

**Appendix G.3- Convenience Translation from Chinese Mandarin
to English of the highlighted parts in Jushi China 2020 Annual
Report**

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7. Major accounting data and financial indicators in the past three years

(1) Main accounting data

Unit: Currency: RMB

Main accounting data	2020	2019	Increase or decrease over the same period of the previous year (%)	2018
Operating income	11,666,196,819.43	10,493,293,115.71	11.18	10,032,423,279.18
Net profit attributable to shareholders of listed companies	2,416,110,988.92	2,128,865,279.67	13.49	2,373,978,329.74
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	1,941,846,694.37	1,856,381,211.89	4.60	2,395,708,888.36
Net profit attributable to shareholders of listed companies	2,051,501,993.04	2,768,596,592.74	-25.90	3,862,006,789.83
	End of 2020	End of 2019	The end of the current period increased from the end of the same period last year (%)	End of 2018
Net assets attributable to shareholders of listed companies	17,436,585,689.22	15,646,628,313.88	11.44	14,238,244,360.67
Total assets	36,737,268,362.83	33,604,242,332.45	9.32	30,370,459,577.44

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(1) Main business analysis

Analysis table of changes in related subjects of income statement and cash flow statement

Unit: Currency: RMB

Subject	Current period	Last period	Change ratio (%)
Operating income	11,666,196,819.43	10,493,293,115.71	11.18
Operating cost	7,724,853,724.22	6,772,702,294.98	14.06
sales expense	134,206,334.92	88,309,356.52	51.97
Management costs	556,893,149.13	576,835,053.68	-3.46
R&D expenses	341,662,980.95	283,805,966.64	20.39
Financial expenses	484,999,467.50	515,241,817.41	-5.87
Net cash flow from operating activities	2,051,501,993.04	2,768,596,592.74	-25.90
Net cash flows from investing activities	-1,528,404,139.05	-4,778,164,196.20	not applicable
Net cash flow from financing activities	-91,140,347.05	2,029,491,681.52	-104.49

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Policy risk

(1) Tax policy risks

The company's existing four subsidiaries, Jushi Group, Jushi Jiujiang, Jushi Chengdu, and Jushi Climbing, are recognized as high-tech enterprises. According to the relevant provisions of the Corporate Income Tax Law, the above-mentioned subsidiaries will enjoy 15% corporate income tax preferential treatment. If the preferential income tax policy changes in the future, the company's tax expenses will increase significantly, which will adversely affect the company's future profitability. On October 22, 2018, the Ministry of Finance and the State Administration of Taxation jointly issued the "Notice on Adjusting the Export Tax Rebate Rate for Certain Products", deciding to increase the export tax rebate rate for glass fiber and other products to 10% from November 1, