airport	16,500	14,648	-	-	-	-	31,148	Related to assets
	Changchun Logistics Base		30,901	-	(718)	-	-	-	30,183	Related to assets
	Hefei Base	Logistics	30,918	-	(816)	-	-	-	30,102	Related to assets
	Jiangsu Logistics Base	Suning	33,000	-	(4,000)	-	-	-	29,000	Related to assets
	Dongxihu Base	Logistics	26,954	-	(638)	-	-	-	26,316	Related to assets
	Boning Logistics Base	Suning	26,628	-	(629)	-	-	-	25,999	Related to assets

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Suning Xiangyang Smart Retail E-commerce Industrial Park	-	25,301	(423)	-	-	24,878	Related to assets
Zhongshan Logistics Base	23,583	-	(560)	-	-	23,023	Related to assets
Baotou Suning.Com Plaza (formerly known as "Baotou Suning Appliance Plaza")	22,251	-	(550)	-	-	21,701	Related to assets
Xiaogan Suning E-commerce Industrial Park	-	19,000	-	-	-	19,000	Related to assets
Shaoxing Logistics Base	11,769	7,260	(305)	-	-	18,724	Related to assets
Linshui Landscape Base	18,871	-	(409)	-	-	18,462	Related to assets
Hainan Chengmai Logistics Base	2,000	16,495	(34)	-	-	18,461	Related to assets
Big Data Intelligent Analysis System Project	28,245	-	(10,037)	-	-	18,208	Related to assets
Intelligent Robot Project	19,684	-	(5,249)	-	-	14,435	Related to assets
Lanzhou Logistics Base	14,662	-	(336)	-	-	14,326	Related to assets
Yancheng Yanning Logistics Base	14,615	-	(345)	-	-	14,270	Related to assets
Dalian Regional Purchase Settlement Center Project	14,400	-	(496)	-	-	13,904	Related to assets
Shenyang Xiehe Plaza Project	-	10,000	(100)	-	-	9,900	Related to assets
Changzhou Suning Yida Logistics Base	9,363	-	(202)	-	-	9,161	Related to assets
Guiyang Jinyang New Area Logistics Base	8,823	-	(208)	-	-	8,615	Related to assets
Jinhu Suning.Com Plaza Project	-	7,977	-	-	-	7,977	Related to assets
Shenyang Sujiatun Suning.Com Plaza Project	-	7,500	(115)	-	-	7,385	Related to assets

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Urumchi Logistics Base	6,201	-	(144)	-	-	6,057	Related to assets
Shanghai Logistics Base	6,885	-	(1,084)	-	-	5,801	Related to assets
Zhengzhou Logistics Base	4,694	-	(125)	-	-	4,569	Related to assets
Shijiazhuang Logistics Base	4,650	-	(120)	-	-	4,530	Related to assets
Shanxi Logistics Base	4,410	-	(94)	-	-	4,316	Related to assets
Jining Suning.Com Plaza	3,674	-	(97)	-	-	3,577	Related to assets
Wuhan Logistics Base	3,588	-	(897)	-	-	2,691	Related to assets
Chengdu Small Package Logistics Base	2,365	-	(63)	-	-	2,302	Related to assets
Xi'an Suning Life Square Project	1,926	-	(52)	-	-	1,874	Related to assets
Automatic Warehouse Project	1,484	-	(178)	-	-	1,306	Related to assets

## IV Notes to Items of Consolidated Financial Statement (continued)

## (40) Deferred income (continued)

(i)	Items of government subsidy	of December 31, 2018	Amount of increase in current year		Included in other income (Note IV (57))	Disposal of subsidiary	Terminated recognition	December 31, 2019	Related to assets/income
	Beijing Logistics Base	Suning	1,450	-	(177)	-	-	1,273	Related to assets
	Smart Demonstration Project	Logistics	1,340	-	(161)	-	-	1,179	Related to assets
	Logistics Equipment & Facilities Standardization Construction Project		1,297	-	(156)	-	-	1,141	Related to assets
	Guangxi Logistics Base		949	-	(25)	-	-	924	Related to assets
	Unmanned Warehouse Project		-	820	-	-	-	820	Related to assets
	Industrial and Information Industry Transformation and Upgrading Project		-	1,050	(244)	-	-	806	Related to assets
	Logistics Warehouse Supply Chain Project	Parallel	-	646	(134)	-	-	512	Related to assets
	Wenzhou Logistics Base		465	-	(11)	-	-	454	Related to assets
	Chongqing Shared Logistics Standardization Project		447	-	(98)	-	-	349	Related to assets
	Artificial Intelligence Project		-	301	(7)	-	-	294	Related to assets

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Jiangsu Suning City Joint Delivery Project	554	-	(360)	-	-	194	Related to assets
Guangdong Yuening Logistics Base	254	-	(71)	-	-	183	Related to assets
Smart Logistics Warehouse Intelligent System Project	146	99	(68)	-	-	177	Related to assets
Jiangsu Suning Logistics Tianyan Project	330	-	(202)	-	-	128	Related to assets
Suning "Retail Cloud" Construction Project	131	-	(36)	-	-	95	Related to assets
Xi'an Jingyang Logistics Base	25,500	-	(275)	(25,225)	-	-	Related to assets
Foshan Yida Suning Logistics Base	24,337	-	(482)	(23,855)	-	-	Related to assets
Zhuhai Logistics Base	8,933	-	(200)	-	(8,733)	-	Related to assets
Neijiang Logistics Project	7,355	-	(145)	(7,210)	-	-	Related to assets
Chain Operation Development Project	2,715	-	(541)	(2,174)	-	-	Related to assets
Jiulongpo Suning Convenience Store Project	1,040	-	(223)	(817)	-	-	Related to assets
Guining Logistics Base	862	-	(862)	-	-	-	Related to assets
Tianjin Suning Logistics Base	494	-	(494)	-	-	-	Related to assets
Shenzhen Suning Chain Store Construction Project	244	-	(244)	-	-	-	Related to assets
Farm Product Upgrade Project of Business Bureau	98	-	(12)	(86)	-	-	Related to assets
Total	606,081	316,284	(39,170)	(59,367)	(8,733)	815,095	

## IV Notes to Items of Consolidated Financial Statement (continued)

## (40) 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 presented in gain or loss or offset against related costs for the year
Xi'an Jingyang Logistics Base	Government subsidies	(25,500)	Other income, investment income
Foshan Suning Yida Logistics Base	Government subsidies	(24,337)	Other income, investment income
Big Data Intelligent Analysis System Project	Government subsidies	(10,037)	Other income
Neijiang Logistics Project	Government subsidies	(7,355)	Other income, investment income
Intelligent Robot Project	Government subsidies	(5,249)	Other income
Jiangsu Suning Logistics Base	Government subsidies	(4,000)	Other income
Chain Operation Development Project	Government subsidies	(2,715)	Other income, investment income
Wuhu Logistics Base	Government subsidies	(1,210)	Other income
Harbin Logistics Base	Government subsidies	(1,203)	Other income
Ezhou Logistics Base	Government subsidies	(1,139)	Other income
Shanghai Logistics Base	Government subsidies	(1,084)	Other income
Chongqing Jiulongpo Suning Convenience Store Project	Government subsidies	(1,040)	Other income, investment income
Wuhan Logistics Base	Government subsidies	(897)	Other income



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Guining Logistics Base	Government subsidies	(862)	Other income
Beijing Logistics Base	Government subsidies	(862)	Other income
Hefei Logistics Base	Government subsidies	(816)	Other income
Changchun Logistics Base	Government subsidies	(718)	Other income
Dongxihu Logistics Base	Government subsidies	(638)	Other income
Boning Suning Logistics Base	Government subsidies	(629)	Other income
Zhongshan Logistics Base	Government subsidies	(560)	Other income
Baotou Suning.Com Plaza (formerly known as "Baotou Suning Appliance Plaza")	Government subsidies	(550)	Other income
Hefei Smart E-commerce Industrial Park Project	Government subsidies	(504)	Other income
Dalian Regional Purchase Settlement Center Project	Government subsidies	(496)	Other income
Tianjin Suning Logistics Base	Government subsidies	(494)	Other income
Suning Xiangyang Smart Retail E-commerce Industrial Park	Government subsidies	(423)	Other income
Linshui Landscape Base	Government subsidies	(409)	Other income
Jiangsu Suning City Joint Delivery Project	Government subsidies	(360)	Other income
Yancheng Yanning Logistics Base	Government subsidies	(345)	Other income
Lanzhou Logistics Base	Government subsidies	(336)	Other income
Shaoxing Logistics Base	Government subsidies	(305)	Other income
Shenzhen Suning Chain Store Construction Project	Government subsidies	(244)	Other income
Industrial and Information Industry Transformation and Upgrading Project	Government subsidies	(244)	Other income
Guiyang Jinyang New Area Logistics Base	Government subsidies	(208)	Other income

Suning.Com Co., Ltd.

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

Changzhou Suning Yida Logistics Base	Government subsidies	(202)	Other income
Jiangsu Suning Logistics Tianyan Project	Government subsidies	(202)	Other income
Zhuhai Logistics Base	Government subsidies	(200)	Other income
Automatic Warehouse Project	Government subsidies	(178)	Other income

## IV Notes to Items of Consolidated Financial Statement (continued)

(40) Deferred income  
(continued)

Details of government subsidies for Suning included in gain or loss for the current year are as follows (continued):

Items of government subsidy	Type	Amount included in profits or losses for the year	Items presented in gain or loss for the year
Beijing Suning Logistics Base	Government subsidies	(177)	Other income
Smart Logistics Demonstration Project	Government subsidies	(161)	Other income
Logistics Equipment & Facilities Standardization Construction Project	Government subsidies	(156)	Other income
Urumchi Logistics Base	Government subsidies	(144)	Other income
Logistics Parallel Warehouse Supply Chain Project	Government subsidies	(134)	Other income
Zhengzhou Logistics Base	Government subsidies	(125)	Other income
Shijiazhuang Logistics Base	Government subsidies	(120)	Other income
Shenyang Sujiatun Suning.Com Plaza Project	Government subsidies	(115)	Other income
Shenyang Xiehe Plaza Project	Government subsidies	(100)	Other income
Farm Product Market Upgrade Project of Business Bureau	Government subsidies	(98)	Other income, investment income
Chongqing Shared Logistics Standardization Project	Government subsidies	(98)	Other income
Jining Suning.Com Plaza	Government subsidies	(97)	Other income

Suning.Com Co., Ltd.

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Shanxi Logistics Base	Government subsidies	(94)	Other income
Guangdong Yuening Logistics Base	Government subsidies	(71)	Other income
Smart Logistics Warehouse Intelligent System Project	Government subsidies	(68)	Other income
Chengdu Small Package Logistics Base	Government subsidies	(63)	Other income
Xi'an Suning Life Square Project	Government subsidies	(52)	Other income
Suning "Retail Cloud" Construction Project	Government subsidies	(36)	Other income
Hainan Chengmai Logistics Base	Government subsidies	(34)	Other income
Guangxi Logistics Base	Government subsidies	(25)	Other income
Wenzhou Logistics Base	Government subsidies	(11)	Other income
Artificial Intelligence Project	Government subsidies	(7)	Other income
Total		<u>(98,537)</u>	

(41) Other non-current liabilities

	December 31, 2019	December 31, 2018
Fair value loss of forward foreign exchange contracts	2,983	1,534
Annuity withdrawal liabilities	-	69,920
Others	175	12
	<u>3,158</u>	<u>71,466</u>

Suning.Com Co., Ltd.

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IV Notes to Items of Consolidated Financial Statement (continued)

(42) Issued capital

	December 31, 2019	December 31, 2018
RMB common shares	9,310,040	9,310,040

(43) Additional paid-in capital

	December 31, 2018	Amount of increase in current year	Amount of decrease in current year	December 31, 2019
Issued capital premium	5,095,377	-	(200,074)	4,895,303
Other additional paid-in capital - other (a)	33,192,984	234,702	(1,073,985)	32,353,701
	38,288,361	234,702	(1,274,059)	37,249,004

	December 31, 2017	Amount of increase in current year	Amount of decrease in current year	December 31, 2018
Issued capital premium	5,095,377	-	-	5,095,377
Other additional paid-in capital - other	30,885,113	2,307,871	-	33,192,984
	35,980,490	2,307,871	-	38,288,361

IV Notes to Items of Consolidated Financial Statement (continued)

(43) Additional paid-in capital (continued)

(a) Others

(i) Employee Stock Ownership Plan

Suning passed the resolution of *Proposal on Corporate Share Repurchase to Implement Equity Incentive Plan* in the Third Extraordinary Shareholders' Meeting in 2018 held on February 27, 2018, reviewed and approved to use its own funds to repurchase the corporate shares with a total amount of not more than RMB 1 billion in a collective bidding trading manner so as to implement the stock-based compensation plan. On December 31, 2018, the repurchased corporate shares with an amount of RMB 1 billion were included in treasury stocks.

*Employee Stock Ownership Plan (Phase III) of Suning.Com 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 Fourth Extraordinary Shareholders' Meeting held on May 30, 2018, and Suning granted 73,070,874 stocks ("underlying stocks") to the employee stock ownership plan at a price of RMB 6.84 per stock. Suning confirmed the fair value of the underlying stocks at the closing price of the corporate stock on the granting date. The lockup period of the underlying stocks obtained under the employee stock ownership plan was 12 months, starting from the date when Suning announced the transfer of the last underlying stock to the ownership of the employee stock ownership plan.

If the Company's performance appraisal indicators specified in the items of the employee stock ownership plan have not been reached, that is, the growth rate of the Company's operating revenue in 2018 compared with that in 2017 is not less than 30%, within 12 months after the expiration of the lock-up period, the number of 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 not exceed 100% of the total number of initial shares held.

If Suning's performance appraisal indicators specified in the items of the employee

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

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.

The employee stock ownership plan should last for 48 months.

Impact of share payment transaction on financial situation and operating results:

2019

Total amount of the expenses as a result of equity-settled share-based payments, which is withdrawn in the current period	RMB 232 million
Total amount of long-term equity investment withdraw due to current equity-settled share-based payment	RMB 3 million
Accumulated amount of equity-settled share-based payment in additional paid-in capital	RMB 235 million

## IV Notes to Items of Consolidated Financial Statement (continued)

## (43) Additional paid-in capital (continued)

## (a) Miscellaneous (Continued)

## (ii) Put option of Carrefour China

On June 22, 2019, Suning International signed an equity purchase agreement with Carrefour Nederland B.V. for purchasing 80% of Carrefour China's equities held by Carrefour Nederland B.V. for a consideration of RMB 4.8 billion. According to the agreement, the put option has been granted to Carrefour Nederland. On September 26, 2019, Suning has completed the acquisition of 80% of Carrefour's equities and included the amount of the put option at the future fixed transfer price agreed in the agreement in additional paid-in capital, which was about RMB 1.074 billion (Note IV (38)).

## (44) Treasury stocks

	December 31, 2018	Amount of increase in current year (Note (I))	Amount of decrease in current year (i)	December 31, 2019
Treasury stocks	1,000,000	1,308,726	(408,765)	1,899,961

- (i) On June 21, 2019, the saleable underlying stocks under the employee stock ownership plan would not exceed 40% of the total holdings as Suning's performance appraisal indicators specified in the items of the employee stock ownership plan have been reached. According to the situation of the saleable stocks for Suning, the amount of the book value of corresponding saleable stocks carried forward to treasury stocks was about RMB 400 million, the amount of other payables was about RMB 200 million, and the amount of additional paid-in capital recognized in the waiting period was about RMB 200 million (Note IV (43)).

According to the resolution of the Shareholders' Meeting on May 8, 2019, Suning distributed cash dividends to all shareholders, which was RMB 1.2 (tax inclusive) for every 10 stocks. And the cash dividends for corresponding stocks expected to be saleable could be regarded as profit distribution, and deduct treasury stocks and other payables at an amount of RMB 8.77 million.



Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### IV Notes to Items of Consolidated Financial Statement (continued)

#### (45) Other comprehensive income

	Other comprehensive income in the balance sheet					Other comprehensive income in 2019 income statement					
	December 31, 2018	Change of accounting policy	January 01, 2019	Attributable to parent company (net of tax)	Earnings on carry-forward retaining of other comprehensive income	December 31, 2019	Pre-tax accrual	Minus: Transfer-out of other comprehensive income for the year	Minus: Income tax expenses	Attributable to parent company (net of tax)	Attributable to minority shareholders (net of tax)
Other comprehensive income which cannot be reclassified into the gain or loss in future											
Other comprehensive incomes that cannot be reclassified into the gain or 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 or loss											
Other comprehensive income that can be reclassified into the gain or loss under the Equity Method	(2,498)	-	(2,498)	43,182	-	40,684	51,982	(8,800)	-	43,182	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Changes in fair value of other creditors' investments (including accounts receivable financing)	-	-	-	-	-	-	-	-	-	-	-
Credit impairment provision of other creditors' investments (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	-	-	-	-	-	-	-	-	-
Conversion differences 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

## Notes to Financial Statements in 2019

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

## - IV Notes to Items of Consolidated Financial Statement (continued)

## (45) Other comprehensive income (continued)

	Other comprehensive income in the balance sheet				Other comprehensive income in 2018 income statement				
	December 31, 2017	Attributable to parent company (net of tax)	Earnings on carry-forward and retaining of other comprehensive income	December 31, 2018	Pre-tax accrual	Minus: Transfer-out of other comprehensive income for the year	Minus: Income tax expenses	Attributable to parent company (net of tax)	Attributable to minority shareholders (net of tax)
Other comprehensive income which cannot be reclassified into the gain or loss in future									
Other comprehensive incomes that cannot be reclassified into the gain or loss under the Equity Method	-	-	-	-	-	-	-	-	-
Other comprehensive income which will be reclassified into the gain or loss									
Other comprehensive income that can be reclassified into the gain or loss under the Equity Method	-	(2,498)	-	(2,498)	(2,498)	-	-	(2,498)	-
Gain or loss from fair value changes of available-for-sale financial assets	12,971,087	(13,401,398)	-	(430,311)	(1,313,942)	(12,305,495)	218,349	(13,401,398)	310
Conversion differences in the foreign currency statements	(925,391)	1,658,158	-	732,767	1,746,604	-	-	1,658,158	88,446
	12,045,696	(11,745,738)	-	299,958	430,164	(12,305,495)	218,349	(11,745,738)	88,756

## IV Notes to Items of Consolidated Financial Statement (continued)

## (46) Surplus reserve

	December 31, 2018	Change in accounting policies (a)	January 01, 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					
(Note IV 17 (b) (i))	-	-	-	57,799	57,799
	<u>1,507,827</u>	<u>28,939</u>	<u>1,536,766</u>	<u>211,906</u>	<u>1,748,672</u>

	December 31, 2017	Withdrawal in current year	Amount of decrease in current year	December 31, 2018
Legal surplus reserves	1,328,715	179,112	-	1,507,827

- (a) On January 1, 2019, the surplus reserve was about RMB 28.94 million due to the adjustment of the first implementation of the new financial instrument standard policy (Note II (32)).

According to the Company Law of the People's Republic of China and the Articles of Association of Suning, Suning shall withdraw 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 withdraw 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 RMB 154 million (in 2018, the amount was RMB 179 million) were drawn with 10% of the net profit of Suning in 2019.

## IV Notes to Items of Consolidated Financial Statement (continued)

## (47) Undistributed profit

	2019	2018
Undistributed profits at the beginning of the year (before adjustment)	32,169,894	20,033,989
Change in accounting policies (a)	277,115	-
Undistributed profits at the beginning of the year (after adjustment)	32,447,009	20,033,989
Plus: net profit belonging to shareholders of the parent company in current year	9,842,955	13,327,559
Trading financial assets converted by equity method (Note IV 17 (b) (iv))	7,873	-
General risk reserve reversal	582,883	-
Minus: Drawn statutory surplus reserve (Note IV (46))	(154,107)	(179,112)
Withdrawal of general risk reserves (b)	(280,564)	(81,538)
Common-share dividends payable (c)	(1,110,364)	(931,004)
Passive dilution disposal of subsidiaries (Note IV 17 (b) (i))	(57,799)	-
Undistributed profits at end of year	41,277,886	32,169,894

- (a) On January 1, 2019, the undistributed profit at the beginning of 2019 was about RMB 277 million due to the adjustment of the first implementation of the new financial instrument standard policy (Note II (32)).

- (b) In accordance with the Measures on Management for Reserves Withdraw of Financial Enterprises (FJ [2012] No.20) issued on March 30, 2012 by the Ministry of Finance, the balance of general risk reserves withdraw required for financial enterprises 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 September 27, 2019, Suning's investment in Suning Financial Services Group was converted into investment accounting of associated enterprises (Note IV (17 (b) (i))), and Suning recognized the general risk reserves according to the new ratio for the stock ownership.
  
- (c) According to the resolution of the Shareholders' Meeting on May 8, 2019, Suning distributed cash dividends to all shareholders, which was RMB 1.2 (tax inclusive) for every 10 stocks. In addition to the repurchased shares of 57,005,701 for the special security account for repurchase of Suning as per the existing total issued share of Suning, the total amount was RMB 1.11 billion based on 9,253,033,954 shares.

## IV Notes to Items of Consolidated Financial Statement (continued)

## (48) Operating revenue and operating cost

	2019	2018
Main business revenue	263,607,719	241,107,814
Other business revenue	5,621,181	3,848,759
	<u>269,228,900</u>	<u>244,956,573</u>

	2019	2018
Main business cost	229,270,973	207,533,385
Other business cost	846,412	683,221
	<u>230,117,385</u>	<u>208,216,606</u>

## (a) Income and cost of main business

Analysis by industry is as follows:

	2019		2018	
	Main business revenue	Main business cost	Main business revenue	Main business cost
Retail and wholesaling	253,655,530	222,081,232	232,665,535	201,719,080

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

industry

Logistics service	3,267,308	4,328,896	2,801,347	3,611,592
Financial industry	2,787,865	774,756	2,572,412	530,711
Installation and maintenance industry	1,973,516	1,622,973	1,585,124	1,249,012
Other industries (i)	1,923,500	463,116	1,483,396	422,990
	<u>263,607,719</u>	<u>229,270,973</u>	<u>241,107,814</u>	<u>207,533,385</u>

- (i) Revenue from other industries mainly included the platform service revenue of the open 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)

## (48) Operating revenue and operating cost (continued)

## (a) Income and cost of main business (continued)

Analysis by product is as follows:

	2019		2018	
	Main business revenue	Main business cost	Main business revenue	Main business cost
Communication products	62,013,491	59,272,450	64,378,973	60,568,942
General merchandise (ii)	45,570,496	37,477,567	21,152,452	16,668,443
Household appliances	43,824,393	36,417,902	35,885,964	29,274,241
White goods	27,879,652	22,841,556	28,458,065	22,787,932
Air-conditioner	25,996,285	21,828,193	26,454,543	21,766,818
Digital and IT products	25,625,474	25,154,695	30,359,336	29,278,797
Brown goods	22,745,739	19,088,869	25,976,202	21,373,907
Logistics service	3,267,308	4,328,896	2,801,347	3,611,592
Financial service	2,787,865	774,756	2,572,412	530,711
Installation and maintenance business	1,973,516	1,622,973	1,585,124	1,249,012
Other industries (i)	1,923,500	463,116	1,483,396	422,990
	<u>263,607,719</u>	<u>229,270,973</u>	<u>241,107,814</u>	<u>207,533,385</u>

## (ii) General merchandise included maternal and infant products of Redbaby, cosmetic

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Notes to Financial Statements in 2019

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)  
products, household food, other general merchandise of daily supermarkets, etc.

(b) Other business revenue and other business costs

	2019		2018	
	Other business revenue	Other business cost	Other business revenue	Other business cost
Service revenue of chain stores (i)	2,271,764	-	1,417,432	-
Rental income	1,211,931	559,181	928,360	600,819
Information technology service income	823,403	-	602,465	-
Agency fee income	405,394	-	445,522	-
Others (ii)	908,689	287,231	454,980	82,402
	<u>5,621,181</u>	<u>846,412</u>	<u>3,848,759</u>	<u>683,221</u>

- (i) The service revenue of chain stores mainly included the promotional service revenue and merchandise display income collected from suppliers.
- (ii) Others mainly include service revenue for providing value-added membership service and value-added logistics service to a third party.

## IV Notes to Items of Consolidated Financial Statement (continued)

## (49) Taxes and surcharges

	2019	2018	Calculation and payment standards
Urban maintenance and construction tax	233,222	200,487	VAT and consumption tax paid
House property tax	188,905	173,229	House rent / original value of property
Stamp tax	177,445	186,255	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
Educational surtax	168,205	147,454	VAT and consumption tax paid
Land use tax	50,598	38,702	Taxable occupied land area
Funds for flood control, water conservancy and security	16,723	17,089	Taxable revenue
Others	225,809	131,121	
	<u>1,060,907</u>	<u>894,337</u>	

## (50) Sales cost

2019

2018

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Wages, bonuses, allowances and subsidies	8,303,280	5,779,262
Rental expenses	6,966,420	5,779,506
Advertising and marketing expenses	6,333,540	6,313,665
Freight	3,543,433	2,712,764
Storage cost	1,160,208	660,659
Depreciation of fixed assets	1,044,154	632,911
Electricity and water expenses	917,430	769,938
Social insurance cost	913,403	607,888
Amortization of long-term unamortized expenses	888,577	420,693
Information technology service fee	652,570	380,509
Amortization of intangible assets	473,062	56,179
Office expense	501,858	432,517
Promotion expenses	337,161	427,940
Housing fund	183,220	100,773
Insurance premium	108,937	113,972
Travel expenses	83,756	51,240
Staff welfare expense	67,868	59,015
Business entertainment expenses	24,833	27,428
Consultation fees	15,328	12,014
Others	1,012,980	727,804
	<u>33,532,018</u>	<u>26,066,677</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (51) Administrative cost

	2019	2018
Wages, bonuses, allowances and subsidies	2,173,209	2,695,508
Amortization of intangible assets	374,736	434,197
Social insurance cost	327,075	320,920
Depreciation of fixed assets	271,924	233,676
Rental expenses	204,403	50,258
Consultation fees	194,327	169,128
Electricity and water expenses	113,605	25,305
Office expense	110,665	156,089
Staff welfare expense	109,244	106,703
Travel expenses	101,489	110,001
Housing fund	95,286	73,542
Business entertainment expenses	57,939	44,552
Insurance premium	26,789	49,410
Amortization of office area renovation expenses	19,998	23,440
Others	764,343	707,955
	<u>4,945,032</u>	<u>5,200,684</u>

## (52) R&amp;D cost

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Notes to Financial Statements in 2019

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

	2019	2018
Wages, bonuses, allowances and subsidies	1,817,790	1,488,662
Information service fee	613,848	133,150
Depreciation of fixed assets	246,598	161,842
Social insurance cost	182,997	167,593
Consultation fees	137,555	39,574
Housing fund	51,627	41,654
Electricity and water expenses	25,533	23,037
Amortization of intangible assets	11,888	6,859
Travel expenses	7,600	5,408
Staff welfare expense	3,453	17,655
Rental expenses	-	9,992
Others	168,721	166,449
	<u>3,267,610</u>	<u>2,261,875</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (53) Financial cost

	2019	2018
Interest expenditure	1,850,197	1,399,077
Minus: Capitalized interest	(64,389)	(22,203)
Interest	1,785,808	1,376,874
Minus: interest income	(921,612)	(1,062,271)
Bank's service charge	1,201,077	951,749
Exchange gain or loss	172,147	(31,726)
	2,237,420	1,234,626

## (54) Expenses classified by nature

The operating cost, sales cost, administrative cost and R&D cost in the profit statement are classified according to their nature, and are listed as follows:

	2019	2018
Inventory changes	(4,708,583)	(3,941,716)
Goods sold and spare parts consumed for installation and maintenance	228,076,061	208,554,282
Changes in real estate project development costs	(70,653)	(176,288)
Employee compensation cost	16,973,327	12,382,545

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Notes to Financial Statements in 2019

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

Rental expenses	7,421,188	6,339,073
Advertising and marketing expenses	6,333,540	6,313,665
Transportation expenses	3,543,433	2,712,765
Expenditure of labor service for installation and maintenance	3,124,244	1,959,072
Amortization expenses	1,995,267	1,176,988
Depreciation expenses	1,733,607	1,195,269
Storage cost	1,469,024	790,246
Information technology service fee	1,266,418	513,659
Electricity and water expenses	1,056,568	818,280
Office expense	613,203	590,970
Consultation fees	347,210	220,716
Promotion expenses	337,161	427,940
Others	2,351,030	1,868,376
	<u>271,862,045</u>	<u>241,745,842</u>



## IV Notes to Items of Consolidated Financial Statement (continued)

## (55) Impairment loss on assets

	2019	2018
Loss from intangible assets impairment	548,927	227
Impairment loss of goodwill	246,328	269,301
Loss of inventory devaluation	226,465	229,912
Fixed assets impairment loss	96,322	232,530
Impairment provision of long-term unamortized expenses	1,987	-
Loan issuing and impairment loss of advances	—	682,740
Bad debt loss	—	463,907
Impairment loss for available-for-sale financial assets	—	180,851
	<u>1,120,029</u>	<u>2,059,468</u>

## (56) Credit impairment loss

	2019	2018
Loan issuing and impairment loss of advances	393,870	—
Bad debt loss of other accounts receivable	117,427	—
Bad debt loss of accounts receivable	68,908	—
Bad debt losses of notes receivable	26,057	—

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Reversal of bad debt loss of long-term accounts receivable	(229)	—
	606,033	—

(57) Other income

	2019	2018	Related to assets/income
Government subsidies	298,870	345,074	Related to income
Government subsidies (Note IV (40))	39,170	41,182	Related to assets
	338,040	386,256	

IV Notes to Items of Consolidated Financial Statement (continued)

(58) Investment income

	2019	2018
Investment income from disposal of subsidiaries (Note V (2)(a))	19,663,618	1,220,422
Investment income gained by disposing trading financial assets	869,591	-
Income from investment converted to trading financial assets after accounting by equity method	444,259	-
Long-term equity investment income accounted by equity method	264,998	296,717
Investment income from disposal of associated	312,617	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Investment income for trading financial assets during holding period	226,532	-
Investment income from other equity instruments investment during holding period	38,327	-
Investment income from creditors' investment during holding period	408	-
Investment losses of derivative financial liabilities recognized during holding period	(14,560)	-
Investment income gained by disposing available-for-sale financial assets	—	11,335,359
Income from investment accounting converted by equity method from available-for-sale financial assets	—	760,766
Investment income gained in the disposition period of financial assets measured at their fair values and with the changes included in the current gain or loss	—	207,004
Investment income gained for financial assets available for sale during holding period	—	38,597
Investment income obtained during the holding of held-to-maturity investment	—	335
Others	(14,379)	131,448
	<u>21,791,411</u>	<u>13,990,648</u>

There are no significant restrictions on the repatriation of investment income in Suning.

## IV Notes to Items of Consolidated Financial Statement (continued)

## (59) Income / (loss) from changes in fair value

	2019	2018
Financial assets measured at fair value and changes are recorded into the current gain or loss -		
Equity of Wanda	—	164,935
Preferred stocks of SenseTime	—	83,762
Stocks of E-House	—	7,298
Convertible bond	—	5,564
Priority bankruptcy liquidation and redemption right	—	1,052
Financial products	—	(17,236)
Right of appointment of new shares	—	-
	<hr/>	<hr/>
	—	245,375

## Trading financial assets -

Designation of financial assets measured at their fair values and with the variation included in the current gain or loss

	344,672	—
Financial products	(46,245)	—
Trading equity instrument investment	(261,589)	—
	<hr/>	<hr/>
	36,838	—

## Other non-current financial assets -

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Funds	156,662	—
Preferred stock	79,815	—
Derivative financial instruments	6,414	—
Convertible bond	(3,596)	
Equity investment	(56,762)	—
	<u>182,533</u>	<u>—</u>
Financial liabilities measured at fair value with their changes recorded into the current gain or loss		
Investor's put option	—	50,889
Interest rate swap contracts	—	(352)
Foreign exchange swap contract	—	(3,465)
	<u>—</u>	<u>47,072</u>
Derivative financial liabilities	<u>(799)</u>	<u>—</u>
Other non-current liabilities-		
forward exchange contract	(2,296)	32
	<u>216,276</u>	<u>292,479</u>

IV Notes to Items of Consolidated Financial Statement (continued)

(60) Loss on asset disposal

2019	2018	Amount included in non-recurring gain or loss in
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Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

2019

Loss on fixed asset disposal	16,473	33,133	16,473
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(61) Non-operating revenue

	2019	2018	Amount included in non-recurring gain or loss in 2019
Penalty incomes	152,317	104,625	152,317
Revenue cancellation of subsidiaries	10,706	-	10,706
Government subsidies	-	29,750	-
Negative goodwill	-	262,033	-
Profits on inventory	424	344	424
Others	87,877	108,941	87,877
	<u>251,324</u>	<u>505,693</u>	<u>251,324</u>

(62) Non-operating expenses

	2019	2018	Amount included in non-recurring gain or loss in 2019
Penalty, indemnity and liquidated	144,365	101,644	144,365

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

damages

Losses on retirement of fixed assets	42,736	-	42,736
Contribution expenses	13,666	20,348	13,666
Others	127,680	96,796	127,680
	<u>328,447</u>	<u>218,788</u>	<u>328,447</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (63) Income tax expenses

	2019	2018
Current income taxes calculated by tax law and related provisions	1,103,748	1,838,271
Deferred income tax	4,171,062	(535,364)
	<u>5,274,810</u>	<u>1,302,907</u>

The income tax calculated by adopting applicable tax rate based on the total profit in the consolidated profit statement shall be adjusted as the income tax expense:

	2019	2018
Total profit	14,594,597	13,945,455
Income tax calculated at legal/applicable tax rate	3,626,721	3,474,023
Impact of preferential tax rate for some subsidiaries	(52,463)	60,798
Non-taxable revenue	(273,537)	(3,012,608)
Taxable temporary differences for unrecognized deferred income tax liabilities in former period	1,764,770	-
Cost, expense and losses that cannot be deductible	125,302	146,585
R&D cost plus deductibles	(60,749)	(76,436)



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Income tax settlement differences	26,214	64,967
Deferred income tax assets recognized in previous years transferred back at maturity	42,858	95,441
Deductible temporary difference of deferred income tax assets that has not be determined in early period of usage	(927,260)	(30,878)
Deductible losses of unconfirmed deferred income tax assets in early period of usage	(34,524)	(4,162)
Deductible temporary difference of deferred income tax assets that has not be determined in current period	61,814	102,253
Deductible losses of unconfirmed deferred income tax assets in current period	975,664	482,924
Income tax expenses	<u>5,274,810</u>	<u>1,302,907</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (64) Earnings per share

## (a) Basic earnings per share

Basic earnings per share is calculated by dividing the combined net profit attributable to common shareholders of the parent company by the weighted average of common shares issued by the parent company:

	2019	2018
Combined net profit attributable to common shareholders of the parent company (RMB 1,000)	9,200,093	13,327,559
Weighted average of common shares issued by Suning (1,000 shares)	8,207,400	9,255,237
Basic earnings per share	<u>RMB 1.07</u>	<u>RMB 1.44</u>

Wherein:

- Basic earnings per share for going concern	RMB -0.13	RMB 1.57
- Basic earnings per share for discontinuing operation	RMB 1.20	Not applicable

## (b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the combined 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

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

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:

	2019	2018
Combined net profit attributable to common shareholders of Suning (RMB 1,000)	9,842,955	13,327,559
Weighted average of common shares issued by Suning (1,000 shares)	9,200,093	9,255,237
Plus: restricted stock adjustment	11,901	1,437
Weighted average of common shares upon adjustment issued by Suning	9,211,994	9,256,674
Diluted earnings per share	RMB 1.07	RMB 1.44
Wherein:		
- Diluted earnings per share for going concern	RMB -0.13	RMB 1.57
- Diluted earnings per share for discontinuing operation	RMB 1.20	Not applicable

## IV Notes to Items of Consolidated Financial Statement (continued)

## (65) Notes to items of cash flow statement

## (a) Other cashes received relating to operating activities

	2019	2018
All kinds of security funds and guarantee deposits received	2,117,907	1,893,697
Deposit interest revenue	787,796	848,052
Subsidy income	547,054	321,540
Others	267,591	245,364
	<u>3,720,348</u>	<u>3,308,653</u>

## (b) Other cash paid relating to operating activities

	2019	2018
Advertising and marketing expenses	6,275,115	6,953,034
Rental expenses	5,388,302	5,936,999
Transportation expenses	3,543,433	2,712,765
All kinds of security funds, enrollment deposits, guarantee deposits, etc. paid	1,853,718	1,985,529
Bank's service charge	1,201,077	951,749
Storage cost	1,469,024	790,246
Electricity and water expenses	1,099,028	759,261

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Office expense	613,203	590,970
Information technology service fee	1,266,418	513,659
Consultation fees	347,210	220,716
Others	1,193,218	2,636,263
	<u>24,249,746</u>	<u>24,051,191</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (65) Notes to items of cash flow statement

## (c) Other cash received relating to financing activities

	2019	2018
Recover of deposits treated as collateral for short-term loans	8,783,379	4,590,919
Cash received from employees for purchasing under employee stock ownership plans	-	499,805
	<u>8,783,379</u>	<u>5,090,724</u>

## (d) Other cash paid relating to financing activities

	2019	2018
Cash paid for deposits treated as collateral for short-term loans	9,267,179	12,005,549
Cash paid for repurchasing treasury stock under stock ownership plans	1,308,725	1,000,000
Deposit paid for L/C opening of short-term loan financing	98,000	-
Others	31,197	-
	<u>10,705,101</u>	<u>13,005,549</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (66) Supplementary data of cash flow statement

## (a) Supplementary data of cash flow statement

## Adjustment of consolidated net profit to cash flow from operating activities

	2019	2018
Combined net profit	9,319,787	12,642,548
Plus: asset impairment loss	1,120,029	2,059,468
Credit impairment loss	606,033	-
Depreciation of fixed assets and investment property	1,733,607	1,195,269
Amortization of intangible assets	863,291	512,780
Amortization of long-term unamortized expenses	1,131,976	664,208
Loss on asset disposal	16,473	33,133
Losses on retirement of fixed assets	42,736	-
Financial cost	1,752,100	1,185,992
Investment income	(21,791,411)	(13,990,648)
Non-operating revenue - cancellation of subsidiaries	(10,706)	-
Non-operating revenue - negative goodwill	-	(262,033)
Income from changes in fair value	(216,276)	(292,479)
Increase of deferred income tax assets	(1,155,051)	(377,025)

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Increase / (decreases) of deferred income tax liabilities	5,326,113	(158,335)
Increase in inventories	(3,610,463)	(4,168,352)
Increase of operating accounts receivable	(41,844,232)	(22,951,756)
Increase of operating accounts payable	28,851,439	10,032,763
Operational net cash flow of operating activities	(17,864,555)	(13,874,467)



## IV Notes to Items of Consolidated Financial Statement (continued)

## (66) Supplementary data of cash flow statement (continued)

## (a) Supplementary data of cash flow statement

## Major business activities not involving cash receipts and payments

	2019	2018
Inventory purchase payment paid by banker's acceptance bills	71,487,056	66,630,590
Net amount variations of cash and cash equivalent		
	2019	2018
Cash balance at the end of the year	17,919,907	30,220,850
Minus: balance of cash and cash equivalent at beginning of year	(30,220,850)	(23,555,007)
Net increase in cash and cash equivalents	(12,300,943)	6,665,843

## IV Notes to Items of Consolidated Financial Statement (continued)

## (66) Supplementary data of cash flow statement (continued)

## (b) Acquisition or disposal of subsidiaries and business

## (i) Acquisition of subsidiaries and business

	2019	2018
Enterprise merged for the year and cash paid for the year		
Where: Carrefour China	4,800,000	-
Wanda Dept. 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	85,854	161,281
Suning Intelligent Terminal	-	-
Kakogawa Yamatoyashiki Co., Ltd. ("Kakogawa")	-	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Shaddy business	-	136,430
Dia business	-	-
Minus: cash held by subsidiaries on the date of purchase		
Wherein: Carrefour China Holdings N.V.	(2,141,598)	-
Wanda Dept. Store	(112,376)	-
6 asset management companies	(54,381)	-
Logistics business of TTK Express	-	-
Suning Intelligent Terminal	(295)	-
Kakogawa	(79,549)	-
Shaddy business	-	(131,657)
Dia business	-	(14,239)
Net cash paid by subsidiaries and for business	4,302,822	151,815

## IV Notes to Items of Consolidated Financial Statement (continued)

## (66) 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

	2019	2018
Carrefour China Holdings N.V.	4,800,000	-
Wanda Dept. Store	2,700,000	-
6 asset management companies	839,346	-
Logistics business of TTK Express	243,975	375,000
Suning Intelligent Terminal	-	-
Kakogawa	-	-
Shaddy business	-	136,430
Dia business	-	-
	<u>8,583,321</u>	<u>511,430</u>

## Acquisition of net asset of subsidiaries and business

2019	2018
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Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Current assets	8,020,370	955,506
Non-current assets	14,340,943	1,235,869
Current liabilities	(15,038,953	(1,480,301
Non-current liabilities	(3,379,436	(136,779
Plus: Minority equity	(860,693	(44,755
	<u>3,082,231</u>	<u>529,540</u>

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### IV Notes to Items of Consolidated Financial Statement (continued)

#### (66) Supplementary data of cash flow statement (continued)

#### (b) Acquisition or disposal of subsidiaries and business (continued)

##### (ii) Disposal of subsidiary

	2019	2018
Cash and cash equivalents received from disposal of subsidiaries for the year		
cluding: Suning Convenience Supermarket (Nanjing) o., 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")	856,785	-
Shanghai Hushen Suning Electric Co., Ltd. ("Shanghai Hushen"), Chongqing Suning Commerce Purchase Co., Ltd. ("Chongqing Suning"), Hunan Suning Commerce Purchase Co., Ltd. ("Hunan Suning"), Xuzhou Suning Logistics Co., Ltd. ("Xuzhou Suning"), and Shenyang Suning Logistics Co., Ltd. ("Shenyang Suning") (hereinafter collectively referred to as "logistics real estate projects")	-	1,148,290
Suning Financial Services Group	-	-
Japan LAOX	-	-
Nanjing Luchang	-	-
Nanjing Yourong	-	-
Jiangsu Chenyi	-	-
Ningbo Xinhai Tongda Warehousing Service Co., Ltd. ("Ningbo Xinhai Tongda")		2,000
-	-	
Zhejiang Hummingbird Financial Service Outsourcing	-	-

# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

Co., Ltd. ("Hummingbird Finance")

Minus: the cash and cash equivalent held by subsidiaries on the day losing control

Where: Suning Convenience Supermarket	(105,651)	-
Suning Financial Services Group	(7,202,137)	-
Japan LAOX	(1,209,027)	-
5 logistics investment companies	(299,972)	(4,224)
Nanjing Luchang	(16,293)	-
Nanjing Yourong	(7,456)	-
Jiangsu Chenyi	(6,732)	-
Ningbo Xinhai Tongda	-	(820)
Hummingbird Finance	-	(116)
Net cash (paid) / received from disposal of subsidiaries and business	(3,728,075)	1,145,130

## IV Notes to Items of Consolidated Financial Statement (continued)

## (66) Supplementary data of cash flow statement (continued)

## (b) Acquisition or disposal of subsidiaries and business (continued)

## Price for disposal of subsidiaries

	2019	2018
5 Yida logistics companies	918,471	-
Suning Convenience Supermarket	745,394	1,191,396
Nanjing Luchang	274,411	-
Nanjing Yourong	108,304	-
Jiangsu Chenyi	101,464	-
Ningbo Xinhai Tongda	-	2,000
	<u>2,148,044</u>	<u>1,193,396</u>

## Net assets / (net liabilities) of subsidiaries disposed

	2019	2018
Current assets	50,090,383	75,811
Non-current assets	10,695,215	1,617,690
Current liabilities	(27,171,086)	(1,647,979)
Non-current liabilities	<u>(8,083,569)</u>	<u>(72,548)</u>



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Minority equity	(18,971,981)	-
	6,558,962	(27,026)
(c) Cash and cash equivalents		
	December 31, 2019	December 31, 2018
Cash	17,919,907	30,220,850
Including: Cash on hand	55,725	37,268
Bank deposits payable anytime	17,384,372	28,562,136
Other monetary capital payable anytime	479,810	1,621,446
Balance of cash and cash equivalents at end of the year	17,919,907	30,220,850

## IV Notes to Items of Consolidated Financial Statement (continued)

## (67) Foreign currency monetary items

	December 31, 2019		
	Foreign currency balance	Exchang e rate for conversi on	Balance (RMB)
Monetary capital—			
USD	1,338,515	6.9762	9,337,748
HKD	84,677	0.8958	75,854
MOP	10	0.8703	9
Australian dollar	188	4.8843	918
			<u>9,414,529</u>
Accounts receivable—			
USD	5,377	6.9762	37,511
HKD	473,452	0.8958	424,118
			<u>461,629</u>
Other accounts receivable—			
USD	25,049	6.9762	174,747
HKD	19,539	0.8958	17,503
			<u>192,250</u>

## IV Notes to Items of Consolidated Financial Statement (continued)

## (67) Foreign currency monetary items (continued)

		December 31, 2019		
		Foreign currency balance	Exchange rate for conversion	Balance (RMB)
Long-term receivable—	accounts			
HKD		36,797	0.8958	32,963
Short-term borrowings—				
USD		45,000	6.9762	313,929
HKD		815,000	0.8958	730,077
				1,044,006
Accounts payable—				
USD		396	6.9762	2,763
HKD		1,498,061	0.8958	1,341,963
EUR		66	7.8155	516
MOP		18,990	0.8703	16,527
				1,361,769
Other payables—				
HKD		11,022	0.8958	9,874

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Long-term loans expired  
within one year—

USD	25,000	6.9762	<u>174,405</u>
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Long-term borrowings—

USD	500,000	6.9762	<u>3,488,100</u>
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Other non-current  
liabilities—

USD	428	6.9762	<u>2,986</u>
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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 contract scope

(1) Enterprise merger and business merger under different control

(a) Enterprise merger and business merger realized under different control for the year

(i) Enterprise consolidation:

Acquiree	Acquisition time	Purchase cost	Proportion of equity acquired	Acquisition methods	Purchase date	Determination basis for acquisition date	Acquiree income from the acquisition date to the end of the year	Acquiree net (loss) / profit from the acquisition date at the end of the year	Acquiree cash flow from business activities from the acquisition date at the end of the year	Net amount of acquiree cash flow from the acquisition date at the end of the year
Kakogawa(i)	January 01, 2019	-	100%	Purchase	January 01, 2019	Actually acquired control of Kakogawa	135,141	(10,782)	(61,638)	(74,944)
Wanda Dept. Store (ii)	April 04, 2019	2,700,000	100%	Purchase	April 04, 2019	Actually acquired control of Wanda Dept. Store	5,932,955	141,486	(63,265)	(64,655)

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Suning Intelligent Terminal (iii)	January 28, 2019	-	100%	Purchase	January 28, 2019	Actually acquired control of Intelligent Terminal Company	3,299,118	(144,824)	52,049	2,916
Carrefour China (iv)	September 26, 2019	4,800,000	80%	Purchase	September 26, 2019	Actually acquired control of Carrefour China	6,531,591	(303,827)	312,408	188,089
6 asset management companies (v)	October 22, 2019	839,346	100%	Purchase	October 22, 2019	Actually acquired control of 6 asset management companies	10,230	723	458,949	(24,370)

V Change of consolidation scope (continued)

(1) Enterprise merger and business merger under different control (continued)

(a) Enterprise merger and business merger realized under different control for the year (continued)

(i) Enterprise merger (continued)

(i) In January 2019, Japan LAOX acquired 100% equity of Kakogawa for a cash consideration of JPY 1. The acquisition date of this transaction was January 1, 2019, which was the date that Japan LAOX actually obtains the control of Kakogawa.

(ii) In April 2019, Suning acquired 100% equity of Wanda Dept. Store for a consideration of RMB 2.7 billion, and the acquisition date of this transaction was April 4, 2019, which was the date when Suning actually acquired control of Wanda Dept. Store.

(iii) In January 2019, Suning acquired 100% equity of Suning Intelligent Terminal for a consideration of RMB 0, and the acquisition date of this transaction was January 28, 2019, which was the date when Suning actually acquired control of Suning Intelligent Terminal.

(iv) In September 2019, Suning acquired 80% equity of Wanda Dept. Store for a consideration of RMB 4.8 billion, and the acquisition date of this transaction was September 26, 2019, which was the date when Suning actually acquired control of Wanda Dept. Store.

Suning.Com Co., Ltd.

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

V Change of consolidation scope (continued)

(1) Enterprise merger and business merger under different control (continued)

(a) Enterprise merger and business merger realized under different control for the year (continued)

(i) Enterprise merger (continued)

(v) In 2016, Suning transferred the 6 supply chain warehousing properties to CITIC & Huaxia Suning Cloud Share Asset Support Special Scheme ("Cloud Share Asset Support Special Scheme") sponsored by CITIC Goldstone Fund Management Co., Ltd. ("CITIC Goldstone") and with supporting services provided by Suning Goldstone (Tianjin) Fund Management Co., Ltd. ("Suning Goldstone Fund", "fund manager") and other professional organizations. In October 2019, Suning acquired 100% equity of 6 asset management companies owned by 6 supply chain warehousing properties held by Suning Goldstone Fund for a consideration of about RMB 839 million, and the acquisition date of this transaction was October 22, 2019, which was the date when Suning actually acquired control of the 6 asset management companies.



## V Change of consolidation scope (continued)

## (1) Enterprise merger and business merger under different control (continued)

## (a) Enterprise merger and business merger realized under different control for the year (continued)

## (ii) Business merger

## Business merger realized under different control for the year

Purchased business	Acquisition time	Purchase cost	Acquisition methods	Purchase date	Determination basis for acquisition date
Yunnan Youhe Express business	January 01, 2019	24,852	Purchase	January 01, 2019	Actually acquired business control
Nanjing Tianbo and Wuxi Tianxin Express business	January 01, 2019	47,204	Purchase	January 01, 2019	Actually acquired business control
Qingdao Tiantian Prosperity and Qingdao Tiantian Fortune Express business	February 01, 2019	46,620	Purchase	February 01, 2019	Actually acquired business control
Jinan Tiantian Jiayun and Jinan Tiantian Jiaye Express business	March 01, 2019	28,986	Purchase	March 01, 2019	Actually acquired business control
Dalian TTK Express business	April 01, 2019	4,390	Purchase	April 01, 2019	Actually acquired business control
Heilongjiang TTK Express business	April 01, 2019	14,206	Purchase	April 01, 2019	Actually acquired business control

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Guizhou Mingda and Guiyang TTK Express business	April 01, 2019	8,031	Purchase	April 01, 2019	Actually acquired business control
Chongqing Kuntong Express business	April 01, 2019	8,298	Purchase	April 01, 2019	Actually acquired business control
Nanning Tiandi Haihang Express business	August 01, 2019	7,847	Purchase	August 01, 2019	Actually acquired business control
Jiangxi Guoyu TTK Express business	August 01, 2019	14,959	Purchase	August 01, 2019	Actually acquired business control
Shanxi Tiantian Arrival Express business	August 01, 2019	10,037	Purchase	August 01, 2019	Actually acquired business control
Chengdu TTK Express business	September 01, 2019	28,545	Purchase	September 01, 2019	Actually acquired business control
		<u>243,975</u>			

In 2019, Suning acquired local TTK Express business (“TTK Express logistics business”) of different regions held by the former franchisees of above TTK Express business, and the acquisition date of this transaction was the date when Suning actually acquired operating right of above business.

## V Change of consolidation scope (continued)

## (1) Enterprise merger and business merger under different control (continued)

## (b) The recognition of the combined cost and goodwill is as follows:

	Kakogawa	Wanda Dept. Store	Suning Intelligent Terminal	Carrefour China Holdings N.V.	6 asset management companies	Logistics business of TTK Express
Merger cost—						
Cash	-	1,450,000	-	4,800,000	355,167	85,854
Unpaid investment funds				-	-	152,321
Fair value of non-cash assets transferred	-	-	-	-	484,179	5,800
Fair value of assumed liabilities	-	1,250,000	-	-	-	-
Total merger cost	-	2,700,000	-	4,800,000	839,346	243,975

Suning.Com Co., Ltd.

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

Minus: Fair value share of identifiable net assets acquired	-	(1,318,985)	-	(927,799)	(697,876)	(168,318)
Plus: fair value share of identifiable net liabilities acquired	29,483	-	1,264	-	-	-
Goodwill (Note IV (22))	<u>29,483</u>	<u>1,381,015</u>	<u>1,264</u>	<u>3,872,201</u>	<u>141,470</u>	<u>75,657</u>

Suning adopts valuation techniques to determine the fair value of non-monetary assets transferred and the fair value of liabilities incurred.

## V Change of consolidation scope (continued)

## (1) Enterprise merger and business merger under different control (continued)

## (c) The assets and liabilities of the acquiree on the acquisition date are listed as follows:

## (i) Kakogawa

	Purchase date Fair value	Purchase date Book value
Monetary fund	79,549	79,549
Accounts receivable	24,593	24,593
Notes receivable	51	51
Inventory	19,814	19,814
Prepayment	1,583	1,583
Other accounts receivable	99,380	99,380
Other current assets	1,961	1,961
Fixed assets	25	25
Intangible assets	13	13
Other debt investment	10,341	10,341
Long-term accounts receivable	23,583	23,583
Long-term unamortized expenses	14	14
Deferred income tax assets	7	7
Minus: loan	(99,916)	(99,916)

Suning.Com Co., Ltd.

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

Payables	(43,417)	(43,417)
Unearned revenue	(81,494)	(81,494)
Other current liabilities	(44)	(44)
Taxes payable	(52)	(52)
Payroll payable	(7,247)	(7,247)
Other payables	(45,508)	(45,508)
Long-term payroll payable	(6,000)	(6,000)
Deferred income tax liabilities	(6,719)	(6,719)
Net liabilities acquired	(29,483)	(29,483)

## V Change of consolidation scope (continued)

## (1) Enterprise merger and business merger under different control (continued)

## (c) Important assets and liabilities of the acquiree on the acquisition date are listed as follows (continued):

## (ii) Wanda Dept. Store

	Purchase date Fair value	Purchase date Book value
Monetary fund	112,376	112,376
Accounts receivable	74	74
Inventory	11,429	11,429
Prepayment	75,733	75,733
Other accounts receivable	1,783,378	1,783,378
Fixed assets	10,992	7,767
Intangible assets	1,383,607	-
Construction in progress	135	135
Long-term unamortized expenses	28,171	19,181
Deferred income tax assets	1,023	1,023
Minus: Payables	(1,145,733)	(1,145,733)
Unearned revenue	(67,582)	(67,582)
Taxes payable	(3,359)	(3,359)
Payroll payable	(22,756)	(22,756)
Other payables	(493,628)	(493,628)
Deferred income	(5,919)	(5,919)
Deferred income tax liabilities	(348,956)	-
Net assets acquired	<u>1,318,985</u>	<u>272,119</u>

V Change of consolidation scope (continued)

(1) Enterprise merger and business merger under different control (continued)

(c) The assets and liabilities of the acquiree on the acquisition date are listed as follows (continued):

(ii) Wanda Dept. Store (continued)

Suning adopts valuation technique to determine the fair value of assets and liabilities of Wanda Dept. Store Co., Ltd. on the acquisition date. The appraisal procedure of main assets and their key assumptions are listed as follows:

- The fair value of the preferential lease right is evaluated by the incremental discounted cash flow method in the income method; the fair value of the client relationship is evaluated by the multi-period excess earnings method in the income method; and the fair value of fixed assets and long-term unamortized expenses is evaluated by the replacement cost method.
- The existing national laws, regulations, policies and macroeconomic situation have no significant change; the politics, economy and social environment in the place where relevant parties is located have no significant change; and there are no other material adverse effects caused due to force majeure and unpredictable factors.
- The basic assumption for the appraisal is that the appraisal results could be used in the accounting treatment and reporting of enterprise merger under the accounting standards for business enterprises.

(iii) Suning Intelligent Terminal

	Purchase date	Purchase date
	Fair value	Book value
Monetary fund	295	295



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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Accounts receivable	6,517	6,517
Inventory	8,093	8,093
Other accounts receivable	182	182
Minus: Payables	(12,788)	(12,788)
Unearned revenue	(123)	(123)
Taxes payable	977	977
Other payables	(4,417)	(4,417)
Net liabilities acquired	<u>(1,264)</u>	<u>(1,264)</u>

## V Change of consolidation scope (continued)

## (1) Enterprise merger and business merger under different control (continued)

## (c) The assets and liabilities of the acquiree on the acquisition date are listed as follows (continued):

## (iv) Carrefour China Holdings N.V.

	Purchase date	Purchase date
	Fair value	Book value
Monetary fund	2,141,598	2,141,598
Accounts receivable	107,261	107,261
Inventory	2,816,777	2,816,777
Other accounts receivable	59,167	59,167
Other current assets	615,411	615,411
Long-term accounts receivable	437,271	437,271
Fixed assets	1,932,226	1,055,500
Investment property	2,542,632	797,368
Construction in progress	46,124	46,124
Intangible assets	4,195,220	361,707
Goodwill	-	362,416
Long-term unamortized expenses	1,302,923	1,378,180
Deferred income tax assets	286,618	170,021
Minus: Payables	(4,786,159)	(4,786,159)

## Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

Short-term borrowings	(800,000)	(800,000)
Unearned revenue	(4,262,963)	(4,262,963)
Taxes payable	(52,611)	(52,610)
Payroll payable	(274,607)	(274,607)
Other payables	(2,774,522)	(2,774,521)
Non-current liabilities due within 1 year	(1,683)	(1,683)
Long-term payables	(22,912)	(22,912)
Estimated liabilities	(144,068)	(144,068)
Deferred income tax liabilities	(1,575,211)	(13,376)
Net asset / (liability)	1,788,492	(2,784,098)
Minus: Minority equity	(860,693)	869,636
Net assets acquired	927,799	(1,914,462)

## V Change of consolidation scope (continued)

## (1) Enterprise merger and business merger under different control (continued)

## (c) The assets and liabilities of the acquiree on the acquisition date are listed as follows (continued):

## (iv) Carrefour China Holdings N.V.

Suning adopts valuation technique to determine the fair value of assets and liabilities of Carrefour China on the acquisition date. The appraisal procedure of main assets and their key assumptions are listed as follows:

- The preferential lease right is evaluated by the incremental discounted cash flow method in the income method; the fair value of fixed assets is evaluated by the discounted cash flow method in the income method; the supplier channel is evaluated by the multi-period excess earnings method in the income method; and the equity of members is evaluated by the cost method.

- The existing national laws, regulations, policies and macroeconomic situation have no significant change; the politics, economy and social environment in the place where relevant parties is located have no significant change; and there are no other material adverse effects caused due to force majeure and unpredictable factors.

- The basic assumption for the appraisal is that the appraisal results could be used in the accounting treatment and reporting of enterprise merger under the accounting standards for business enterprises.

## (v) 6 logistics property companies

	Purchase date	Purchase date
	Fair value	Book value
Monetary fund	54,381	54,381
Advance payment	297	297

Other current assets	470	470
Investment property	1,971,700	1,405,821
Minus: Taxes payable	(3,918)	(3,918)
Other payables	(49,484)	(49,484)
Long-term loans	(1,134,100)	(1,134,100)
Deferred income tax liabilities	(141,470)	-
Net assets acquired	<u>697,876</u>	<u>273,467</u>

Suning adopts valuation technique to determine the fair value of assets and liabilities of logistics asset securitization company on the acquisition date. The appraisal procedure of main assets and their key assumptions are listed as follows:

- The fair value of investment property is evaluated by the future discount method and cost method in the income method;
- The existing national laws, regulations, policies and macroeconomic situation have no significant change; the politics, economy and social environment in the place where relevant parties is located have no significant change; and there are no other material adverse effects caused due to force majeure and unpredictable factors.
- The basic assumption for the appraisal is that the appraisal results could be used in the accounting treatment and reporting of enterprise merger under the accounting standards for business enterprises.

## V Change of consolidation scope (continued)

## (1) Enterprise merger and business merger under different control (continued)

## (c) The assets and liabilities of the acquiree on the acquisition date are listed as follows (continued):

## (vi) Logistics business of TTK Express

	Purchase date	Purchase date
	Fair value	Book value
Fixed assets	37,649	37,649
Intangible assets	114,418	-
Long-term unamortized expenses	16,251	-
Net assets acquired	168,318	37,649

Suning adopts valuation technique to determine the fair value of assets and liabilities of franchisee business of acquisition of TTK Express on the acquisition date. The appraisal procedure of main assets and their key assumptions are listed as follows:

- The fair value of fixed assets and long-term unamortized expenses is evaluated by the replacement cost method, and that of sales channels is evaluated by the multi-period excess earnings method;
- The existing national laws, regulations, policies and macroeconomic situation have no significant change; the politics, economy and social environment in the place where relevant parties is located have no significant change; and there are no other material adverse effects caused due to force majeure and unpredictable factors.
- The basic assumption for the appraisal is that the appraisal results could be used in the accounting treatment and reporting of enterprise merger under the accounting standards for business enterprises.

## VChange of consolidation scope (continued)

## (2) 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 (Note IV (58))	Amount of other comprehensive income related to the equity investment of the original subsidiary transferred to the amount of gain or loss of investment (Note IV (45))
Suning Convenience Supermarket (i)	745,394	100%	Sale	June 24, 2019	Actual loss of control power	3,591,358	-
Shaanxi Suning Yida Logistics Investment Co., Ltd. ("Shaanxi Suning Yida") (ii)	170,695	100%	Sale	June 28, 2019	Actual loss of control power	160,482	-

Suning.Com Co., Ltd.

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Neijiang Suning Yida Commercial and Trading Co., Ltd. ("Neijiang Suning Yida") (ii)	30,111	100%	Sale	December 05, 2019	Actual loss of control power	26,203	-
Foshan Sanshui Suning Yida Logistics Investment Co., Ltd. ("Foshan Suning Yida") (ii)	402,474	100%	Sale	December 05, 2019	Actual loss of control power	400,618	-
Ningbo Suning Yida Logistics Investment Co., Ltd. ("Ningbo Suning Yida") (ii)	99,105	100%	Sale	December 05, 2019	Actual loss of control power	90,318	-
Hunan Suning Yida Logistics and Storage Investment Co., Ltd. ("Hunan Suning Yida") (ii)	216,086	100%	Sale	December 05, 2019	Actual loss of control power	202,713	-
Nanjing Luchang (iii)	274,411	100%	Sale	October 22, 2019	Actual loss of control power	-	-
Nanjing Yourong (iii)	108,304	100%	Sale	October 22, 2019	Actual loss of control power	-	-
Jiangsu Chenyi (iii)	101,464	100%	Sale	October 22, 2019	Actual loss of control power	-	-



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

V Change of consolidation scope (continued)

(2) Disposal of subsidiary (continued)

(a) The information related to the disposal of subsidiaries this year is summarized as follows(continued):

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 / (liability). (Note IV (58))	Amount of other comprehensive income related to the equity investment of the original subsidiary transferred to the amount of gain or loss of investment (Note IV (45))
Suning Financial Services Group (Note IV (17) (b) (i))	-	9%	Passive dilution	September 27, 2019	Actual loss of control power	15,558,411	-
Japan LAOX (Note IV (17) (b) (iii))	-	12%	Passive dilution	December 05, 2019	Actual loss of control power	(366,485)	159,422
						<u>19,663,618</u>	<u>159,422</u>

V Change of consolidation scope (continued)

(2) Disposal of subsidiary (continued)

- (a) The information related to the disposal of subsidiaries this year is summarized as follows(continued):
- (i) On June 11, 2019, Suning signed an equity transfer agreement with Nanjing Yunzhixiang Network Technology Co., Ltd. ("Nanjing Yunzhixiang") to transfer 100% equity of Suning Convenience Supermarket held by it at a price of about RMB 745 million. The disposal date of this transaction was June 24, 2019, which was the date when Suning actually lost the control power of Suning Convenience Supermarket.

- (ii) In June 2019, Suning signed an equity transfer agreement with Suning SCGC and Shaanxi Junshanfeng Enterprise Management Consulting Co., Ltd. to transfer 100% equity of Shaanxi Suning Yida held by it to Suning SCGC (on behalf of transferred equity of Yunxiang Warehouse Logistics Phase I Fund). The disposal date of this transaction was June 28, 2019, which was the date when Suning actually lost the control power of Shaanxi Suning Yida.

In December 2019, Suning signed an equity transfer agreement with Suning SCGC, Neijiang Haojie Enterprise Management Co., Ltd., Ningbo Shenglin Enterprise Management Co., Ltd., Changsha Guikun Enterprise Management Co., Ltd. and Foshan Jingling Enterprise Management Co., Ltd. to transfer 100% equity of Neijiang Suning Yida, Ningbo Suning Yida, Hunan Suning Yida and Foshan Suning Yida ("4 Yida logistics companies", together with Shaanxi Suning Yida, hereinafter collectively referred to as "5 Yida logistics companies") held by it to Suning SCGC (on behalf of transferred equity of Yunxiang Warehouse Logistics Phase II Fund). The disposal date of this transaction was December 5, 2019, which was the date when Suning actually lost the control power of the 4 Yida logistics companies.

In 2019, after transferring the equity of the 5 Yida logistics companies, Suning subsequently obtained the long-term use right of the corresponding supply chain warehouse property with a stable market rent and a 10-year lease. The equity transfer price 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 tenth year will be determined by negotiation based on the market standard at that time. In the opinion of Suning, the terms of the lease contract do not meet the judgment criteria of financial lease and belong to operating lease.

- (iii) On October 22, 2019, Jiangsu Suning Yida Logistics Investment Co., Ltd. ("Jiangsu Suning Yida Logistics"), a subsidiary of Suning, signed an equity transfer agreement with Yunxiang Warehouse Logistics Phase I Fund to transfer all the equity of Nanjing Luchang, Jiangsu Chenyi and Nanjing Yourong (hereinafter collectively referred to as "3 assets management companies") held by it at a price of about RMB 484 million. The disposal date of this transaction was October 22, 2019, which was the date when Suning actually lost the control power of the 3 assets management companies.

## V Change of consolidation scope (continued)

## (2) Disposal of subsidiary (continued)

## (b) Gain or loss on disposal are as follows:

## (i) Gain or loss on disposal of Suning Convenience Supermarket are calculated as follows:

	Amount
Disposing price	745,394
Plus: share of net liabilities of Suning Convenience Supermarket in the consolidated financial statements	2,845,964
Investment income from disposal (Note IV (58))	3,591,358

## (ii) Gain or loss on disposal of Shaanxi Suning Yida are calculated as follows:

	Amount
Disposing price	170,695
Minus: share of net assets of Shaanxi Suning Yida in the consolidated financial statements	(10,213)
Investment income from disposal (Note IV (58))	160,482

## (iii) Gain or loss on disposal of the 4 Yida logistics companies are calculated as follows:

Amount

Disposing price	747,776
Minus: share of net assets of the 4 Yida logistics companies in the consolidated financial statements	(27,924)
	<hr/>
Investment income from disposal (Note IV (58))	719,852
	<hr/>
(iv) Gain or loss on disposal of the 3 assets management companies are calculated as follows:	
	Amount
Disposing price	484,179
Minus: share of net assets of the 3 asset management companies in the consolidated financial statements	(484,179)
	<hr/>
Investment income from disposal (Note IV (58))	-
	<hr/>

## V Change of consolidation scope (continued)

## (2) Disposal of subsidiary (continued)

(b) The information related to gain or loss on disposal and related cash flow is as follows (continued):

## (v) Suning Financial Services Group

Amount

Fair value of remaining equity at the date of losing control	23,414,829
Minus: share of net assets at the date of loss of control power	(7,856,418)
Investment income from disposal (Note IV (58))	15,558,411

## (vi) Japan LAOX

Amount

Fair value of remaining equity at the date of losing control	500,285
Minus: share of net assets at the date of loss of control power	(1,026,192)
Plus: Amount of other comprehensive income related to the equity investment of the original subsidiary transferred to the amount of gain or loss of investment	159,422
Investment loss on disposal (Note IV	(366,485)

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

(58))

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(3) Change of merger scope by other reasons

In 2019, the Company 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.

Suning.Com Co., Ltd.

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

VI VII. 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
Shanghai Fengpu Suning.Com Sales Co., Ltd.	Shanghai	Shanghai	Chain sales of electric appliances and consumer electronics	100%	-	Investment set
Chongqing Suning.Com Sales Co., Ltd.	Chongqing	Chongqing	Chain sales of electric appliances and consumer electronics	99%	1%	Investment set
Tianjin Tianning Suning.Com Commercial and Trading Co., Ltd.	Tianjin	Tianjin	Wholesale and retail	100%	-	Investment set
Guangdong Suning.Com Sales Co., Ltd.	Guangzhou	Guangzhou	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set



# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

Shenzhen Suning.Com Sales Co., Ltd.	Shenzhen	Shenzhen	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set
Shaoxing Suning.Com Commercial and Trading Co., Ltd.	Shaoxing	Shaoxing	Wholesale and retail	100%	-	Investment set
Sichuan Suning.Com Sales Co., Ltd.	Chengdu	Chengdu	Chain sales of electric appliances and consumer electronics	100%	-	Investment set
Meishan Pengshan Suning.Com Sales Co., Ltd.	Meishan	Meishan	Chain sales of electric appliances and consumer electronics	100%	-	Investment set
Shaanxi Suning.Com Sales Co., Ltd.	Xi'an	Xi'an	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set
Henan Suning.Com Sales Co., Ltd.	Zhengzhou	Zhengzhou	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set
Wuhan Suning.Com Sales Co., Ltd.	Wuhan	Wuhan	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set
Ezhou Gedian Suning.Com Sales Co., Ltd.	Ezhou	Ezhou	Chain sales of electric appliances and consumer electronics	100%	-	Investment set
Shandong Suning.Com Commercial and Trading Co., Ltd.	Jinan	Jinan	Wholesale and retail	100%	-	Investment set
Hainan Suning.Com Commercial and Trading Co., Ltd.	Haikou	Haikou	Wholesale and retail	90%	10%	Investment set
Jiangsu Suning.Com E-commerce Co., Ltd.	Nanjing City	Nanjing City	Development and related sales of electronic commerce systems	70%	-	Investment set
Nanjing Suning.Com E-commerce Co., Ltd.	Nanjing City	Nanjing City	Leasing and commercial service	70%	-	Investment set
Suning.Com (Shenyang) Sales Co., Ltd.	Shenyang	Shenyang	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set

Suning.Com Co., Ltd.

# Notes to Financial Statements in 2019

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

## VI Equities in other subjects (continued)

### (1) Equities in subsidiaries (continued)

#### (a) Composition of corporate group (continued)

Name of major subsidiaries	Main operation location	Registration place	Business nature	Shareholding ratio		Acquisition methods
				Direct	Indirect	
Chongqing Maoning Electronic Commerce Co., Ltd.	Chongqing	Chongqing	Chain sales of electric appliances and consumer electronics	51%	-	Investment set
Shanghai Suning Trading Co., Ltd.	Shanghai	Shanghai	Wholesale and retail	100%	-	Investment set
Sichuan Suning Logistics Co., Ltd.	Chengdu	Chengdu	Transportation, storage and post services	-	100%	Investment set
Nanjing Yuhua Suning Appliance Co., Ltd.	Nanjing City	Nanjing City	Chain sales of electric appliances and consumer electronics	90%	10%	Investment set
Guangzhou Suning.Com Logistics Co., Ltd.	Guangzhou	Guangzhou	Transportation, storage and post services	10%	90%	Investment set

## Suning.Com Co., Ltd.

### Notes to Financial Statements in 2019

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

Chongqing Yuning Suning Commercial and Trading Co., Ltd.	Chongqing	Chongqing	Wholesale and retail	100%	-	Investment set
Hefei SuFresh Purchase Co., Ltd.	Hefei	Hefei	Wholesale and retail	100%		Investment set
Nanchang RedBaby Purchase Center Co., Ltd.	Nanchang	Nanchang	Enterprise management and information consulting services	-	100%	Business combination under different common control
Shanxi Suning.Com Purchase Co., Ltd.	Taiyuan	Taiyuan	Wholesale and retail	100%	-	Investment set
Nanjing Suning E-commerce Co., Ltd.	Nanjing City	Nanjing City	Leasing and commercial service	100%	-	Investment set
Hangzhou Suning Purchase Co., Ltd.	Hangzhou	Hangzhou	Retail and chain sales	100%	-	Investment set
Nanjing Suning Enterprise Management Co., Ltd.	Nanjing City	Nanjing City	Leasing and commercial service	100%	-	Investment set
Jiangsu Suning Trading Co., Ltd.	Nanjing City	Nanjing City	Wholesale and retail	60%	40%	Investment set
Nanjing Suning Electronic Information Technology Co., Ltd.	Nanjing City	Nanjing City	Development and related sales of electronic commerce systems	100%	-	Investment set
Jiangsu Suning Yida Logistics	Nanjing City	Nanjing City	Logistics investment and property management	-	100%	Investment set
Hefei Suning Helper Technology Service Co Ltd.	Hefei	Hefei	Sales and service of electric appliances and electronic products	100%	-	Investment set
Jiangsu Suning Logistics Co., Ltd.	Nanjing City	Nanjing City	Logistics and express transportation	93%	7%	Investment set

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### VI Equities in other subjects (continued)

#### (1) Equities in subsidiaries (continued)

##### (a) Composition of corporate group (continued)

Name of major subsidiaries	Main operation location	Registration place	Business nature	Shareholding ratio		Acquisition methods
				Direct	Indirect	
Nanjing Suning Department Store Co., Ltd.	Nanjing City	Nanjing City	Sales, lease and business services of department stores	100%	-	Investment set
Suning Intelligent Terminal Co., Ltd.	Nanjing City	Nanjing City	Development and related sales of consumer electronics	-	90%	Business combination under different common control
TTK Express Co., Ltd. ("TTK Express")	Hangzhou	Hangzhou	Transportation, storage and post services	-	100%	Business combination under different common control
Great Universe Limited	Hong Kong	Cayman Islands	Foreign Investment	-	100%	Investment set

# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

Shiny Lion Limited	Hong Kong	Cayman Islands	Foreign Investment	-	100%	Investment set
Hongkong Suning.com Co., Limited	Hong Kong	Hong Kong	Wholesale and retail	-	100%	Investment set
Hongkong Suning Appliance Resourcing Limited	Hong Kong	Hong Kong	Purchase and internal sales services	-	100%	Investment set
Suning International Group Co., Limited	Hong Kong	Hong Kong	Foreign Investment	100%	-	Investment set
Hong Kong Suning Cross-border E-Commerce Co., Limited	Hong Kong	Hong Kong	Wholesale and retail, overseas purchase services	-	100%	Investment set
Shanghai Carhua Supermarket Co., Ltd.	Shanghai	Shanghai	Wholesale and retail	-	55%	Business combination under different common control
Beijing Carrefour Commercial Co., Ltd.	Beijing	Beijing	Wholesale and retail	-	55%	Business combination under different common control
Kunming Carrefour Supermarket Co., Ltd.	Kunming	Kunming	Wholesale and retail	-	100%	Business combination under different common control
Carrefour (Shanghai) Supply Chain Management Co., Ltd.	Shanghai	Shanghai	Wholesale and retail, lease and commercial services	-	100%	Business combination under different common control
Carrefour (China) Management & Consulting Service Co., Ltd.	Shanghai	Shanghai	Wholesale and retail, lease and commercial services	-	100%	Business combination under different common control

Suning.Com Co., Ltd.

# Notes to Financial Statements in 2019

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

## VI Equities in other subjects (continued)

### (1) Equities in subsidiaries (continued)

#### (a) Composition of corporate group (continued)

#### (b) Subsidiaries with significant minority equity

Subsidiary name	Shareholding ratio of minority shareholders	Gain or loss attributable to minority shareholders in 2019	Dividends paid to minority shareholders in 2019	Minority equity by December 31, 2019
Jiangsu Suning.Com E-commerce Co., Ltd.	30%	(352,937)	-	(1,203,388)
Chongqing Maoning Electronic Commerce Co., Ltd.	49%	(129,259)	-	(266,872)
Carrefour China Holdings N.V.	20%	(91,218)	-	769,573
Hangzhou Nengrong IoT Technology Co., Ltd.	46%	(4,252)	-	(49,464)
SUNING TECHNOLOGY GROUP LIMITED	10%	(14,653)	-	(14,609)

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Suning SCGC	49%	8,061	-	11,525
Jiangsu Suning Trading Co., Ltd.	40%	7,513	-	12,010
Hunan Suning Pioneer Electronics Co., Ltd.	10%	(361)	-	19,404
Others (minority equity of single subsidiary is less than RMB 10 million)		53,938	4	(55,281)
Total		(523,168)	4	(777,102)

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

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, 2019						December 31, 2018					
	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
Jiangsu Suning.Com E-commerce Co., Ltd.	16,173,919	2,069,400	18,243,319	22,254,592	19	22,254,611	19,025,849	1,425,795	20,451,644	23,300,179	74	23,300,253
Chongqing Maoning Electronic Commerce Co., Ltd.	3,564,797	278,251	3,843,048	4,387,684	-	4,387,684	10,471,990	244,095	10,716,085	10,996,274	-	10,996,274
Carrefour China Holdings N.V.	7,230,217	10,142,382	17,372,599	14,246,216	1,641,228	15,887,444	-	-	-	-	-	-



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Hangzhou Nengrong IoT Technology Co., Ltd.	39,881	(14,479)	25,402	106,848	-	106,848	12,613	(8,470)	4,143	77,651	-	77,651
Suning Technology Group Limited	2,502,258	48,543	2,550,801	2,696,888	-	2,696,888	-	-	-	-	-	-
Suning SCGC	29,264	431	29,695	6,174	-	6,174	9,595	204	9,799	4,421	-	4,421
Jiangsu Suning Trading Co., Ltd.	2,694,032	49	2,694,081	2,664,057	-	2,664,057	1,619,088	13	1,619,101	1,607,863	-	1,607,863
Hunan Suning Pioneer Electronics Co., Ltd.	1,142,817	1,843	1,144,660	950,620	-	950,620	1,202,257	1,044	1,203,301	1,004,392	1,265	1,005,657

Suning.Com Co., Ltd.

# Notes to Financial Statements in 2019

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

## 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:

	2019				2018			
	Operating revenue	Net (loss) / profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net (loss) / profit	Total comprehensive income	Cash flow from operating activities
Jiangsu Suning.Com E-commerce Co., Ltd.	7,020,689	(1,176,108)	(1,176,108)	1,147,602	10,825,050	(839,953)	(839,953)	3,378,367
Chongqing Maoning Electronic Commerce Co., Ltd.	33,182,377	(263,793)	(263,793)	4,915,671	39,826,172	(1,107,418)	(1,107,397)	(2,212,370)
Carrefour China Holdings N.V.	6,531,591	(303,827)	(303,338)	312,408	-	-	-	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Hangzhou Nengrong IoT Technology Co., Ltd.	556	(9,243)	(9,243)	(3,760)	3,621	(15,133)	(30,823)	(2,054)
SUNING TECHNOLOGY GROUP LIMITED	3,299,118	(146,532)	(146,532)	52,049	-	-	-	-
Suning SCGC	37,789	16,452	16,452	15,626	7,279	(427)	(427)	3,589
Jiangsu Suning Trading Co., Ltd.	876,051	18,782	18,782	(1,036)	662,926	7,788	7,788	97
Hunan Suning Pioneer Electronics Co., Ltd.								
-	608	(3,605)	(3,605)	(534)	172,087	(2,416)	(2,416)	25

## VI Equities in other subjects (continued)

## (2) Equities in joint ventures and associated enterprises

## (a) Basic information of important joint ventures and associated enterprises

	Main operation location	Registration place	Business nature	Is it strategic to Suning's activities?	Shareholding ratio	
					Direct	Indirect
Joint venture—						
Suning Goldstone	Tianjin	Tianjin	Investment management and consulting	Yes	40.00%	-
Nanjing Heyin	Nanjing	Nanjing	Real estate development, etc.	Yes	-	50.98%
Yunxiang Warehouse Logistics Phase I Fund	Nanjing	Nanjing	Investment business and others	Yes	-	51.00%
Yunxiang Warehouse Logistics Phase II Fund	Nanjing	Nanjing	Investment business and others	Yes	-	51.00%
Associated enterprises—						
Maruetsu	Hong Kong	Hong Kong	Food chain	Yes	-	30.00%
Suning Consumer Finance C Ltd.	Nanjing	Nanjing	Consumer loans	Yes	49.00%	-
Lamabang	Shenzhen	Shenzhen	Online maternal and infant platform	Yes	-	10.00%
Suning Bank	Nanjing	Nanjing	Private bank	Yes	30.00%	-
Beijing Qili	Beijing	Beijing	O2O platform service	Yes	19.23%	-
Shenzhen Hengning	Shenzhen	Shenzhen	Commercial service facility operation management	Yes	-	49.00%

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Suning Group	Financial	Servic	Shanghai	Shanghai	Chain sales of electric appliances and consumer electronics	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, 2019	December 31, 2018
	Suning Goldstone	Suning Goldstone
Current assets	56,181	50,141
Non-current assets	763	15
Total assets	56,944	50,156
Current liabilities	(4,967)	(4,526)
Shareholders' equity	51,977	45,630
Net assets share calculated based on shareholding ratio (i)	20,791	18,252
Adjusting events		
—Others (ii)	4,000	4,000
Book value for equity investment of joint venture	24,791	22,252

(i) As of December 31, 2019 and 2018, the subscribed capital of other

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

- ) shareholders of Suning Goldstone had not been injected, resulting in the book value of Suning's long-term equity in Suning Goldstone being higher than the share of net assets calculated by shareholding ratio.

	2019	2018
	Suning Goldstone	Suning Goldstone
Operating revenue	8,333	9,412
Net profit	6,348	6,674
Other comprehensive income	-	-
Total comprehensive income	6,348	6,674
Dividend received by Suning from joint ventures in current year	-	3,425

## 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, 2019	December 31, 2018
	Nanjing Heyin	Nanjing Heyin
Current assets	651,522	653,287
Non-current assets	270	156
Total assets	651,792	653,443
Current liabilities	(1,466)	(2,269)
Shareholders' equity	650,326	651,174
Net assets share calculated based on shareholding proportion	331,536	331,968
Book value for equity investment of joint venture	331,536	331,968
	2019	2018
	Nanjing Heyin	Nanjing Heyin



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Operating revenue	-	-
Net profit	(847)	(827)
Other comprehensive income	-	-
Total comprehensive income	(847)	(827)
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, 2019	December 31, 2018
	Yunxiang Warehouse Logistics Phase I Fund	Yunxiang Warehouse Logistics Phase I Fund
Current assets	460,436	2,810,375
Non-current assets	4,610,645	2,737,233
Total assets	5,071,081	5,547,608
Current liabilities	(265,163)	(2,753,845)
Non-current liabilities	(1,744,095)	-
Total liabilities	(2,009,258)	(2,753,845)
Shareholders' equity	3,061,823	2,793,763
Net assets share calculated based on shareholding ratio (i)	1,561,530	1,424,819
Adjusting events		
—Employee stock ownership plan	35	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Book value for equity investment of associated enterprises	1,561,565	1,424,819
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	2019	2018
	Yunxiang Warehouse Logistics Phase I Fund	Yunxiang Warehouse Logistics Phase I Fund
Operating revenue	319,005	49,639
Net profit (adjusted)	(25,500)	45,611
Other comprehensive income	-	-
Total comprehensive income	(25,500)	45,611
Dividend received by Suning from joint ventures in current year	652,130	-

- (i) Suning calculates its share of assets according to the shareholding ratio and the amount attributable to the parent company in the consolidated financial statement of joint venture. For the amount in the consolidated financial statement of joint venture, the fair value of identifiable assets and liabilities of joint venture at the time of acquisition of investment and the impact of uniform accounting policy are taken into account.

## VI Equities in other subjects (continued)

## (2) Equities in joint ventures and associated enterprises (continued)

## (b) Main financial information of important joint ventures (continued)

	December 31, 2019	December 31, 2018
	Yunxiang Warehouse Logistics Phase II Fund	Yunxiang Warehouse Logistics Phase II Fund
Current assets	405,494	-
Non-current assets	2,123,959	-
Total assets	2,529,453	-
Current liabilities	(240,632)	-
Non-current liabilities	(209,212)	-
Total liabilities	(449,844)	-
Shareholders' equity	2,079,609	-
Net assets share calculated based on shareholding ratio (i)	1,060,601	-
	2019	2018
	Yunxiang Warehouse Logistics Phase II Fund	Yunxiang Warehouse Logistics Phase II Fund

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Operating revenue	11,664	-
Net profit (adjusted)	(9,499)	-
Other comprehensive income	-	-
Total comprehensive income	(9,499)	-
Dividend received by Suning from joint ventures in current year	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.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

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, 2019								
	Maruetsu	Suning Consumer Finance Co., Ltd.	Lamabang	Suning Bank	Beijing Qili	Shenzhen Hengning	Suning Smart Life	Suning Financial Services Group	Japan LAOX
Current assets	121,574	3,543,230	302,971	50,455,706	87,001	21,913,291	6,639,372	50,652,453	3,804,540
Non-current assets	10,573	306,809	80,438	13,444,366	3,417	-	5,233,820	4,202,248	518,793
Total assets	132,147	3,850,039	383,409	63,900,072	90,418	21,913,291	11,873,192	54,854,701	4,323,333
Current liabilities	50,189	3,075,618	94,014	59,742,722	34,876	743,026	5,578,011	21,266,701	2,082,897
Non-current liabilities	-	153,259	-	-	-	-	3,069,339	8,527,682	551,390
Total liabilities	50,189	3,228,877	94,014	59,742,722	34,876	743,026	8,647,350	29,794,383	2,634,287
Shareholders' equity	81,958	621,162	289,395	4,157,350	55,542	21,170,265	3,225,842	25,060,318	1,689,046
Minority equity	-	-	-	-	-	-	349	(24,458)	(76,007)

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Shareholders' equity attributable to the parent company	81,958	621,162	289,395	4,157,350	55,542	21,170,265	3,226,191	25,035,860	1,613,039
Net assets share calculated based on shareholding ratio	24,587	304,369	28,940	1,247,205	10,681	10,373,430	1,129,167	10,300,227	480,202
Adjusting events									
- Goodwill	-	-	19,963	-	35,526	-	-	13,314,620	-
—Employee stock ownership plan	-	-	-	-	-	-	475	2,438	-
Book value for equity investment of associated enterprise	24,587	304,369	48,903	1,247,205	46,207	10,373,430	1,129,642	23,619,314	480,202

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

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, 2018							
	Maruetsu	Suning Consumer Finance Co., Ltd.	Lamabang	Suning Bank	Beijing Qili	Greenland	Huatai Securities	Shenzhen Hengning
Current assets	106,223	6,113,767	278,239	24,342,858	71,372	11,224	192,777,088	20,620,816
Non-current assets	13,023	275,251	182,436	8,028,069	18,233	371,334	175,888,786	(4,450)
Total assets	119,246	6,389,018	460,675	32,370,927	89,605	382,558	368,665,874	20,616,366
Current liabilities	39,641	5,777,968	115,332	28,364,349	7,080	7	151,764,585	153,935
Non-current liabilities	-	-	-	-	-	-	112,151,685	-
Total liabilities	39,641	5,777,968	115,332	28,364,349	7,080	7	263,916,270	153,935
Shareholders' equity	79,605	611,050	345,343	4,006,578	82,525	382,551	104,749,604	20,462,431
Minority equity	-	-	-	-	-	-	1,356,027	-
Shareholders' equity attributable to the parent company	79,605	611,050	345,343	4,006,578	82,525	382,551	103,393,577	20,462,431



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Net assets share calculated based on shareholding ratio	23,882	299,414	34,534	1,201,974	15,869	133,893	3,264,593	10,026,591
Adjusting events								
- Goodwill	-	-	19,963	-	35,526	-	829,470	-
Book value for equity investment of associated enterprise	23,882	299,414	54,497	1,201,974	51,395	133,893	4,094,063	10,026,591

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### 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 affiliated enterprise at the time of acquisition of investment and the impact of uniform accounting policy are taken into account.

	2019						From establishment date to December 31, 2019		
	Maruetsu	Suning Consumer Finance Co., Ltd.	Lamabang	Suning Bank	Beijing Qili	Shenzhen Hengning	Suning Smart Life	Suning Financial Services Group	Japan LAOX
Operating revenue	234,576	439,557	40,089	1,016,786	592,131	1,509,434	2,267,337	1,661,704	846,043
Net profit	2,350	10,112	(55,939)	75,734	(26,977)	1,123,934	(2,017,410)	490,998	(67,464)
Other comprehensive income	-	-	-	38,287	-	-	64,869	-	-
Total comprehensive income	2,350	10,112	(55,939)	114,021	(26,977)	1,123,934	(1,952,541)	490,998	(67,464)
Dividend received by Suning from associated enterprises in current year	-	-	-	-	-	203,889	-	-	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VI Equities in other subjects (continued)

(2) Equities in joint ventures and associated enterprises (continued)

(c) Main financial information of important associated enterprises (continued)

	2018							
	Maruetsu	Suning Consumer Finance Co., Ltd.	Lamabang	Suning Bank	Beijing Qili	Greenland	Huatai Securities	Shenzhen Hengning
Operating revenue	209,434	741,506	150,160	450,199	281,912	11,751	16,108,262	-
Net profit	749	45,321	34,195	3,551	1,904	8,803	5,032,738	462,430
Other comprehensive income	-	-	-	2,838	-	-	(553,301)	-
Total comprehensive income	749	45,321	34,195	6,389	1,904	8,803	4,479,437	462,430
Dividend received by Suning from associated enterprises in current year	-	-	-	-	-	-	78,161	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

(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 affiliated enterprise at the time of acquisition of investment and the impact of uniform accounting policy are taken into account.

(ii) Other adjustments include impairment provision and unacknowledged excess loss.

VI Equities in other subjects (continued)

(2) Equities in joint ventures and associated enterprises (continued)

(d) Summary information of unimportant joint ventures and associated enterprises

	2019	2018
Joint ventures:		
Total book value of investment	-	-
The total number of following items calculated in proportion to the shareholding ratio		
Net profit (i)	-	-
Other comprehensive income (i)	-	-
Total comprehensive income	-	-
Associated enterprises:		
Total book value of investment	6,065	9,802
The total number of following items calculated in proportion to the shareholding ratio		
Net profit (i)	296	1,766
Other comprehensive income (i)	-	-
Total comprehensive income	296	1,766

- (i) For the net profit and other comprehensive income, the fair value of identifiable assets and liabilities at the time of acquisition of investment and the impact of adjusted uniform accounting policy are taken into account.

## VII Segment information

Suning's reportable segments are business units that provide different products or services or operate in different regions. Suning's business mainly comes from China and Japan. As different regions need different technologies and market strategies, Suning independently manages the production and operation activities of each reportable segment, evaluates operating results, and decides to allocate resources and evaluate performance.

Suning has 4 reportable segments:

- Mainland China retail segment. It is responsible for the sales and services of household appliances, consumer electronics and general merchandise in China and Hong Kong China
- Japan and overseas segment, It is responsible for sales, foreign investment and other services in Japan and other regions
- Mainland China finance segment. It is responsible for financial services in China
- Mainland China logistics segment. It is responsible for logistics services in China

In 2019, Suning lost control of Japan LAOX and Suning Financial Services Group (Note V (2)). As a result, as of December 31, 2019, businesses of Japan LAOX and Suning Financial Services Group were no longer included in the Japan and overseas segment and Mainland China finance segment.

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.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VII Segment information (continued)

- (a) The information related to segments in 2019 and as of December 31, 2019 is as follows:

	Retail segment in mainland China	Mainland China finance segment	Japan and overseas segment	Logistics segment in mainland China	Offsetting of report divisions	Total
Operating revenue	249,894,805	3,390,213	12,422,680	15,102,883	(11,581,681)	269,228,900
Including: external transaction income	249,098,099	2,466,672	12,422,680	5,241,449	-	269,228,900
Cost of revenues	(223,351,722)	(1,156,214)	(9,873,390)	(12,705,788)	16,969,729	(230,117,385)
Taxes and surcharges	(767,781)	(29,501)	(105,127)	(158,498)	-	(1,060,907)
Sales cost	(22,246,351)	(284,136)	(2,380,525)	(1,848,866)	(6,772,140)	(33,532,018)
Administrative cost	(3,853,558)	(405,058)	(367,430)	(445,691)	126,705	(4,945,032)
R&D cost	(3,830,131)	(199,488)	(5,514)	(279,675)	1,047,198	(3,267,610)
Net financial cost	(2,564,601)	(174,247)	242,386	6,861	252,181	(2,237,420)
Impairment loss on assets	(192,681)	-	(166,507)	(760,841)	-	(1,120,029)
Credit impairment (loss) / reversal	(115,846)	(447,119)	8,685	(51,753)	-	(606,033)
(Losses) / gains from change in fair value	(158,490)	23,621	379,011	(27,866)	-	216,276
Investment income /(loss)	6,071,708	15,582,443	(765,801)	928,068	(25,007)	21,791,411
Including: investment income of joint ventures and associated enterprises	1,009,255	-	(726,408)	(17,849)	-	264,998
Loss / gains on asset disposal	(4,003)	1	(10,971)	(1,500)	-	(16,473)

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Other income	187,835	30,137	-	120,068	-	338,040
Operating incomes / (losses)	(930,816)	16,330,652	(622,503)	(122,598)	16,985	14,671,720
Non-operating revenue	72,733	150	37,205	141,236	-	251,324
Non-operating expenses	(250,800)	(633)	(50,290)	(26,724)	-	(328,447)
Total profits / (losses)	(1,108,883)	16,330,169	(635,588)	(8,086)	16,985	14,594,597
Income tax expenses	792,843	(5,852,386)	24,311	(239,578)	-	(5,274,810)
Net (loss) / profit	(316,040)	10,477,783	(611,277)	(247,664)	16,985	9,319,787
Total assets	214,247,514	-	46,823,842	27,627,732	(51,844,043)	236,855,045
Total liabilities	155,402,299	-	23,289,588	23,337,507	(52,319,162)	149,710,232
Long-term equity investment in associated enterprises and joint ventures	35,791,798	-	1,844,454	2,622,165	-	40,258,417
Increase / (decrease) in non-current assets (i)	17,073,289	(416,913)	(1,959,046)	3,336,271	216,597	18,250,198

(i) Non-current assets do not include financial assets, long-term equity investments and deferred income tax assets.



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VII Segment information (continued)

- (b) The information related to segments in 2018 and as of December 31, 2018 is as follows:

	Retail segment in mainland China	Mainland China finance segment	Japan and overseas segment	Logistics segment in mainland China	Offsetting of report divisions	Total
Operating revenue	230,750,629	3,169,931	7,217,595	10,860,101	(7,041,683)	244,956,573
Including: external transaction income	230,665,204	2,637,204	7,217,595	4,436,570	-	244,956,573
Cost of revenues	(193,131,366)	(1,006,057)	(4,866,755)	(9,742,193)	529,765	(208,216,606)
Taxes and surcharges	(741,941)	(22,423)	(4,985)	(124,988)	-	(894,337)
Sales cost	(27,109,924)	(228,918)	(1,989,635)	(1,356,010)	4,617,810	(26,066,677)
Administrative cost	(5,732,120)	(461,341)	(335,272)	(566,059)	1,894,108	(5,200,684)
R&D cost	(1,689,629)	(298,343)	(48,367)	(225,536)	-	(2,261,875)
Net financial cost	(1,205,464)	18,452	(40,970)	(6,644)	-	(1,234,626)
Impairment loss on assets	(804,228)	(780,819)	(320,486)	(153,935)	-	(2,059,468)
Losses from changes in fair value	295,445	(2,966)	-	-	-	292,479
Investment income	2,618,470	72,568	11,029,986	269,624	-	13,990,648
Including: investment income of joint ventures and associated enterprises	296,717	-	-	-	-	296,717
Loss / gains on asset disposal	(25,825)	2	(6,719)	(591)	-	(33,133)
Other income	278,319	31,628	-	76,309	-	386,256
Operating incomes / (losses)	3,502,366	491,714	10,634,392	(969,922)	-	13,658,550

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Non-operating revenue	132,506	629	278,847	93,711	-	505,693
Non-operating expenses	(157,547)	(51)	(23,227)	(37,963)	-	(218,788)
Total profits / (losses)	3,477,325	492,292	10,890,012	(914,174)	-	13,945,455
Income tax expenses	(1,339,173)	(141,150)	10,137	167,279	-	(1,302,907)
Net profits/(losses)	2,138,152	351,142	10,900,149	(746,895)	-	12,642,548
Total assets	184,789,809	32,582,815	20,161,408	23,630,133	(61,696,963)	199,467,202
Total liabilities	132,421,807	18,506,073	2,700,847	19,324,639	(61,696,963)	111,256,403
Long-term equity investment in associated enterprises and joint ventures	16,112,057	-	137,674	1,424,819	-	17,674,550
Increase in non-current assets (i)	612,135	194,383	667,740	3,458,615	-	4,932,873

(i) Non-current assets do not include financial assets, long-term equity investments and deferred income tax assets.

## VII Segment information (continued)

- (c) The total foreign transaction income of Suning in China and other countries, and the total non-current assets of Suning in China and other countries except the financial assets, long-term equity investment and deferred income tax assets are as follows:

Foreign transaction income	2019	2018
China	256,806,220	237,738,978
Japan and overseas	12,422,680	7,217,595
	<u>269,228,900</u>	<u>244,956,573</u>
Total non-current assets	December 31, 2019	December 31, 2018
China	53,758,343	33,646,987
Japan and overseas	80,206	1,941,364
	<u>53,838,549</u>	<u>35,588,351</u>

## VIII Related Party Relationships and Transactions

## (1) Actual controller

(a) Suning's actual controller is Mr. Zhang Jindong.

(b) Shareholding ratio and voting rights ratio of the actual controller to Suning

	December 31, 2019		December 31, 2018	
	Shareholding ratio (direct+indirect)	Proportion of voting power	Shareholding ratio (direct+indirect)	Proportion of voting power
Mr. Zhang Jindong (note)	33.30%	24.94%	32.92%	24.29%

Note: As of December 31, 2019, Mr. Zhang Jindong has directly held 20.96% shares 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 19.99% and 3.98% equity of Suning respectively.

## (2) Information of Subsidiary

The basic information and relevant information of the subsidiary are given in Note VI.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

(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).

# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### 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 the Company
Suning Appliance Group Co., Ltd.	An institutional shareholder holding more than 5% shares of Suning
Suning Holdings Group	Under the control of the same actual controller as Suning
Shanghai Suning Real Estate Development Co., Ltd. ("Shanghai Suning Real Estate Development")	Subsidiary of Suning Real Estate Group
Jiangsu Suning.Com Plaza Commercial Management Co., Ltd. ("Jiangsu Suning Commercial Management")	Subsidiary of Suning Real Estate Group
Nanjing Dingchen Architectural Design Co., Ltd. ("Nanjing Dingchen")	Subsidiary of Suning Real Estate Group
Qingliang Gate Branch of Suning Real Estate Group Co., Ltd. ("Qingliang Gate Branch of Suning Real Estate")	A branch of Suning Real Estate Group
45 Galaxy property companies under Suning Real Estate Group	Subsidiary of Suning Real Estate Group
36 real estate, building materials companies and branches under Suning Real Estate Group	Subsidiaries of Suning Real Estate Group and branches of subsidiaries
19 hotels, catering companies and branches under Suning Real Estate Group	Subsidiaries of Suning Real Estate Group and branches of subsidiaries
40 studios, cinema companies and branches under Suning Holdings Group	Subsidiaries of Suning Holdings Group and branches of subsidiaries
Shanghai Juli Media Technology Co., Ltd. ("Shanghai Juli")	Subsidiary of Suning Holdings Group
Nanjing Juli Media Technology Co., Ltd. ("Nanjing Juli")	Subsidiary of Suning Holdings Group
Tianjin Juli Media Technology Co., Ltd. ("Tianjin Juli")	Subsidiary of Suning Holdings Group
Taicang Juyitang Network Technology Co., Ltd. ("Taicang Juyitang Network")	Subsidiary of Suning Holdings Group
Synapse Computer System (Shanghai) Co., Ltd.	Subsidiary of Suning Holdings Group

# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

Nanjing Suning Yicai Technology Co., Ltd. ("Nanjing Suning Yicai Technology")	Subsidiary of Suning Holdings Group
JIANGSU INTER BUSINESS DEVELOPMENT CO., LTD. ("Jiangsu Inter Business")	Subsidiary of Suning Holdings Group
Shanghai Chengyu Media Technology Co., Ltd. ("Shanghai Chengyu")	Subsidiary of Suning Holdings Group
Suning Sports and Cultural Media (Beijing) Co., Ltd. ("Suning Sports and Cultural Media")	Subsidiary of Suning Holdings Group
Jiangsu Suning Sports Industry Co., Ltd. ("Jiangsu Suning Sports Industry")	Subsidiary of Suning Holdings Group
Jiangsu Suning Sporting Goods Co., Ltd. ("Jiangsu Suning Sporting Goods")	Subsidiary of Suning Holdings Group
Nanjing Juyiteng Network Technology Co., Ltd. ("Nanjing Juyiteng Network Technology")	Subsidiary of Suning Holdings Group
Jiangsu Suning Commercial Management Co., Ltd. ("Suning Commercial Management")	Subsidiary of Suning Holdings Group
Beijing Jingzhao Suning Appliance Co., Ltd. ("Beijing Jingzhao")	Subsidiary of Suning Holdings Group
Suning Rundong Equity Investment Management Co., Ltd. ("Suning Rundong")	Subsidiary of Suning Holdings Group
Jiangsu Suning Ladies Football Club ("Suning Ladies Football Club")	Subsidiary of Suning Holdings Group
Suning.Com Plaza Shopping Branch of Lianyungang Suning Real Estate Co., Ltd. ("Suning.Com Plaza Branch of Lianyungang Suning Real Estate")	Branches of subsidiaries of Suning Holdings Group
Suning Sofitel Hotel of Lianyungang Suning Real Estate Co., Ltd. ("Sofitel 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
2 culture and cinema chain investment companies under Suning Holdings Group	Subsidiary of Suning Holdings Group
Other 12 sports companies under Suning Holdings Group	Subsidiary of Suning Holdings Group
2 football club companies under Suning Real Estate Group	Subsidiary of Suning Real Estate Group
3 Tongshi Mingtai companies under Suning Holdings Group	Subsidiary of Suning Holdings Group
5 management consulting companies under Suning Holdings Group	Subsidiary of Suning Holdings Group

# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### VIII Related Party Relationship and Transaction (continued)

#### (5) Profile of other related parties (continued)

Name of related parties	Relationship with Suning
4 investment companies under Suning Holdings Group	Subsidiary of Suning Holdings Group
108 Sufu, Suyuan companies under Suning Holdings Group	Subsidiary of Suning Holdings Group
Beijing Chinatown Chamber of Commerce Conference Center Co., Ltd. ("Chinatown Chamber of Commerce Conference Center")	Subsidiary of Suning Appliance Group Co., Ltd.
Wuxi Suning Business Management Co., Ltd ("Wuxi Business Management")	Subsidiary of Suning Appliance Group Co., Ltd.
Nanjing Suning Galaxy International Shopping Plaza Co., Ltd. ("Galaxy International Shopping Plaza")	Subsidiary of Suning Appliance Group Co., Ltd.
Qingdao Suning Home Appliance Industrial Park Co., Ltd. ("Qingdao Suning Home Appliance Industrial Park")	Subsidiary of Suning Appliance Group Co., Ltd.
Nanjing Xin Jiekou Suning Novotel Hptel of Suning Appliance Group Co., Ltd. ("Xin Jiekou Novotel Hptel")	A branch of Suning Appliance Group Co., Ltd.
25 assets management companies under Suning Appliance Group Co., Ltd.	Subsidiary of Suning Appliance Group Co., Ltd.
Nanjing Zhongshan International Golf Real Estate Co., Ltd. ("Zhongshan Golf Real Estate")	The actual controller is a member of Mr. Zhang Jindong's family.
Sofitel Zhongshan Golf Hotel of Nanjing Zhongshan International Golf Real Estate Co., Ltd. ("Sofitel Zhongshan Golf Hotel")	The actual controller is a member of Mr. Zhang Jindong's family.
Golf Club Branch of Nanjing Zhongshan International Golf Real Estate Co., Ltd. ("Zhongshan Golf Club")	The actual controller is a member of Mr. Zhang Jindong's family.
Nanjing Suning Universal Tianrun Plaza Co., Ltd. ("Nanjing Suning Universal Tianrun Plaza")	The actual controller is a member of Mr. Zhang Jindong's family.
Taobao (China) Software Co., Ltd. ("Taobao (China)")	An institutional shareholder holding more than 5% shares of Suning
Alibaba Group ("Alibaba")	Ultimate holding company of institutional shareholders holding more than 5% of the Company's shares and its



# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

Suning CVS and its subsidiaries	An associated company of Suning and its subsidiaries
Suning Financial Services Group and its subsidiaries	An associated company of Suning and its subsidiaries
46 subsidiaries of TCL Industrial Holdings ("TCL subsidiaries")	Suning has a significant influence on them

# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### VIII Related Party Relationship and Transaction (continued)

#### (5) Profile of other related parties (continued)

Name of related parties	Relationship with Suning
Shanghai Quanguang Commercial Management Co., Ltd. ("Shanghai Quanguang")	A wholly owned subsidiary of an joint company of Suning
Chongqing Jingfu Zhongxing Commercial Management Co., Ltd. ("Chongqing Jingfu")	A wholly owned subsidiary of an joint company of Suning
Hunan Guikang Commercial Management Co., Ltd. ("Hunan Guikang")	A wholly owned subsidiary of an joint company of Suning
Xuzhou Fukai Commercial Management Co., Ltd. ("Xuzhou Fukai")	A wholly owned subsidiary of an joint company of Suning
Shanghai Hushen Suning Appliance Co., Ltd. ("Shanghai Hushen")	A wholly owned subsidiary of an joint company of Suning
Shenyang Suning Logistics Co., Ltd. ("Shenyang Suning")	A wholly owned subsidiary of an joint company of Suning
Chongqing Shouheng Logistics Co., Ltd. ("Chongqing Shouheng")	A wholly owned subsidiary of an joint company of Suning
Xuzhou Suning Yunshang Logistics Co., Ltd. ("Xuzhou Suning")	A wholly owned subsidiary of an joint company of Suning
Hunan Suning Purchase Co., Ltd. ("Hunan Suning")	A wholly owned subsidiary of an joint company of Suning
Shaanxi Junshanfeng	A wholly owned subsidiary of an joint company of Suning
Neijiang Haojie	A wholly owned subsidiary of an joint company of Suning
Foshan Jingling	A wholly owned subsidiary of an joint company of Suning
Ningbo Shenglin	A wholly owned subsidiary of an joint company of Suning
Changsha Guikun	A wholly owned subsidiary of an joint company of Suning
Shaanxi Suning Yida (i)	A wholly owned subsidiary of an joint company of Suning
Foshan Suning Yida (ii)	A wholly owned subsidiary of an joint company of Suning

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## Notes to Financial Statements in 2019

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

Neijiang Suning Yida (ii)	A wholly owned subsidiary of an joint company of Suning
Ningbo Suning Yida (ii)	A wholly owned subsidiary of an joint company of Suning
Hunan Suning Yida (ii)	A wholly owned subsidiary of an joint company of Suning
Jiangsu Chenyi (iii)	A wholly owned subsidiary of an joint company of Suning
Nanjing Luchang (iii)	A wholly owned subsidiary of an joint company of Suning
Nanjing Yourong (iii)	A wholly owned subsidiary of an joint company of Suning
Dalian Wanda Commercial Management Group Co., Ltd. ("Wanda Commercial")	Suning has a significant influence on them
(i)	In 2019, Suning transferred 100% equity of Shaanxi Suning Yida to Yunxiang Warehouse Logistics Phase I Fund, a joint company of Suning (Note V (2)). Therefore, Shaanxi Suning Yida is a related party of Suning. The transactions with related party Shaanxi Suning Yida disclosed during the reporting period are ones from June 28, 2019 to December 31, 2019.
(ii)	In 2019, Suning transferred 100% equity of the 4 Yida logistics companies to Yunxiang Warehouse Logistics Phase II Fund, a joint venture of Suning (Note V (2)). Therefore, the 4 Yida logistics companies are a related party of Suning. The transactions with related party 4 Suning Yida companies disclosed during the reporting period are ones from December 05, 2019 to December 31, 2019.
(iii)	In 2019, Suning transferred 100% equity of the 3 assets management companies to Yunxiang Warehouse Logistics Phase I Fund, a joint company of Suning (Note V (2)). Therefore, the 3 assets management companies are a related party of Suning. The transactions with related party of the company disclosed during the reporting period are ones from October 22, 2019 to December 31, 2019.

## VIII Related Party Relationship and Transaction (continued)

## (6) Related transaction

## (a) Purchasing and selling goods, providing and receiving labor services

## Sell goods and provide related services

Related parties	Contents of related transaction	Pricing policy for related transactions	2019	2018
Suning CVS and its subsidiaries	Sell goods and provide related services	Market price	1,291,883	-
108 Sufu, Suyuan companies under Suning Holdings Group	Sell goods and provide related services	Market price	107,930	55,221
Nanjing Juli	Sell goods and provide related services	Market price	31,519	-
40 studios, cinema companies and branches under Suning Holdings Group	Sell goods and provide related services	Market price	21,600	22,002
36 real estate, building materials companies and branches under Suning Real Estate Group	Sell goods and provide related services	Market price	19,910	40,522
Suning Bank	Sell goods and provide related services	Market price	13,789	2,990
19 hotels, catering companies and branches under Suning Real Estate Group	Sell goods and provide related services	Market price	13,068	3,559
Shanghai Juli	Sell goods and provide related services	Market price	8,234	40,526
Suning Real Estate	Sell goods and provide related services	Market price	2,662	1,216
Suning Sports and Cultural Media	Sell goods and provide related services	Market price	2,014	36,659
Other related parties	Sell goods and provide related services	Market price	7,214	20,115
			<u>1,519,823</u>	<u>222,810</u>

## VIII Related Party Relationship and Transaction (continued)

## (6) Related transactions (continued)

## (b) Purchasing goods

	2019	2018
TCL subsidiaries	2,026,762	-
3 Tongshi Mingtai companies under Suning Holdings Group	884,634	718,481
Mitsubishi Heavy Industries Air-conditioners	146,428	186,095
Alibaba	56,671	5,070
Shanghai Chengyu	-	230,605
	<u>3,114,495</u>	<u>1,140,251</u>

## (c) Provide logistics after-sale, labor outsourcing services

	2019	2018
Alibaba	480,528	610,126
Suning CVS and its subsidiaries	66,595	-
3 Tongshi Mingtai companies under Suning Holdings Group	56,771	29,853
Other related parties	53,240	6,580
	<u>657,134</u>	<u>646,559</u>

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

(d) Accept engineering design service

	2019	2018
Nanjing Dingchen	14,370	9,859

Suning.Com Co., Ltd.

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VIII Related Party Relationship and Transaction (continued)

(6) Related transactions (continued)

(e) Provide information technology consulting service

	2019	2018
Suning Financial Services Group and its subsidiaries	73,533	-
Suning CVS and its subsidiaries	58,291	-
Suning Bank	5,561	5,557
45 Galaxy property companies under Suning Real Estate Group	5,348	4,320
2 culture and cinema chain investment companies under Suning Holdings Group	605	13,367
Suning Consumer Finance Co., Ltd.	101	1,313
Shanghai Juli	44	-
Suning Real Estate	-	4,082
Other related parties	-	2,070
	<u>143,483</u>	<u>30,709</u>

(f) Accept investment attraction operation service

2019 2018

Suning.Com Co., Ltd.

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Jiangsu Suning Commercial Management	8,694	7,631
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(g) Provide marketing service

	2019	2018
Alibaba	537,758	140,700
Suning Financial Services Group and its subsidiaries	196,395	-
Wanda Commercial	176,941	-
Suning Sports and Cultural Media	158,215	41,597
Shanghai Juli	37,544	35,850
Other related parties	44,606	20,406
	<u>1,151,459</u>	<u>238,553</u>



## VIII Related Party Relationship and Transaction (continued)

## (6) Related transactions (continued)

## (h) Related parties provide financial assistance

	2019	2018
Alibaba	-	1,950,000

In 2019, Alibaba did not entrust West Lake Branch of Bank of Hangzhou Co., Ltd. to issue a loan to Chongqing Maoning Electronic Commerce Co., Ltd., a subsidiary of Suning (2018: RMB 1.95 billion).

## (i) Interest

	2019	2018
Alibaba	19,386	63,383

## (j) Leased

Suning acts as lessor:

Name of the lessee	Type of leasing asset	2019	2018
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## Notes to Financial Statements in 2019

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

19 hotels, catering companies and branches under Suning Real Estate Group	Novotel Hotel	20,696	20,449
36 real estate, building materials companies and branches under Suning Real Estate Group	Suqian Suning.Com Plaza Store	17,143	-
Suning CVS and its subsidiaries	Stores of Suning CVS	17,106	-
Other 12 sports companies under Suning Holdings Group	Floors 1-2, Nanjing Commerce and Trade Center Store	10,610	-
19 hotels, catering companies and branches under Suning Real Estate Group	Building 01J, Rizhao Suning.Com Plaza	10,365	20,729
Suning Real Estate	10F and 7-12F, Building 1, Suning Headquarters	8,566	10,454
Suning Consumer Finance Co., Ltd.	5-6F, Building 5, Suning Headquarters	4,984	2,211
40 studios, cinema companies and branches under Suning Holdings Group	Headquarters Wangzhuang Lake	3,810	5,248

Suning.Com Co., Ltd.

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VIII Related Party Relationship and Transaction (continued)

(6) Related transactions (continued)

(j) Lease (continued)

Suning acts as lessor (continued):

Name of the lessee	Type of leasing asset	2019	2018
40 studios, cinema companies and branches under Suning Holdings Group	Store 501, Floor 5, Baotou Suning.Com Plaza	2,527	2,574
Suning Bank	Floor 2#-1, Anime Corridor	2,364	-
40 studios, cinema companies and branches under Suning Holdings Group	Store 605, Floor 6, Chuzhou Suning.Com Plaza	2,105	2,085
40 studios, cinema companies and branches under Suning Holdings Group	Store 503, Floor 5, Fengxian Suning.Com Plaza	2,099	2,574
Jiangsu Suning Commercial Management	Partial region of Floor 11, Building 1, Suning Headquarters	1,922	1,931
Shanghai Juli	Partial region of Floor 6, Zhongshan Square Building	1,569	771
51 Galaxy property companies under Suning Real Estate Group	Headquarters office area, Xuzhuang	1,488	1,709
2 football club companies under Suning Real Estate Group	Floor 3, Building 5, Suning Headquarters	1,476	1,548
Suning Appliance Group Co., Ltd.	Floor 15, Building 1, Suning Headquarters	1,409	1,331
Other 12 sports companies under	Store 201, Floor 2, Xi'an Suning	1,354	-

# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

Suning Holdings Group Life Square

40 studios, cinema companies and branches under Suning Holdings Group	Store 601, Floor 6, Jining Suning.Com Plaza	1,306	743
40 studios, cinema companies and branches under Suning Holdings Group	Store 601, Floor 6, Rizhao Suning.Com Plaza	1,267	996
40 studios, cinema companies and branches under Suning Holdings Group	Floors 4-5, Wujin Suning Life Square	1,124	724
40 studios, cinema companies and branches under Suning Holdings Group	Floors 4-5, Yixing Suning Life Square	1,111	783
40 studios, cinema companies and branches under Suning Holdings Group	Floor 2, Yifeng Modern City, No. 169, Jinma Road, Development Zone, Dalian	1,016	364
36 real estate, building materials companies and branches under Suning Real Estate Group	Partial region of Floor 8, Building 1, Suning Headquarters	932	1,070
2 culture and cinema chain investment companies under Suning Holdings Group	Partial region of Floor 4, Building 5, Suning Headquarters	837	1,447
Others	Various stores and office areas	12,241	8,728
		<u>131,427</u>	<u>88,469</u>

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(6) Related transactions (continued)

(j) Lease (continued)

Suning acts as leasee:

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Name of the lessor	Type of leasing asset	2019	2018
Shanghai Hushen	Shanghai Logistics Base	117,585	44,172
25 assets management companies under Suning Appliance Group Co., Ltd.	Shanghai Pudong Store 1	88,510	34,580
25 assets management companies under Suning Appliance Group Co., Ltd.	Chongqing Guanyin Bridge Store	75,737	93,397
Suning Real Estate	Xin Jiekou Store	63,827	26,332
25 assets management companies under Suning Appliance Group Co., Ltd.	Store at Chunxi Road, Chengdu	58,931	49,653
Shenyang Suning	Liaoning Logistics Base	56,080	23,812
Chongqing Shouheng	Chongqing Logistics Base	52,002	21,042
25 assets management companies under Suning Appliance Group Co., Ltd.	Chongqing Jiefangbei Store	49,529	40,969
25 assets management companies under Suning Appliance Group Co., Ltd.	Jinan Quancheng Road Store 2	39,192	15,179
25 assets management companies under Suning Appliance Group Co., Ltd.	Wuhan Central South Store	37,211	7,267
25 assets management companies under Suning Appliance Group Co., Ltd.	Changzhou South Street Store	36,165	37,714
25 assets management companies under Suning Appliance Group Co., Ltd.	Kunming Small Garden Store	35,201	29,203
25 assets management companies under Suning Appliance Group Co., Ltd.	Beijing Tongzhou West Gate Store	34,529	38,821
25 assets management companies under Suning Appliance Group Co., Ltd.	Beijing Liujiayao Bridge East Store	32,303	29,614
Xuzhou Suning	Xuzhou Logistics Base	31,532	4,619
25 assets management companies under Suning Appliance Group Co., Ltd.	Xi'an Jinhua Road Store	31,089	24,347
25 assets management companies under Suning	Wuhan Tangjiadun Store	30,723	24,141

## Suning.Com Co., Ltd.

### Notes to Financial Statements in 2019

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)  
Appliance Group Co., Ltd.

25 assets management companies under Suning Appliance Group Co., Ltd.	Tianjin Hai Guang Temple Store	30,097	21,952
36 real estate, building materials companies and branches under Suning Real Estate Group	Fuzhou Suning.Com Plaza Store	23,716	8,709

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(6) Related transactions (continued)

(j) Lease (continued)

Suning acts as leasee(continued):

Name of the lessor	Type of leasing asset	2019	2018
Hunan Suning	Changsha Logistics Base	22,598	8,533
25 assets management companies under Suning Appliance Group Co., Ltd.	Chengdu West Street Store	22,106	16,211
Wuxi Business Management	Wuxi Suning.Com Plaza Store	20,991	27,350
25 assets management companies under Suning Appliance Group Co., Ltd.	Dalian Shengli Plaza Store	20,564	8,746
25 assets management companies under Suning Appliance Group Co., Ltd.	Chengdu Wannianchang Store	20,387	15,461
36 real estate, building materials companies and branches under Suning Real Estate Group	Li Village Suning Appliance Plaza Store	20,278	8,222
25 assets management companies under Suning Appliance Group Co., Ltd.	Xiamen Fortune Bay Store	20,114	4,070
25 assets management companies under Suning Appliance Group Co., Ltd.	Datong Suning Appliance Plaza Store	19,406	8,739
25 assets management companies under Suning Appliance Group Co., Ltd.	Zhengzhou Mianfang Road Store	12,023	2,339
25 assets management companies under Suning Appliance Group Co., Ltd.	Store at Neijiang Department Store	11,580	2,165



# Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

Chengdu Hongye Real Estate Co., Ltd. and its branches	Tianfu Flyover Store	11,368	14,243
25 assets management companies under Suning Appliance Group Co., Ltd.	Taizhou Xibakou Store 2	11,230	4,371
25 assets management companies under Suning Appliance Group Co., Ltd.	Beijing Qingta West Road Store	11,108	4,304
Beijing Jingzhao	Beijing Balizhuang Life Square Appliance Store	10,072	12,740
25 assets management companies under Suning Appliance Group Co., Ltd.	Jiaxing Jiangnan Mall Store	9,790	1,951
Qingdao Suning Home Appliance Industrial Park	Qingdao Chengyang Logistics Base	9,763	-
36 real estate, building materials companies and branches under Suning Real Estate Group	Huai'an Suning Life Square Store	8,127	6,402
Suning Appliance Group Co., Ltd.	Xin Jiekou Suning Appliance Plaza Store	7,950	3,216
25 assets management companies under Suning Appliance Group Co., Ltd.	Chenzhou Guoqing North Road Store	7,743	1,526

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(6) Related transactions  
(continued)

(j) Lease (continued)

Suning acts as leasee(continued):

Name of the lessor	Type of leasing asset	2019	2018
36 real estate, building materials companies and branches under Suning Real Estate Group	Anshan Suning.Com Plaza	6,591	3,428
36 real estate, building materials companies and branches under Suning Real Estate Group	Xuzhou Suning.Com Plaza Appliance Store	4,814	3,247
Others	Other stores	131,594	33,421
		<hr/> 1,344,156	<hr/> 766,208

## VIII Related Party Relationship and Transaction (continued)

(6) Related 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 Group	101,594	2018/12/14	2019/11/25	Yes
Suning Financial Services Group	872,956	2019/1/9	2022/1/5	No
Suning Financial Services Group	601,402	2019/1/9	2022/1/5	No
Suning Financial Services Group	166,472	2019/2/21	2022/1/5	No
Suning Financial Services Group	225,450	2019/5/23	2019/11/22	Yes
Suning Financial Services Group	1,000,000	2019/6/28	2022/6/28	No
Suning Financial Services Group	250,050	2019/7/10	2020/6/30	No
Suning Financial Services Group	46,418	2019/7/31	2020/7/30	No
Suning Financial Services Group	743,901	2019/9/27	2022/9/23	No
Suning Commercial Factoring Co., Ltd.	25,050	2018/10/26	2019/10/25	Yes
Suning Commercial	25,050	2018/10/31	2019/10/30	Yes

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Factoring Co., Ltd.

Suning Commercial Factoring Co., Ltd.	25,050	2018/11/2	2019/11/1	Yes
Suning Commercial Factoring Co., Ltd.	25,050	2018/11/7	2019/11/7	Yes
Suning Commercial Factoring Co., Ltd.	25,050	2018/11/16	2019/11/15	Yes
Suning Commercial Factoring Co., Ltd.	25,050	2018/11/21	2019/11/21	Yes
Suning Commercial Factoring Co., Ltd.	25,050	2018/11/23	2019/11/22	Yes
Suning Commercial Factoring Co., Ltd.	25,050	2018/11/28	2019/11/28	Yes
Suning Commercial Factoring Co., Ltd.	300,600	2019/1/31	2020/1/30	No
Suning Commercial Factoring Co., Ltd.	50,100	2019/2/19	2020/2/18	No
Suning Commercial Factoring Co., Ltd.	250,500	2019/5/10	2019/12/31	Yes
Suning Commercial Factoring Co., Ltd.	150,300	2019/5/17	2020/5/16	No
Suning Commercial Factoring Co., Ltd.	250,500	2019/5/30	2019/11/30	Yes
Suning Commercial Factoring Co., Ltd.	150,300	2019/6/4	2020/5/29	No
Suning Commercial Factoring Co., Ltd.	82,300	2019/7/11	2020/7/10	No
Suning Commercial Factoring Co., Ltd.	15,030	2019/7/19	2019/11/7	Yes
Suning Commercial Factoring Co., Ltd.	17,027	2019/7/19	2019/11/11	Yes
Suning Commercial Factoring Co., Ltd.	25,050	2019/7/19	2019/11/7	Yes
Suning Commercial Factoring Co., Ltd.	25,057	2019/7/19	2019/11/8	Yes
Suning Commercial Factoring Co., Ltd.	18,036	2019/7/26	2019/11/20	Yes

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Suning Commercial Factoring Co., Ltd.	66,265	2019/7/29	2020/1/25	No
Suning Commercial Factoring Co., Ltd.	28,914	2019/7/31	2020/1/27	No
	<u>5,638,622</u>			

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Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(6) Related transactions  
(continued)

(k) Guarantee (continued)

Suning acts as the guarantor:

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 money from financial institutions of about RMB 1.63 billion (2018: none).

In 2019, Suning Appliance Group Co., Ltd. did not provide guarantee for Suning (in 2018, Suning Appliance Group Co., Ltd. provided a total amount of guarantee for TTK Express (a subsidiary of Suning) to borrow money from financial institutions of RMB 150 million, and a total amount of guarantee for Suning Financial Services Group to borrow money from financial institutions of RMB 501 million).

In 2019, Suning Jinkong did not provide guarantee for Suning (in 2018, Suning Jinkong provided a total amount of guarantee for Suning Factoring Financing to borrow money from financial institutions of RMB 859 million, and a total amount of guarantee for Suning Financial Services Group to borrow money from financial institutions of RMB 325 million).

(l) Interest income

	2019	2018
Suning Bank	37,621	4,425

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Suning Consumer Finance Co., Ltd.	5,001	109,942
	<u>42,622</u>	<u>114,367</u>

(m) Accept project management service

	2019	2018
Suning Real Estate	45,007	30,118
36 real estate, building materials companies and branches under Suning Real Estate Group	1,736	491
	<u>46,743</u>	<u>30,609</u>

## VIII Related Party Relationship and Transaction (continued)

(6) Related transactions  
(continued)

## (n) Accept property service

	2019	2018
45 Galaxy property companies under Suning Real Estate Group	203,210	211,536

## (o) Catering and meeting services provided by related parties for Suning

	2019	2018
19 hotels, catering companies and branches under Suning Real Estate Group	15,345	10,036
Sofitel Zhongshan Golf Hotel	1,123	2,649
Chinatown Chamber of Commerce Conference Center	634	1,086
Xin Jiekou Novotel Hptel	379	369
	17,481	14,140



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

(p) Accept the supporting property service of the self-built store for sale

	2019	2018
Shanghai Suning Real Estate Development	22,397	-
Suning Real Estate	14,909	3,304
	<u>37,306</u>	<u>3,304</u>

VIII Related Party Relationship and Transaction  
(continued)(6) Related transactions  
(continued)

## (q) Accept marketing service

	2019	2018
Alibaba	862,021	474,955
2 football club companies under Suning Real Estate Group	180,242	123,932
Shanghai Juli	83,111	49,852
Jiangsu Suning Sports Industry	82,975	106,752
Suning Sports and Cultural Media	42,335	11,469
Suning Consumer Finance Co., Ltd.	30,687	111,103
Taobao (China)	24,704	40,058
Others	45,343	31,060
	<u>1,351,418</u>	<u>949,181</u>

## (r) Accept capital increase by related parties

	2019	2018
Suning Jinkong	<u>-</u>	<u>2,828,563</u>

VIII Related Party Relationship and Transaction  
(continued)

Related transactions  
(6) (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 (simplified Chinese).

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 2019 during the reporting period.

VIII Related Party Relationship and Transaction  
(continued)

Related transactions  
(6) (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 2019 during the reporting period.

(5) In April 2016, Suning signed a *Trademark Assignment Agreement* with Suning Real Estate Group to transfer to Suning Real Estate Group the exclusive right to use some registered trademarks (hereinafter referred to as "transferred trademarks") within its non-main business scope. The transfer price is RMB 36.0192 million, and within 15 working days after the agreement is signed, Suning collected RMB 10 million from Suning Real Estate Group. Within 15 working days after both parties received all the trademark transfer approval notices issued by the Trademark Office, the Company collected the balance of RMB 26.0192 million from Suning Real Estate Group.

In 2016, Suning received the first payment of RMB 10 million for the

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

As of the end of the reporting period, Suning has completed the transfer of some trademarks, and both parties of the remaining trademarks to be transferred are carrying out relevant procedures according to the requirements of the Trademark Office. According to the agreement, the balance of this trademark transfer will be paid after the completion of the transfer.

VIII Related Party Relationship and Transaction (continued)

(6) Related transactions (continued)

(t) Compensation of key management personnel

	2019	2018
Compensation of key management personnel	18,760	17,873

(u) Accept financial consultancy service

	2019	2018
Suning Rundong	44,009	53,208

(v) Procure the financial assets measured at fair value and changes are recorded into the current gain or loss

	2019	2018
Suning Bank	-	1,780,000

(w) Purchase assets

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

	2019	2018
36 real estate, building materials companies and branches under Suning Real Estate Group	-	262,000
(x) Collect dividends from related parties		
	2019	2018
Yunxiang Warehouse Logistics Phase I Fund	652,130	-
Shenzhen Hengning	203,889	-
Wanda Commercial	175,532	-
Huatai Securities	83,987	78,161
Yunxiang Warehouse Logistics Phase II Fund	1,985	-
Suning Goldstone	-	3,425
	1,117,523	81,586

## VIII Related Party Relationship and Transaction (continued)

## (6) Related transactions (continued)

## (y) Equity transfer

	2019	2018
Nanjing Yunzhixiang	745,394	-
Yunxiang Warehouse Logistics Phase I Fund	484,179	122,877
Foshan Jingling	402,474	-
Changsha Guikun	216,086	-
Shaanxi Junshanfeng	170,695	-
Neijiang Haojie	30,111	-
Ningbo Shenglin	99,105	-
Shanghai Quanguang	-	707,555
Chongqing Jingfu	-	238,840
Hunan Guikang	-	85,765
Xuzhou Fukai	-	36,359
	<u>2,148,044</u>	<u>1,191,396</u>

(z) Accept accounts payable factoring  
service

	2019	2018
Suning Financial Services Group and its subsidiaries	<u>6,141,988</u>	<u>-</u>



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(7) Balance of accounts receivable and payables by related party

Accounts receivable of related parties:

		December 31, 2019	December 31, 2018
Accounts receivable	Suning CVS and its subsidiaries	623,354	-
Accounts receivable	Suning Sports and Cultural Media	91,465	2,690
Accounts receivable	Alibaba	86,584	86,399
Accounts receivable	Hunan Suning Yida	73,723	-
Accounts receivable	3 Tongshi Mingtai companies under Suning Holdings Group	45,779	13,806
Accounts receivable	19 hotels, catering companies and branches under Suning Real Estate Group	21,150	495
Accounts receivable	40 studios, cinema companies and branches under Suning Holdings Group	11,633	-
Accounts receivable	Jiangsu Suning Sports Goods	13,150	26
Accounts receivable	Shanghai Juli	11,447	34,715
Accounts receivable	36 real estate, building materials companies and branches under Suning Real Estate Group	11,033	3,894
Accounts receivable	Nanjing Juli	7,563	
Accounts receivable	108 Sufu, Suyuan companies under Suning Holdings Group	6,926	8,258
Accounts receivable	Other related parties	64,630	15,354
		<u>1,068,437</u>	<u>165,637</u>

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

		December 31, 2019	December 31, 2018
Advance payment	TCL subsidiaries	23,285	-
Advance payment	Shanghai Hushen	13,710	-
Advance payment	Shenyang Suning	9,207	-
Prepayment	Foshan Suning Yida	5,786	-
Advance payment	Hunan Suning	4,741	-
Advance payment	2 football club companies under Suning Real Estate Group	3,344	-
Advance payment	Xuzhou Suning	1,275	-
Advance payment	Nanjing Luchang	795	-
Advance payment	Suning Bank	561	-
Advance payment	Nanjing Yourong	362	-
Advance payment	45 Galaxy property companies under Suning Real Estate Group	298	-
Advance payment	Alibaba	39	21,525
Advance payment	Other related parties	3,778	55
		<u>67,181</u>	<u>21,580</u>

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(7) Balance of receivables and payables to related parties (continued)

Accounts receivable of related parties (continued):

		December 31, 2019	December 31, 2018
Interests receivable	Suning Consumer Finance Co., Ltd.	6,004	12,573
		December 31, 2019	December 31, 2018
Other accounts receivable	Alibaba	418,739	-
Other accounts receivable	Suning Real Estate	34,265	-
Other accounts receivable	36 real estate, building materials companies and branches under Suning Real Estate Group	949	1,179
Other accounts receivable	Hunan Guikang	-	23,175
Other accounts receivable	Shanghai Quanguang	-	8,295
Other accounts receivable	Chongqing Jingfu	-	4,860
Other accounts receivable	Other related parties	31,821	-
		485,774	37,509
		December 31, 2019	December 31, 2018

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Other assets	current	Jiangsu Suning Sports Industry	61,069	-
Other assets	current	25 assets management companies under Suning Appliance Group Co., Ltd.	39,375	3,024
Other assets	current	36 real estate, building materials companies and branches under Suning Real Estate Group	25,859	27,768
Other assets	current	45 Galaxy property companies under Suning Real Estate Group	15,366	-
Other assets	current	Alibaba	15,043	-
Other assets	current	Wuxi Business Management	14,887	8,394
Other assets	current	Chengdu Hongye Real Estate Co., Ltd. and its branches	13,092	23,695
Other assets	current	Shanghai Hushen	11,777	-
Other assets	current	Sanshui Suning Yida Logistics	9,471	-
Other assets	current	Shaanxi Suning Yida Logistics	8,168	-
Other assets	current	Shenyang Suning	6,658	-
Other assets	current	Qingliang Gate Branch of Suning Real Estate	6,492	4,630
Other assets	current	Nanjing Luchang	5,461	-
Other assets	current	Chongqing Shouheng	4,875	-
Other assets	current	2 football club companies under Suning Real Estate Group	573	13,218
Other assets	current	Suning Real Estate	-	26,069
Other assets	current	Suning Appliance Group Co., Ltd.	-	8,507
Other assets	current	Suning Sports and Cultural Media	-	4,107
Other assets	current	Other related parties	24,705	7,219
			<u>262,871</u>	<u>126,631</u>

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(7) Balance of receivables and payables to related parties (continued)

Payables to related parties:

		December 31, 2019	December 31, 2018
Accounts payable	Suning Financial Services Group and its subsidiaries	16,855,728	-
Accounts payable	TCL subsidiaries	500,232	-
Accounts payable	3 Tongshi Mingtai companies under Suning Holdings Group	123,470	9,308
Accounts payable	Mitsubishi Heavy Industries Air-conditioners	60,247	113,595
Accounts payable	Alibaba	53,780	-
Accounts payable	Xuzhou Suning	6,871	-
Accounts payable	Shanghai Chengyu	-	1,649
Accounts payable	36 real estate, building materials companies and branches under Suning Real Estate Group	-	32,000
Accounts payable	Other related parties	21,083	
		<u>17,621,411</u>	<u>156,552</u>

		December 31, 2019	December 31, 2018
Notes payable	Shanghai Juli	1,210	-
Notes payable	3 Tongshi Mingtai companies under Suning Holdings Group	76,751	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

		77,961	-
		December 31, 2019	December 31, 2018
Unearned revenue	Wanda Commercial	155,475	-
Unearned revenue	Hunan Suning Yida	72,093	-
Unearned revenue	Shenyang Suning	64,616	-
Unearned revenue	Shaanxi Suning Yida	22,334	-
Unearned revenue	Shanghai Hushen	12,062	-
Unearned revenue	Alibaba	11,426	6,513
Unearned revenue	Hunan Suning	8,370	-
Unearned revenue	Suning Sports and Cultural Media	4,402	3,122
Unearned revenue	40 studios, cinema companies and branches under Suning Holdings Group	771	7,200
Unearned revenue	Suning Consumer Finance Co., Ltd.	-	4,603
Unearned revenue	Other related parties	43,671	2,310
		395,220	23,748

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(7) Balance of receivables and payables to related parties (continued)

Payables to related parties (continued):

		December 31, 2019	December 31, 2018
Short-term borrowings	Alibaba	-	1,950,000

		December 31, 2019	December 31, 2018
Interests payable	Alibaba	-	33,455

		December 31, 2019	December 31, 2018
Payroll payable	Key management personnel	-	1,100

		December 31, 2019	December 31, 2018
Other payables	Suning Real Estate	78,890	60,746
Other payables	Shanghai Juli	60,327	41,640
Other payables	Suning Sports and Cultural Media	59,887	-
Other payables	Jiangsu Suning Sports Goods	39,999	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Other payables	Alibaba	33,110	31,632
Other payables	36 real estate, building materials companies and branches under Suning Real Estate Group	27,020	8,876
Other payables	25 assets management companies under Suning Appliance Group Co., Ltd.	24,650	-
Other payables	45 Galaxy property companies under Suning Real Estate Group	17,753	-
Other payables	Nanjing Juli	12,312	-
Other payables	Tianjin Juli	9,796	6,507
Other payables	Suning Bank	3,224	8,184
Other payables	Suning Consumer Finance Co., Ltd.	107	40,517
Other payables	Related parties	30,936	10,662
		<u>398,011</u>	<u>208,764</u>



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(7) Balance of receivables and payables to related parties (continued)

Payables to related parties (continued):

		December 31, 2019	December 31, 2018
Other current liabilities	25 assets management companies under Suning Appliance Group Co., Ltd.	41,303	1,967
Other current liabilities	Nanjing Luchang	8,598	-
Other current liabilities	Suning Real Estate	8,283	-
Other current liabilities	36 real estate, building materials companies and branches under Suning Real Estate Group	7,787	2,686
Other current liabilities	Nanjing Yourong	5,372	-
Other current liabilities	Jiangsu Chenyi	4,858	-
Other current liabilities	Beijing Jingzhao	3,643	868
Other current liabilities	Xuzhou Suning	1,761	7,569
Other current liabilities	Jiangsu Suning Sports Goods	-	3,582
Other current liabilities	Chongqing Shouheng	-	2,436
Other current liabilities	Jiangsu Suning Commercial Management	-	2,068
Other current liabilities	Suning Bank	-	1,588
Other current liabilities	Shenyang Suning	-	2,007
Other current liabilities	Other 12 sports companies under Suning Holdings Group	-	11,492
Other current liabilities	Jiangsu Suning Sports Industry	-	20,567
Other current liabilities	Other related parties	81	5,628
		<u>81,686</u>	<u>62,458</u>

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(8) Monetary funds deposited in related parties

		December 31, 2019	December 31, 2018
Bank deposits	Suning Bank	739,408	1,595,380
Other monetary capital	Suning Consumer Finance Co., Ltd. (Note IV (1))	350,000	170,000
		<u>1,089,408</u>	<u>1,765,380</u>

(9) Commitment of related parties

The following are 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:

Accepting  
labor  
service

	2019	2018
- Project management service		
Suning Real Estate	90,513	52,258
36 real estate, building materials companies and branches under Suning Real Estate Group	37,136	8,293
Shanghai Suning Real Estate Development	1,270	1,270
Chengdu Hongye Real Estate Co., Ltd. and its branches	1,029	-
	<u>129,948</u>	<u>61,821</u>

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(9) Commitment of related parties (continued)

Leased

	2019	2018
- Rent in		
Shanghai Hushen	1,044,077	325,507
25 assets management companies under Suning Appliance Group Co., Ltd.	525,135	1,067,498
Shenyang Suning	484,991	152,347
36 real estate, building materials companies and branches under Suning Real Estate Group	420,122	421,206
Chongqing Shouheng	301,238	147,339
Wuxi Business Management	278,716	307,850
Hunan Suning	200,778	61,241
Xuzhou Suning	127,959	79,025
Suning Real Estate	119,860	191,889
Chengdu Hongye Real Estate Co., Ltd. and its branches	116,875	153,020
Qingliang Gate Branch of Suning Real Estate	73,934	82,175
Beijing Jingzhao	52,436	58,468
Qingdao Suning Home Appliance Industrial Park	20,503	-
Suning Appliance Group Co., Ltd.	16,099	3,434
Suning.Com Plaza Branch of Lianyungang Suning Real Estate	1,439	1,899
		647

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Sofitel Zhongshan Golf Hotel	350	350
	3,784,512	3,053,248
	2019	2018
- Rent out		
19 hotels, catering companies and branches under Suning Real Estate Group	352,947	384,346
Other 12 sports companies under Suning Holdings Group	90,974	-
40 studios, cinema companies and branches under Suning Holdings Group	47,177	53,592
Jiangsu Suning Sports Industry	37,061	37,572
Shanghai Juli	19,035	10,227
Suning Real Estate	8,970	17,965
2 culture and cinema chain investment companies under Suning Holdings Group	6,873	7,752
Suning Consumer Finance Co., Ltd.	5,567	1,461
2 football club companies under Suning Real Estate Group	5,366	6,916
Jiangsu Suning Commercial Management	2,013	4,031

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

VIII Related Party Relationship and Transaction (continued)

(9) Commitment of related parties (continued)

Lease  
(continued)

	2019	2018
- Rent out (continued)		
36 real estate, building materials companies and branches under Suning Real Estate Group	976	193,887
45 Galaxy property companies under Suning Real Estate Group	942	2,505
Qingliang Gate Branch of Suning Real Estate	551	551
Suning Appliance Group Co., Ltd.	282	1,761
Suning Bank	152	2,147
	<u>578,886</u>	<u>724,713</u>

IX Contingencies

On December 31, 2019, there is no major contingency in Suning.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

X Commitments

(1) Commitment issues of capital expenditure

(a) Capital expenditure commitments that have been signed and are not required to be listed on the balance sheet:

	December 31, 2019	December 31, 2018
Houses, buildings and machinery equipment	5,188,154	4,391,686

(2) operating lease commitments

According to the irrevocable operating lease contract, Suning's future minimum rental payable are summarized below:

	December 31, 2019	December 31, 2018
Within 1 year	8,236,916	8,556,933
1-2 year (s)	5,661,006	7,938,584
2 to 3 years	4,946,369	6,519,301
Above 3 years	31,265,472	22,054,552
	50,109,763	45,069,370

(3) Commitments for foreign investments

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

- (a) On July 22, 2018, according to the partnership agreement signed between Suning and Yunfeng Investment III, Ltd., Suning planned to subscribe the corresponding shares of Yunfeng Fund III with a capital contribution of no more than USD 210 million. As of December 31, 2019, Suning still has about USD 82 million unpaid.
- (b) On December 2, 2019, according to the partnership agreement signed between Suning and Hongxi Commercial Management Co., Ltd. ("Hongxi Commercial Management"), Suning planned to subscribe 40% equity of Hongxi Commercial Management with a capital contribution of RMB 50 million. As of December 31, 2019, Suning still has not made any contribution.
- (c) On July 5, 2018, according to the fund contract signed between Suning and Yunxiang Warehouse Logistics Phase I Fund, Suning planned to subscribe 51% shares of Yunxiang Warehouse Logistics Phase I Fund with a capital contribution of about RMB 2.372 billion. As of December 31, 2019, Suning still has about RMB 168 million unpaid.
- (d) On December 31, 2019, Suning signed an agreement with Guotai Junan Capital Management Co., Ltd. ("Guotai Junan Capital"), a sub-subsidiary of Guotai Junan Securities Co., Ltd. ("Guotai Junan Securities") to jointly, together with other limited partners, set up Shanghai Guotai Junan Innovation Equity Investment Fund-of-fund Center (Limited Partnership) ("Fund"), with a target scale of RMB 10 billion. The Fund was set up as a partnership, with the general partner Guotai Junan Capital providing RMB 10 million, Suning providing RMB 500 million, and other limited partners providing remaining shares. As of December 31, 2019, Suning still has not made any contribution.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

XI Discontinuing operation

In September 2019, Suning Financial Services Group completed series C increase in capital and share, after which Suning lost control over Suning Financial Services Group (note IV (17) (b) (i)).

In December 2019, Japan LAOX completed the private placement of GRANDA GALAXY LIMITED and GLOBAL WORKER, after which Suning's equity ratio in Japan LAOX decreased from 41.85% to 29.77%, and Suning lost control over Japan LAOX (note IV (17) (b) (iii)).

In June 2019, Suning signed an equity transfer agreement with Nanjing Yunzhixiang to transfer all the equity of Suning Convenience Supermarket held by it to Nanjing Yunzhixiang (Note V (2) (a)).

The above subsidiaries disposed of in the current year constitute the discontinuing operation, and the operating results and gain or loss on disposal are listed as follows:

	2019	2018
Income after business termination	13,148,039	11,587,904
Minus: discontinuing operation costs and expenses	(14,953,927)	(12,504,757)
Including: impairment losses recognized at discontinuing operation	584,074	1,077,947
Total profit after business termination	(1,805,888)	(916,853)
Minus: income tax after business termination	(122,606)	(122,500)
Operating gain or loss from discontinuing operation	(1,928,494)	(1,039,353)



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Total gain or loss on disposal of discontinuing operation	18,783,284	-
Minus: income tax expense of gain or loss on disposal	(5,788,653)	-
Net gain or loss on disposal of discontinuing operation	12,994,631	-
Net profits/(losses) for discontinuing operation	11,066,137	(1,039,353)
Net profit / (loss) from discontinuing operation attributable to common shareholders of the parent company	11,001,026	(1,164,924)
Net (loss) / profit from going concern attributable to common shareholders of the parent company	(1,158,071)	14,492,483

The cash flow of the transferred subsidiary is as follows:

	2019	2018
Net cash flow of operating activities	(17,930,412)	(8,198,329)
Net Cash Flow from Investment Activities	(715,914)	(677,200)
Net Cash Flow from Financing Activities	19,005,469	10,645,290

## XII Events after the Balance Sheet Date

## (1) Major non-adjusting events

Items	Content	Effects on the financial condition and operating achievements	Reasons for effects which cannot be estimated
-			
COVID-19 epidemic situation ("COVID-19")	Since the outbreak of COVID-19 in January 2020, Suning has actively responded to and strictly implemented various regulations and requirements of the Party and Government at all levels, and called on employees to consciously accept the management of local governments and health and epidemic prevention departments. As a two-line retailer, Suning has become an important force in anti-epidemic and ensuring supplies, giving full play to the advantages of multi-industry and all-scenario. Suning.Com, Carrefour China, Suning Logistics, etc. have always held posts and maintained normal operation to ensure the people's livelihood both from online and offline aspects and help fight against COVID-19. -	Incalculable	It is expected that COVID-19 and prevention and control measures will have a temporary impact on Suning's operation to a certain extent, which depends on the progress and duration of epidemic prevention and control as well as the implementation of local prevention and control policies.

## (2) Explanation on profit distribution

According to the resolution of the board of directors on April 16, 2020, it proposed to, with the total issued capital on equity right registration date when the profit distribution plan will be implemented in future as the equity base, distribute cash dividends RMB 0.5 (tax inclusive) and 0 bonus share for every 10 shares to all shareholders, and will convert no accumulation fund into issued capital. The profit distribution is not recognized as a liability in the financial statements.

XIII. Enterprise consolidation:

See Note V (1), (2).

XIV Financial Instruments and Risks

The operating activities of Suning are subject to various financial risks, including market risks (mainly foreign exchange risks, interest rate risks and other price risks), credit risks and liquidity risks. Financial risks mentioned above and the risk management policies adopted by Suning for reducing those risks are as follows:

The board of directors is responsible for planning and establishing Suning's risk management framework, formulating the risk management policies and relevant guidelines, and supervising the implementation of risk management measures. Suning has formulated risk management policies to identify and analyze the risks faced by it. These risk management policies clearly stipulate specific risks, covering market risk, credit risk, liquidity risk and many other aspects. Suning regularly evaluates changes in the market environment and Suning's business activities to determine whether to update the risk management policies and systems. Suning's risk management is carried out by the risk management committee 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 confirmed foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are mainly priced in USD and HKD). Suning will continuously monitor the foreign currency transaction and scale of foreign currency assets and liabilities to minimize confronted foreign exchange risk; therefore, Suning may sign forward foreign exchange contract or currency swap contract to avoid the foreign exchange risk.

## XIV Financial Instruments and Risks (continued)

## (1) Market risk (continued)

## (a) Foreign exchange risk (continued)

On December 31, 2019 and December 31, 2018, 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, 2019					
	JPY item	HKD item	USD project	Others Foreign currency project	Total
Foreign currency financial assets -					
Monetary fund	-	-	14,523	-	14,523
Long-term accounts receivable	606	150	-	-	756
	<u>606</u>	<u>150</u>	<u>14,523</u>	<u>-</u>	<u>15,279</u>
Foreign currency financial liabilities -					
Short-term borrowings	-	627,060	313,929	-	940,989
	<u>-</u>	<u>627,060</u>	<u>313,929</u>	<u>-</u>	<u>940,989</u>

December 31, 2018					
	JPY item	HKD item	USD project	Others Foreign currency project	Total
Foreign currency financial assets -					

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

Monetary fund	425	617	30,310	505	31,857
Foreign currency financial liabilities -					
Short-term borrowings	-	509,134	995,164	-	1,504,298
Other payables	-	227	2,713	-	2,940
	-	509,361	997,877	-	1,507,238

As of December 31, 2019, if RMB appreciates or depreciates 10% against JPY, while other factors remain unchanged, the total profit of Suning will decrease or increase by about RMB 61000 (December 31, 2018: decrease or increase by about RMB 43000) for various kinds of JPY financial assets and financial liabilities of companies whose recording currency is RMB within Suning.

As of December 31, 2019, 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 62,691,000 (December 31, 2018: increase or decrease by about RMB 50,874,000) for various kinds of HKD financial assets and financial liabilities of companies whose recording currency is RMB within Suning.

As of December 31, 2019, if RMB appreciates or depreciates 10% against USD, while other factors remain unchanged, the total profit of Suning will decrease or increase by about RMB 29,941,000 (December 31, 2018: increase or decrease by about RMB 96,757,000) for various kinds of USD financial assets and financial liabilities of companies whose recording currency is RMB within Suning.

## XIV Financial Instruments and Risks (continued)

## (1) Market risk (continued)

## (a) Foreign exchange risk (continued)

On December 31, 2019 and December 31, 2018, the amount of foreign currency financial assets and foreign currency financial liabilities held by the company whose accounting standard currency is HKD in Suning is shown below:

	December 31, 2019				
	JPY item	USD project	RMB	Others Foreign currency project	Total
Foreign currency financial assets -					
Monetary fund	-	9,290,061	98,642	919	9,389,622
Interests receivable	-	174,747	-	-	174,747
Trading financial assets	-	2,238,456	10,507,020	-	12,745,476
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

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

December 31, 2018					
	JPY item	USD project	RMB	Others Foreign currency project	Total
Foreign currency financial assets -					
Monetary fund	514	16,994,838	22,927	826	17,019,105
Financial assets measured at fair value and changes are recorded into the current gain or loss	-	54,494	9,999,761	-	10,054,255
Available-for-sale financial assets	-	1,185,662	-	-	1,185,662
	<u>514</u>	<u>18,234,994</u>	<u>10,022,688</u>	<u>826</u>	<u>28,259,022</u>
Foreign currency financial liabilities -					
Other non-current liabilities	-	1,534	-	-	1,534
	<u>-</u>	<u>1,534</u>	<u>-</u>	<u>-</u>	<u>1,534</u>

As of December 31, 2019, if HKD appreciates or depreciates 10% against JPY, while other factors remain unchanged, the total profit of Suning was not decrease or increase (December 31, 2018: decrease or increase by about RMB 51,000) for various kinds of JPY financial assets and financial liabilities of companies whose recording currency is HKD within Suning.

As of December 31, 2019, for HKD is linked to USD, there is no significant foreign exchange risk for all kinds of USD financial assets and financial liabilities of companies whose recording currency is HKD within Suning.

## XIV Financial Instruments and Risks (continued)

## (1) Market risk (continued)

## (a) Foreign exchange risk (continued)

As of December 31, 2019, 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 1.061 billion (December 31, 2018: decrease or increase by about RMB 1.002 billion) for various kinds of JPY financial assets and financial liabilities of companies whose recording currency is HKD within Suning.

## (b) Interest rate risk

The interest rate risk of Suning mainly arises from long-term bank loans, bond payable, other long-term debts with interest and long-term financial assets such as loans and advances. Financial liabilities with floating interest rate make Suning have cash flow interest rate risk, and financial liabilities and financial assets with fixed interest rate make Suning have fair value interest rate risk. Suning shall decide the relative proportion of fixed rate and floating interest rate contracts according to current market environment. As of December 31, 2019 and 2018, Suning's interest-bearing debts and assets mainly included:

	December 31, 2019	December 31, 2018
Bonds payable (Note IV (37))	8,488,802	9,974,683
Long-term loans (Note IV (36))	7,720,895	4,813,747
Total of long-term interest-bearing debts	16,209,697	14,788,430



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

Including: floating rate debts	4,933,695	999,900
Fixed rate debts	11,276,002	13,788,530

Long-term financial assets - expire after one year

Issued loans and monies advanced - original value	-	4,572,836
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Suning monitors the interest rate level within it continuously. The increase in interest rate will increase the cost of new interest-bearing debt and the interest of Suning's outstanding interest-bearing debt with floating interest rate, and have a significant adverse impact on Suning's financial performance, so the management will make adjustment according to the latest market conditions timely, which may be the arrangement of interest rate swap to reduce interest rate risk. In 2019 and 2018, Suning had signed interest rate swap contracts with third-party commercial banks to reduce the interest rate risk of loans.

As of December 31, 2019, if the loan interest rate calculated by floating rate increases or decreases by 50 base points, while other factors remain unchanged, the total profit of Suning will decrease or increase by about RMB 16.21 million (December 31, 2018: decrease or increase by about RMB 5 million).

XIV Financial Instruments and Risks (continued)

(2) Credit risk

Suning's credit risk mainly arises from bank deposits, notes receivable, accounts receivable, other receivables, long-term receivables and debt investment. As of 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 receivables and long-term receivables, 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 condition, 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, 2019, Suning has no significant collateral and other credit enhancements held due to the debtor's mortgage.

(3) price risk

The financial products, monetary funds and other investment instruments held by Suning, as well as derivatives such as forward foreign exchange contracts, are subject to market price risk, which comes from the uncertainty of future value fluctuation of relevant target indexes or assets. Suning has continuously monitored the value fluctuation level of these target indexes or assets, strictly controlled the scale of such investment instruments and derivatives, and adopted appropriate hedging instruments when necessary to mitigate the adverse impact of market

Suning.Com Co., Ltd.

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

## XIV Financial Instruments and Risks (continued)

## (4) Liquidity risk (continued)

On balance sheet date, each financial liabilities are as shown below at due date with undiscounted contract cash flow:

	December 31, 2019				Total
	Within 1 year	1-2 year (s)	2-5 years	More than 5 years	
Short-term borrowings	19,185,821	-	-	-	19,185,821
Notes payable	26,158,849	-	-	-	26,158,849
Accounts payable	44,380,475	-	-	-	44,380,475
Other payables	12,612,303	-	-	-	12,612,303
Long-term loans expired within one year	6,199,258	-	-	-	6,199,258
Bond due and payable within 1 year	2,031,251	-	-	-	2,031,251
Long-term loans	-	1,124,906	6,672,350	755,915	8,553,171
Bonds payable	-	8,715,536	-	-	8,715,536
Long-term payables	-	1,096,016	1,344,744	-	2,440,760
	<u>110,567,957</u>	<u>10,936,458</u>	<u>8,017,094</u>	<u>755,915</u>	<u>130,277,424</u>
December 31, 2018					
	Within 1 year	1-2 year (s)	2-5 years	More than 5 years	Total
Short-term borrowings	24,314,183	-	-	-	24,314,183
Notes payable	27,235,403	-	-	-	27,235,403

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

Accounts payable	19,835,614	-	-	-	19,835,614
Other payables	14,106,372	709,038	356,805	-	15,172,215
Long-term loans expired within one year	18,929	-	-	-	18,929
Bond due and payable within 1 year	3,500,000	-	-	-	3,500,000
Long-term loans	-	1,979,900	2,833,847	-	4,813,747
Bonds payable	-	-	10,000,000	-	10,000,000
	<u>89,010,501</u>	<u>2,688,938</u>	<u>13,190,652</u>	<u>-</u>	<u>104,890,091</u>

As of the 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, 2019					
	Within 1 year	1-2 year (s)	2-5 years	More than 5 years	Total
Financial guarantee	<u>1,125,247</u>	<u>-</u>	<u>3,384,731</u>	<u>-</u>	<u>4,509,978</u>

December 31, 2018					
	Within 1 year	1-2 year (s)	2-5 years	More than 5 years	Total
Financial guarantee	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 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.

## (1) Assets and liabilities continuously measured at fair value

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
Designate to be measured at fair value and include changes in the current gain or loss	-	-	2,848,671	2,848,671
Accounts receivable financing	-	-	497,858	497,858
Other current				

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Notes to Financial Statements in 2019

(Unless otherwise specified, the currency amount shall be in RMB, and the monetary unit shall be RMB 1,000)  
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 of unlisted company	-	-	3,008,341	3,008,341
Total financial assets	<u>753,585</u>	<u>11,942,595</u>	<u>18,701,953</u>	<u>31,398,133</u>

## XV Fair Value Estimation (continued)

## (1) Assets and liabilities continuously measured at fair value (continued)

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				
Transactional financial liabilities	-	400	-	400
Other non-current liabilities	-	2,983	-	2,983
Total financial liabilities	-	3,383	-	3,383

As of December 31, 2018, 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				
Financial assets measured at fair value and changes are recorded into the current gain or loss	347,763	4,833,888	10,538,743	15,720,394
Other current assets	-	-	815,794	815,794
Available-for-sale financial assets—				
Financial products	-	-	1,864,306	1,864,306
Equity instrument available for sale	3,932,307	-	863,540	4,795,847
Total financial assets	4,280,070	4,833,888	14,082,383	23,196,341



As of December 31, 2018, 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				
Financial liabilities measured at fair value with their changes recorded into the current gain or loss	-	3,817	3,465	7,282
Other non-current liabilities	-	1,534	-	1,534
Total financial liabilities	-	5,351	3,465	8,816

Suning takes the date of the event leading to the conversion among different levels as the time point for confirming the conversion among different levels. There is no conversion between the first and second levels this year.

For the financial instruments traded in the active market, Suning determines their fair value based on the quoted price in the active market; for those not traded in the active market, Suning determines their fair value through valuation technique. The appraisal models used are mainly discounted cash flow model and market method model. The input value of valuation technique mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit spread, liquidity premium, value ratio of comparable listed companies, discount of lack of marketability, etc.

## 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
	Funds	Preferred stock	Equity investment	Convertible bond	Derivative financial instruments	Designation of financial assets measured at their fair values and with the variation included in the current gain or loss	Preferred equity of listed companies	Equity of unlisted company	Accounts receivable financing
December 31, 2018	-	-	-	-	-	-	-	-	-
Change of accounting policy	863,540	552,652	130,830	54,481	54,493	9,999,761	67,852	18,016	
January 01, 2019	863,540	552,652	130,830	54,481	54,493	9,999,761	67,852	18,016	
Bring-in from acquisition for the year	-	-	-	-	-	-	-	10,341	

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

Bring-outs from disposal in this year	-	(28,756)	-	-	-	(111,067)	(10,851)	(8,580)	
Purchase	603,123	711,664	1,510,000	-	-	44,705	-	3,000,000	
Sale	-	-	-	-	-	-	(22,441)	(21,537)	
Reclassification at end of period	(1,631,799)	(1,216,872)	10,507,020	-	-	(7,658,349)	-	-	504,002
Total of current profits or losses	165,136	87,813	118,770	(3,596)	7,391	573,621	4,060	10,101	(6,144)
Profits or losses included in profits or losses (i)	156,662	79,815	118,770	(3,596)	6,414	344,672	1,891	-	
Profits or losses included in other comprehensive incomes	8,474	7,998	-	-	977	228,949	2,165	10,101	(6,144)

## 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	Designation of financial assets measured at their fair values and with the variation included in the current gain or loss	Equity of listed company	Equity of unlisted company	Accounts receivable financing
December 31, 2019	-	106,501	12,091,088	50,885	61,884	2,848,671	36,725	3,008,341	497,858
Changes in unrealized profits or losses of assets still held as of December 31, 2019 and included in gain or loss in 2019									
——Income / (loss) from changes in fair value	156,662	79,815	(56,762)	(3,596)	6,414	344,672	-	-	-

- (i) Profits or losses included in the current gain or loss are respectively included in the income from changes in fair value, investment income, asset impairment loss, credit impairment loss 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):

	Financial assets measured at fair value and changes are recorded into the current gain or loss	Other current assets - financial products due within one year	Available-for-sale financial assets		Financial liabilities measured at fair value with their changes recorded into the current gain or loss
			Financial products	Equity instrument available for sale	
January 01, 2018	99,571	3,494,283	2,751,600	-	50,889
Purchase	9,843,161	25,907,537	107,920,415	839,937	-
Sale	-	(29,256,038)	(108,099,542)	-	-
Shift to the third level	-	715,810	(715,810)	-	-
Total of current profits or losses	596,011	(45,798)	7,643	23,603	(50,889)

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

Profits or losses included in profits or losses (i)	255,313	(227,413)	(96,734)	-	(50,889)
Profits or losses included in other comprehensive incomes	340,698	181,615	104,377	23,603	-
December 31, 2018	10,538,743	815,794	1,864,306	863,540	-
Changes in unrealized profits or losses of assets still held as of December 31, 2018 and included in gain or loss in 2018					
—Income from changes in fair value	255,313	-	-	-	(50,889)

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, 2019 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	1,060,620	Asset-based method	Appraisal value of investment target	13,433,845	Change in the same direction as the fair value of financial assets	Unobservable
Investment 2 designated as trading financial assets	726,208	Value ratio of comparable listed companies / equity value distribution model	Price/Sales	7.26	Change in the same direction as the fair value of financial assets	Unobservable
			Expected liquidation / redemption period	1.5 years /1.5 years	Change in the same direction as the fair value of financial assets	Unobservable

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Notes to Financial Statements in 2019

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

			Expected stock price volatility	50.7%	Change in the same direction as the fair value of financial assets	Unobservable
Investment 3 designated as trading financial assets	490,664	Value ratio of comparable listed companies / equity value distribution model	Enterprise value / revenue	7.03	Change in the same direction as the fair value of financial assets	Unobservable
			Expected liquidation / redemption period	2.1 years /2.1 years	Change in the same direction as the fair value of financial assets	Unobservable
			Expected stock price volatility	39.6%	Change in the same direction as the fair value of financial assets	Unobservable
Investment 4 designated as trading financial assets	349,076	Asset-based method	Appraisal value of investment target	849,422	Change in the same direction as the fair value of financial assets	Unobservable
Investment 5 designated as trading financial assets	222,103	Asset-based method	Appraisal value of investment target 1	956,383	Change in the same direction as the fair value of financial assets	Unobservable
			Appraisal value of investment target 2	521,061	Change in the same direction as the fair value of financial assets	Unobservable
Accounts receivable financing	497,858	Expected credit loss model	Expected credit loss rate	1.22%	Change in the opposite direction 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, 2019  Fair value	Valuation techniques	Input value			
			Name	Range/weighted average	Relationship with fair value	Observable/unobservable
Other non-current financial assets—						
		Value ratio of comparable listed companies / equity value distribution model				
Equity investment 1	10,507,020		Price/book value ratio	1.0	Change in the same direction as the fair value of financial assets	Unobservable
			Expected liquidation / redemption period	3.8 years /3.8 years	Change in the same direction as the fair value of financial assets	Unobservable
			Guaranteed profit discount rate	13.00%	Change in the opposite direction as the fair value of financial assets	Unobservable

Suning.Com Co., Ltd.

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

			Expected stock price volatility	30.78%	Change in the same direction as the fair value of financial assets	Unobservable
Equity investment 2	1,521,368	Recent investment price method / equity value distribution model	Expected liquidation / redemption period	4.3 years /4.3 years	Change in the same direction as the fair value of financial assets	Unobservable
			Expected stock price volatility	32.6%	Change in the same direction as the fair value of financial assets	Unobservable
Equity investment 3	52,700	Discounted cash flow method	Discount rate	20%	Change in the opposite direction as the fair value of financial assets	Unobservable
			Sustainable growth rate	3%	Change in the same direction as the fair value of financial assets	Unobservable
Equity investment 4	10,000	Value ratio of comparable listed companies / equity value distribution model	Price/Sales	3.82	Change in the same direction as the fair value of financial assets	Unobservable
			Expected liquidation / redemption period	4.7 years /4.7 years	Change in the same direction as the fair value of financial assets	Unobservable
			Expected stock price volatility	33.24%~39.29%	Change in the same direction 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, 2019	Fair value	Valuation techniques	Input value		
				Name	Range/weighted average	Relationship with fair value
Derivative financial instruments 1	61,884	Discounted cash flow method / equity value distribution model	Discount rate	22.0%	Change in the opposite direction as the fair value of financial assets	Unobservable
			Sustainable growth rate	3.0%	Change in the same direction as the fair value of financial assets	Unobservable
			Expected liquidation / redemption period	1 years /1 years	Change in the same direction as the fair value of financial assets	Unobservable
			Expected stock price volatility	57.40%	Change in the same direction as the fair value of financial assets	Unobservable

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Preferred shares 1	57,958	Value ratio of comparable listed companies / equity value distribution model	Enterprise value / revenue	10.85	Change in the same direction as the fair value of financial assets	Unobservable
			Expected liquidation / redemption period	1.4 years / 1.4 years	Change in the same direction as the fair value of financial assets	Unobservable
			Expected stock price volatility	41.9%	Change in the same direction 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, 2019  Fair value	Valuation techniques	Input value			
			Name	Range/weighted average	Relationship with fair value	Observable/unobservable
Preferred shares 2	35,628	Value ratio of comparable listed companies / equity value distribution model	Price-earnings ratio	10.23	Change in the same direction as the fair value of financial assets	Unobservable
			Expected liquidation / redemption period	4 years /4 years	Change in the same direction as the fair value of financial assets	Unobservable
			Expected stock price volatility	54.42%	Change in the same direction as the fair value of financial assets	Unobservable

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Preferred shares 3	12,915	Value ratio of comparable listed companies	Price/Sales	1.15	Change in the same direction as the fair value of financial assets	Unobservable
			Expected stock price volatility	40%	Change in the same direction as the fair value of financial assets	Unobservable
Convertible bond	50,885	Discounted cash flow method / equity value distribution model	Discount rate	27%	Change in the opposite direction as the fair value of financial assets	Unobservable
			Sustainable growth rate	3%	Change in the same direction as the fair value of financial assets	Unobservable
			Expected liquidation / redemption period	2.8 years / 2.8 years	Change in the same direction as the fair value of financial assets	Unobservable
			Expected stock price volatility	42.35%	Change in the same direction 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, 2019	Input value					
	Fair value	Valuation techniques	Name	Range/weighted average	Relationship with fair value	Observable/unobservable
Other equity instruments investment—						
Investment 1 in preferred stock of listed companies	36,725	Discounted cash flow method	Discount rate	4.94%	Change in the opposite direction as the fair value of financial assets	Unobservable
			Expected stock price volatility	19.17%~20.88%	Change in the same direction as the fair value of financial assets	Unobservable
Equity investment of unlisted company 1	3,000,000	Reference to recent investment price method	Not applicable	Inapplicable	Inapplicable	Inapplicable

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Equity investment of unlisted company 2	8,341	Value ratio of comparable listed companies / equity value distribution model	Price/book value ratio	0.88	Change in the same direction as the fair value of financial assets	Unobservable
			Discount of lack of marketability	21.00%	Change in the opposite direction as the fair value of financial assets	Unobservable



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Notes to Financial Statements in 2019

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

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:

	Fair value on December 31, 2019	Valuation techniques	Observable input value	
			Name	Range/weighted average
Trading financial assets—				
Financial products	6,075,901	Discounted cash flow model	USD/HKD exchange rate	7.7877
Trading equity instrument investment	2,705,584	Reference to stock price of target companies	Closing price per share	20.31

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

Other current assets	1,607,805	Reference to stock price of target companies	Closing price per share	5.89
Other equity instruments investment	1,553,305	Reference to stock price of target companies	Closing price per share	5.89
Transactional financial liabilities	400	Discounted cash flow model	3M Shibor Rate	3.02%
Other non-current liabilities	2,983	Discounted cash flow model	USD/HKD exchange rate	7.7877

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### XV Fair Value Estimation (continued)

#### (2) Assets measured non-continuously by fair value

Suning has no non-continuous assets measured at fair value.

#### (3) Assets and liabilities not measured at fair value but disclosed at fair value

Suning's financial assets and liabilities measured at amortization mainly include: loans issued and monies advanced, 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.

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

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, 2019 and December 31, 2018, Suning's asset-liability ratio is shown as follows:

	December 31, 2019	December 31, 2018
Asset-liability ratio	62.92%	55.78%

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

XVII Notes to Financial Statements of Company

(1) Notes receivable

	December 31, 2019	December 31, 2018
Commercial acceptance bill	7,485,658	3,620,104
Minus: bad debt reserves	(40,050)	(42)
	<u>7,445,608</u>	<u>3,620,062</u>

(a) On December 31, 2019, Suning has no pledged notes receivable listed in notes receivable (December 31, 2018: none).

(b) On December 31, 2019, the endorsed or discounted but not yet due notes receivable were as follows:

	Terminated recognition	Non-terminated recognition
Bank acceptance bill	<u>1,940</u>	<u>-</u>

(c) Bad debt reserves

Notes receivable of Suning were generated from daily business activities such as selling goods and providing services, regardless of whether there was any significant financing component, the provision for losses was measured according to the expected credit loss in the whole duration.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

- (i) The analysis of notes receivable with comprehensively provision for bad debts was as follows:

Combination - commercial acceptance bills:

On December 31, 2019, Suning measured the allowance for bad debt according to the expected credit loss in the whole duration, with the relevant amount of RMB 40.05 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.

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

XVII Notes to Financial Statements of Company (continued)

(1) Notes receivable (continued)

- (ii) The amount of allowance for bad debt withdrawn in this year was about RMB 40.05 million, of which the amount of allowance for bad debt transferred back or recovered was about RMB 13.41 million, and the corresponding book balance was about RMB 1.082 billion. There was no significant transferred back or recovered bad debt.

(2) Accounts receivable

	December 31, 2019	December 31, 2018
Accounts receivable	93,555,439	63,232,271
Minus: bad debt reserves	(37,287)	(37,611)
	<u>93,518,152</u>	<u>63,194,660</u>

(a) Analysis on accounts receivable age is as follows:

	December 31, 2019	December 31, 2018
Within 1 year	93,536,947	63,216,301
1-2 year (s)	14,330	7,925
2 to 3 years	3,157	3,859

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Notes to Financial Statements in 2019

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

3 to 4 years	576	3,426
4 to 5 years	428	10
More than 5 years	1	750
	<u>93,555,439</u>	<u>63,232,271</u>

- (b) On December 31, 2019, the gathered accounts receivable based on debt party with top five balances were summarized and analyzed as follows:

	Balance	Withdrawn bad debt reserves	Proportion in total balance of accounts receivable
Total accounts receivable with the top five balances	<u>2,031,430</u>	<u>(24,762)</u>	<u>2.17%</u>

- (c) Other accounts receivable derecognized due to the transfer of financial assets are analyzed as follows:

No accounts receivable derecognized due to the transfer of financial assets in the year (December 31, 2018: none)

XVII Notes to Financial Statements of Company (continued)

(2) Accounts receivable (continued)



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

(d) Bad debt reserves (continued)

For accounts receivable, regardless of whether there is any significant financing component, Suning shall measure the provision for losses according to the expected credit loss in the whole duration. No accounts receivable with single withdrawn bad debts reserves on December 31 of 2019

On December 31 of 2019, accounts receivable whose allowance for bad debt are withdrawn comprehensively are analyzed as follows:

Portfolio - Clients based on aging classification

	December 31, 2019		
	Book balance	Bad debt reserves	
	Amount	Expected credit loss rate in the whole duration	Amount
Within 1 year	2,492,452	1.23%	(30,537)
1-2 year (s)	14,330	18.06%	(2,588)
Above 2 years	4,162	100%	(4,162)
	<u>2,510,944</u>		<u>(37,287)</u>

Portfolio - Accounts receivable from Suning within the consolidation scope

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

	December 31, 2019		
	Book balance	Bad debt reserves	
	Amount	Expected credit loss rate in the whole duration	Amount
Accounts receivable from Suning within the consolidation scope	91,044,495	-	-

- (e) The amount of allowance for bad debt withdrawn in this year was about RMB 10.46 million, and there was no significant transferred back or recovered amount.
- (f) The book balance of accounts receivable actually written off this year is about RMB 8000, and no important accounts receivable have been written off.
- (g) In 2019, Suning has no accounts receivable transferred to financial institutions without recourse (2018: none).

XVII Notes to Financial Statements of Company (continued)

(3) Other receivables and long-term receivables

December 31, 2019

December 31, 2018

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Notes to Financial Statements in 2019

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

Intercourse funds within Suning	22,455,434	24,848,930
Deposits and security funds receivable	1,029,145	1,090,018
Service charges receivable	417,912	-
Equity disposal costs receivable	189,999	-
Subsidiary dividends receivable	31,215	-
Interest on deposit receivable	23,253	28,184
Interest on financial products receivable	-	15,730
Interest from fixed deposit receivable	5,739	7,273
Staff loans	4,709	17,776
Financial products with guaranteed capital and income	-	1,350,000
Others	193,014	125,057
Total	24,350,420	27,482,968
Minus: bad debt reserves	(24,840)	(10,485)
	24,325,580	27,472,483
Minus: long-term receivables (i)	(969,335)	(953,536)
	23,356,245	26,518,947

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

XVII Notes to Financial Statements of Company (continued)

(3) Other receivables and long-term receivables (continued)

(i) Long-term accounts receivable

	December 31, 2019	December 31, 2018
Lease deposit over one year	969,393	953,536
Minus: bad debt reserves	(58)	-
	<u>969,335</u>	<u>953,536</u>

(a) Analysis on other accounts receivable age is as follows:

	December 31, 2019	December 31, 2018
Within 1 year	23,353,558	26,514,307
1-2 year (s)	21,045	7,781
2 to 3 years	3,239	1,726
Above 3 years	3,185	5,618
	<u>23,381,027</u>	<u>26,529,432</u>

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Notes to Financial Statements in 2019

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

(b) The aging analysis of long-term accounts receivable is as follows:

	December 31, 2019	December 31, 2018
Within 1 year	15,857	917,061
1-2 year (s)	917,061	34,686
2 to 3 years	34,686	-
Above 3 years	1,789	1,789
	<hr/>	<hr/>
	969,393	953,536
	<hr/>	<hr/>

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

XVII Notes to Financial Statements of Company (continued)

(3) Other receivables and long-term receivables (continued)

(c) Statement of other receivables and long-term receivables loss reserves and changes in book balance:

	Phase I					Phase III		
	Expected credit loss in the next 12 months (portfolio)		Expected credit loss in the next 12 months (single)		Total	Expected credit loss in the whole duration (with credit impairment)		Total
	Book balance	Bad debt reserves	Book balance	Bad debt reserves	Bad debt reserves	Book balance	Bad debt reserves	Bad debt reserves
December 31, 2018	27,482,968	(10,485)	-	-	(10,485)	-	-	(10,485)
Change of accounting policy	-	1,760	-	-	1,760	-	-	1,760
January 01, 2019	27,482,968	(8,725)	-	-	(8,725)	-	-	(8,725)
New payment of this year	47,073	823	668,118	(132)	691	18,352	(18,352)	(17,661)
Decreased payment of this year	(3,866,091)	1,546	-	-	1,546	-	-	1,546
Including: write-off of this year	-	1,546	-	-	1,546	-	-	1,546
December 31, 2019	23,663,950	(6,356)	668,118	(132)	(6,488)	18,352	(18,352)	(24,840)

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### XVII Notes to Financial Statements of Company (continued)

#### (3) Other receivables and long-term receivables (continued)

##### (c) Statement of other receivables and long-term receivables loss reserves and changes in book balance (continued):

##### (i) Other accounts receivable with individually withdrawn bad debt reserves on 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				
Dividends receivable	31,215	0.02%	(6)	Low credit risk
Huatai investment funds receivable	189,999	0.02%	(40)	Low credit risk
Return of information service expenses receivable	417,912	0.02%	(86)	Low credit risk
Interests receivable	28,992	-	-	Low credit risk
	<u>668,118</u>		<u>(132)</u>	

	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
	<u>18,352</u>		<u>(18,352)</u>	

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

XVII Notes to Financial Statements of Company (continued)

(3) Other receivables and long-term receivables (continued)

- (ii) On December 31, 2019, other receivables with comprehensively provision for bad debts were in the first stage, as follows:

	December 31, 2019		
	Book balance	Loss reserve	
	Amount	Amount	Withdrawal Proportion %
Phase I			
Accounts receivable from Suning within the consolidation scope	22,455,434	-	-
Combination of other receivables	239,123	(6,298)	2.63%
	22,694,557	(6,298)	2.63%

- (iii) On December 31, 2019, long-term receivables with comprehensively provision for bad debts were in the first stage, as follows:

	December 31, 2019		
	Book balance	Loss reserve	
	Amount	Amount	Withdrawal Proportion %
Phase I			



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Combination of bond and deposit receivable	969,393	(58)	0.01%
	<hr/>	<hr/>	<hr/>

- (d) The amount of allowance for bad debt withdrawn in this year was about RMB 17.66 million, and there was no significant transferred back or recovered amount.
- (e) The book balance of other receivables actually written off this year is about RMB 1.55 million, the amount of allowance for bad debt is about RMB 24.84 million, and no important other receivables have been written off.

Suning.Com Co., Ltd.

## Notes to Financial Statements in 2019

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

### XVII Notes to Financial Statements of Company (continued)

#### (3) Other receivables and long-term receivables (continued)

- (f) On December 31, 2019, the other gathered receivables 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	14,299,272	Within one year	59%	-
Nanjing Suning Software Technology Co., Ltd.	Currencies deposit inside Suning	2,134,146	Within one year	9%	-
Nanjing Yuhua Suning Appliance Co., Ltd.	Currencies deposit inside Suning	1,195,631	Within one year	5%	-
Jiangsu Suning Commercial Investment Co., Ltd.	Currencies deposit inside Suning	906,661	Within one year	4%	-
GREAT UNIVERSE LIMITED	Currencies deposit inside Suning	794,520	Within one year	3%	-
		<u>19,330,230</u>			<u>-</u>

#### (4) Long-term equity investment

December 31, 2019

December 31, 2018

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Subsidiaries (a)	34,144,177	33,222,486
Cooperative enterprise (b)	29,393	26,854
Associated enterprise (c)	11,960,011	5,652,867
	<hr/>	<hr/>
	46,133,581	38,902,207
Minus: impairment provision of long-term equity investment	(4,602)	(4,602)
	<hr/>	<hr/>
	46,128,979	38,897,605
	<hr/>	<hr/>

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

XVII Notes to Financial Statements of Company (continued)

(4) Long-term equity investment (continued)

(a) Subsidiary

	Increase/decrease changes in this year							
	December 31, 2018	Additional investment	Negative investment	Withdrawal of impairment reserves	Others	December 31, 2019	Balance of impairment reserves at end of year	Cash dividends declared for distribution this year
Suning International Group Co., Ltd.	13,578,109	-	-	-	1,089	13,579,198	-	-
Jiangsu Suning Logistics Co., Ltd.	5,051,047	300,588	-	-	8,790	5,360,425	-	-
Nanjing Suning Department Store Co., Ltd.	-	1,343,000	-	-	-	1,343,000	-	-
Nanjing Suning Electronic Information Technology Co., Ltd.	957,395	-	-	-	1,979	959,374	-	-
Shanghai Suning.Com Sales Co.,	730,433	-	-	-	9,292	739,725	-	-

## Suning.Com Co., Ltd.

### Notes to Financial Statements in 2019

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

Ltd.

Nanjing RedBaby Enterprise Management Co., Ltd.	624,583	-	-	-	-	624,583	-	-
Chongqing Suning.Com Sales Co., Ltd.	583,190	5,920	-	-	3,771	592,881	-	-
Beijing Suning.Com Sales Co., Ltd.	520,643	8,535	-	-	12,279	541,457	-	-
Guangzhou Suning.Com Logistics Co., Ltd.	515,831	-	-	-	729	516,560	-	-
Fujian Suning.Com Commercial and Trading Co., Ltd.	463,523	4,422	-	-	620	468,565	-	-
Nanjing Suning Software Technology Co., Ltd.	293,356	110,220	-	-	54,808	458,384	-	-
Suning.Com (Shenyang) Sales Co., Ltd.	428,312	4,404	-	-		432,716	-	-
Wuhan Suning.Com Sales Co., Ltd.	411,383	-	-	-	2,241	413,624	-	-
Guangdong Suning.Com Sales Co., Ltd.	361,711	11,690	-	-	1,231	374,632	-	-
Jiangsu Suning Commercial Investment Co., Ltd.	367,987	-	-	-		367,987	-	-
Sichuan Suning.Com Sales Co., Ltd.	354,309	4,834	-	-	1,814	360,957	-	-
Zhejiang Suning.Com Commercial and Trading Co., Ltd.	328,728	-	-	-	1,490	330,218	-	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

XVII Notes to Financial Statements of Company (continued)

(4) Long-term equity investment (continued)

(a) Subsidiaries (continued)

December 31, 2018	Increase/decrease changes in this year				December 31, 2019	Balance of impairment reserves at end of year		Cash dividends declared for distribution this year	
	Additional investment	Negative investment	Withdrawal of impairment reserves	Others					
Suzhou Suning.Com Co., Ltd.		252,000	-	-	-	377	252,377	-	-
Changchun Suning.Com Sales Co., Ltd.		235,034	6,033	-	-	549	241,616	-	-
Qingdao Jiaoning Suning.Com Commercial and Trading Co., Ltd.		205,391	-	-	-	416	205,807	-	-
Jiangxi Kuiguang Logistics Co., Ltd.		179,199	-	-	-	433	179,632	-	-
Shaanxi Suning.Com Sales Co., Ltd.		160,092	18,962	-	-		179,054	-	-

## Suning.Com Co., Ltd.

### Notes to Financial Statements in 2019

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

Shenzhen Suning.Com Sales Co., Ltd.	157,068	-	-	-	3,569	160,637	-	-
Henan Suning.Com Sales Co., Ltd.	153,157	-	-	-	1,315	154,472	-	-
Xuzhou Suning.Com Sales Co., Ltd.	149,258	-	-	-	670	149,928	-	-
Tianjin Tianning Suning.Com Commercial and Trading Co., Ltd.	138,988	9,561	-	-	1,089	149,638	-	-
Jiangsu Suning.Com E-commerce Co., Ltd.	140,000	-	-	-	-	140,000	-	-
Baotou Binhe Suning.Com Co., Ltd.	139,617	-	-	-	151	139,768	-	-
Hunan Suning.Com Co., Ltd.	119,024	8,669	-	-	1,344	129,037	-	-
Anhui Suning.Com Sales Co., Ltd.	121,173	-	-	-	1,566	122,739	-	-
Neijiang Baida Commercial and Trading Co., Ltd.	111,430	-	-	-	-	111,430	-	-
Xinjiang Suning.Com Commercial and Trading Co., Ltd.	101,339	1,315	-	-	-	102,654	-	-
Suning (Tianjin) Purchase Co., Ltd.	100,000	-	-	-	-	100,000	-	-
Wuhu Suning Yunshang Commercial and Trading Co., Ltd.	94,660	-	-	-	471	95,131	-	-
Suzhou Suning.Com Sales Co., Ltd.	71,002	21,460	-	-	971	93,433	-	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

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, 2018	Additional investment	Negative investment	Withdrawal of impairment reserves	Others	December 31, 2019	Balance of impairment reserves at end of year	Cash dividends declared for distribution this year
Hangzhou Mishi Suning Appliance Co., Ltd.	90,962	-	-	-	-	90,962		
Shanghai Jiading Suning Appliance Co., Ltd.	90,000	-	-	-	-	90,000	-	-
Guangxi Suning.Com Sales Co., Ltd.	80,183	3,853	-	-	-	84,036	-	-
SUNINGCOMMERCEUSAINC.	80,883	-	-	-	-	80,883	-	-
Jiangxi Suning.Com Sales Co., Ltd.	71,599	4,090	-	-	1,352	77,041	-	-
Guiyang Suning.Com Sales Co., Ltd.	66,519	8,870	-	-	293	75,682	-	-
Dandong Suning.Com Sales Co., Ltd.	49,299	19,422	-	-	-	68,721	-	-



## Suning.Com Co., Ltd.

### Notes to Financial Statements in 2019

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

Nanjing Baixia Suning.Com Commercial and Trading Co., Ltd.	67,716	-	-	-	234	67,950	-	-
Qingdao Suning.Com Commercial and Trading Co., Ltd.	60,261	-	-	-	793	61,054	-	-
Suqian Suning.Com Logistics Co., Ltd.	58,500	-	-	-	-	58,500	-	-
Gansu Suning.Com Sales Co., Ltd.	57,055	-	-	-	-	57,055	-	-
Shandong Suning.Com Commercial and Trading Co., Ltd.	54,297	-	-	-	-	54,297	-	-
Nantong Suning.Com Sales Co., Ltd.	44,020	-	-	-	10,058	54,078	-	-
Xiamen Suning.Com Sales Co., Ltd.	50,620	-	-	-	764	51,384	-	-
Harbin Suning.Com Sales Co., Ltd.	49,465	1,517	-	-	-	50,982	-	-
Jiangsu Fardior Appliance Co., Ltd.	50,000	-	-	-	729	50,729	-	-
Wuxi Shenglimen Suning.Com Sales Co., Ltd.	50,708	-	-	-	-	50,708	-	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

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, 2018	Additional investment	Negative investment	Withdrawal of impairment reserves	Others	December 31, 2019	Balance of impairment reserves at end of year	Cash dividends declared for distribution this year
Jiangsu Changqi Trading Co., Ltd.	50,393	-	-	-	-	50,393	-	-
Ezhou Gedian Suning.Com Sales Co., Ltd.	50,000	-	-	-	-	50,000	-	-
Chengdu Xindu Suning.Com Business Management Co., Ltd.	50,000	-	-	-	-	50,000	-	-
Huaian Suning.Com Sales Co., Ltd.	48,551	-	-	-	-	48,551	-	-

## Suning.Com Co., Ltd.

### Notes to Financial Statements in 2019

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

Shanxi Suning.Com Sales Co., Ltd.	46,737	1,163	-	-	-	47,900	-	-
Shijiazhuang Suning.Com Commercial and Trading Co., Ltd.	44,209	2,149	-	-	260	46,618	-	-
Mianyang Suning.Com Sales Co., Ltd.	42,200	3,176	-	-	84	45,460	-	-
Ningxia Suning.Com Sales Co., Ltd.	44,853	-	-	-	92	44,945	-	-
Wuxi Suning.Com Sales Co., Ltd.	43,362	-	-	-	1,072	44,434	-	-
Shanghai Fengpu Suning.Com Sales Co., Ltd.	38,420	5,594			100	44,114	-	-
Datong Suning.Com Sales Co., Ltd.	40,624	-	-	-		40,624	-	-
Yancheng Suning.Com Sales Co., Ltd.	38,893	-	-	-	234	39,127	-	-
Inner Mongolia Suning.Com Sales Co., Ltd.	38,018	-	-	-	50	38,068	-	-
Hainan Suning.Com Commercial and Trading Co., Ltd.	37,691	-	-	-	335	38,026	-	-
Baotou Suning.Com Sales Co., Ltd.	32,131	3,526	-	-	705	36,362	-	-
Yunnan Suning.Com Sales Co., Ltd.	30,766	3,744	-	-	557	35,067	-	-
Tangshan Tangning Suning.Com Sales Co., Ltd.	32,682	-	-	-	260	32,942	-	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

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, 2018	Additional investment	Negative investment	Withdrawal of impairment reserves	Others	December 31, 2019	Balance of impairment reserves at end of year	Cash dividends declared for distribution this year
Yixing Suning.Com Sales Co., Ltd.	32,788	-	-	-	-	-	32,788	-
Ningbo Yongning Suning.Com Commercial and Trading Co., Ltd.	32,313	-	-	-	-	381	32,694	-
Changzhou Suning.Com Commercial and Trading Co., Ltd.	32,027	-	-	-	-	184	32,211	-
Suning.Com Group (Nanjing) Co., Ltd.	30,600	-	-	-	-	-	30,600	-
Nanjing Suning Enterprise Management Co., Ltd.	30,000	-	-	-	-	-	30,000	-

## Suning.Com Co., Ltd.

### Notes to Financial Statements in 2019

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

Jining Suning.Com Commercial and Trading Co., Ltd.	28,442	-	-	-	-	28,442	-	-
Hunan Suning Pioneer Electronics Co., Ltd.	27,000	-	-	-	-	27,000	-	-
Chuzhou Suning.Com Sales Co., Ltd.	26,986	-	-	-	-	26,986	-	-
Zhejiang Suning.Com Co., Ltd.	25,647	-	-	-	-	25,647	-	-
Jiangyin Suning.Com Sales Co., Ltd.	25,528	-	-	-	-	25,528	-	-
Lianyungang Suning.Com Co., Ltd.	24,225	-	-	-	-	24,225	-	-
Yangzhou Suning.Com Sales Co., Ltd.	22,994	-	-	-	-	22,994	-	-
Xining Suning.Com Sales Co., Ltd.	22,503	-	-	-	394	22,897	-	-
Shangrao Suning.Com Sales Co., Ltd.	22,485	-	-	-	33	22,518	-	-
Rizhao Suning.Com Sales Co., Ltd.	21,462	-	-	-	-	21,462	-	-
Daqing Suning.Com Sales Co., Ltd.	21,402	-	-	-	-	21,402	-	-
Xianyang Suning.Com Sales Co., Ltd.	21,146	-	-	-	-	21,146	-	-
Yantai Suning.Com Commercial and Trading Co., Ltd.	20,394	-	-	-	-	20,394	-	-

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

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, 2018	Additional investment	Negative investment	Withdrawal of impairment reserves	Others	December 31, 2019	Balance of impairment reserves at end of year	Cash dividends declared for distribution this year
Nantong Suning.Com Commercial and Trading Co., Ltd.	14,363	-	-	-	-	(10,000)	4,363	-
Nanjing Suning.Com Supermarket Co., Ltd.	658,236	-	(658,236)	-	-	1,065	1,065	-
Suning Financial Services Group (Note V (2))	608,848	-	(623,167)	-	-	14,319	-	-
Other subsidiaries	1,492,508	117,134	(5,000)	-	-	36,841	1,641,483	5,551

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

33,222,486	2,033,851	(1,286,403)	-	174,243	34,144,177	-	5,551
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(b) Joint venture

The joint companies of Suning are Suning Goldstone and Juhe Tourism. For information about them, please refer to Note IV (17) (a).

(c) Associated enterprises

The associated enterprises of Suning are Suning Consumer Finance Co., Ltd., Suning Bank, Beijing Qili, Mitsubishi Heavy Industries Air-conditioners and Suning Financial Services Group. For information about them, please refer to Note IV (17) (b).

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

XVI

I Notes to Financial Statements of Company (continued)

(5) Operating revenue and operating cost

	2019	2018
Main business revenue	192,706,635	195,738,531
Other business revenue	2,325,665	1,712,452
	<u>195,032,300</u>	<u>197,450,983</u>
	2019	2018
Main business cost	186,175,838	188,677,206
Other business cost	32,211	31,685
	<u>186,208,049</u>	<u>188,708,891</u>

(a) Income and cost of main business

Analysis by industry is as follows:

	2019		2018	
	Main business revenue	Main business cost	Main business revenue	Main business cost
Retail and wholesaling	192,454,25	185,982,95	195,609,25 8	188,590,54



Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

industry	4	0	8	
Installation and maintenanc e industry	156,824	126,941	22,714	18,597
Other industries	95,557	65,947	106,559	68,061
	<hr/>	<hr/>	<hr/>	<hr/>
	192,706,63 5	186,175,83 8	195,738,53 1	188,677,20 6

## 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:

	2019		2018	
	Main business revenue	Main business cost	Main business revenue	Main business cost
Communication products	46,651,394	46,182,681	57,313,558	56,662,865
Household appliances	39,491,091	37,271,095	29,657,192	27,696,851
White goods	24,861,606	23,648,720	24,829,403	23,373,534
Air-conditioner	23,810,217	22,649,321	22,656,007	21,346,404
Digital and IT products	22,632,033	22,394,873	27,161,036	26,864,520
Brown goods	21,078,328	20,582,431	23,808,656	23,137,321
General merchandise (i)	13,929,585	13,253,829	10,183,406	9,509,053
Installation and maintenance	156,824	126,941	22,714	18,597

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

business

Other industries	95,557	65,947	106,559	68,061
	192,706,635	186,175,838	195,738,531	188,677,206

- (i) General merchandise included maternal and infant products of Redbaby, cosmetic products, household food, other general merchandise of daily supermarkets, etc.

- (b) Other business revenue and other business costs

	2019		2018	
	Other business revenue	Other business cost	Other business revenue	Other business cost
Service revenue of chain stores (i)	1,829,420	-	995,733	-
Information technology service fee income	288,051	-	486,151	-
Rental income	208,194	32,211	230,568	31,685
	2,325,665	32,211	1,712,452	31,685

- (i) The service revenue of chain stores mainly included the promotional service revenue and merchandise display income collected from suppliers.

## XVII Notes to Financial Statements of Company (continued)

## (6) Investment income

	2019	2018
Investment income from disposal of subsidiaries	4,340,641	1,000,634
Investment income gained by disposing trading financial assets	759,140	-
Long-term equity investment income accounted by equity method	446,426	41,743
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 income for trading financial assets during holding period	51,000	-
Investment income from other equity instruments investment during holding period	31,215	-
Subsidiary dividends	5,551	181,163
Investment income from creditors' investment during holding period	408	-
Investment losses of derivative financial liabilities recognized during holding period	(14,560)	-
Investment income from investment accounting converted by equity method from available-for-sale financial assets	-	760,766
Investment income gained in the disposition period of financial assets measured at their fair values and with the changes included in the current gain or loss	-	209,395

Suning.Com Co., Ltd.

Notes to Financial Statements in 2019

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

Investment income gained by disposing available-for-sale financial assets	-	204,581
Investment income gained for financial assets available for sale during holding period	-	38,597
Investment income obtained during the holding of held-to-maturity investment	-	335
	<u>6,260,272</u>	<u>2,437,214</u>

There are no significant restrictions on the repatriation of investment income in Suning

## I Statement of non-recurring gains and losses

	2019	2018
Gain or loss from disposal of non-current assets	(16,473)	(33,133)
Government subsidies included in current gain or loss	338,040	416,006
Income from changes in fair value	216,276	292,479
Investment income gained by disposing trading financial assets	869,591	207,004
Investment income gained by disposing available-for-sale financial assets	-	11,335,359
Earnings from investment converted to available-for-sale financial assets after accounting by equity method	-	760,766
Investment income from disposal of subsidiaries	19,663,618	1,220,422
Adjusting the payable consideration item for acquiring the equity of TTK Express	-	131,448
Investment income from investment converted to trading financial assets after accounting by equity method	444,259	-
Transferred back from provisions for withdrawn bad debts of single account receivable	(118)	-
Investment income from disposal of associated company	312,617	-
Other non-operating revenues and expenses than the items above	(77,123)	257,155
	<u>21,750,687</u>	<u>14,587,506</u>
Affected income tax	(6,186,584)	(740,617)
Affected minority interest (net of tax)	(10,281)	(159,889)
	<u>15,553,822</u>	<u>13,687,000</u>

Basis for the preparation of details of non-recurring gain or loss

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 return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2019	2018	2019	2018	2019	2018
Net profit attributable to common shareholders of the Company	11.77	16.83	RMB 1.07 /share	RMB 1.44 /share	RMB 1.07 /share	RMB 1.44 /share
Net profits attributable to common shareholders of the Company after deducting non-recurring gain or loss	-6.85	-0.45	RMB -0.62 /share	RMB -0.04 /share	RMB -0.62 /share	RMB -0.04 /share

## **Section XIII List of Documents for Further Reference**

- (I) Financial statement signed and sealed by the company legal person, accounting director and head of Accounting Department (fiscal principal).
- (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 18, 2020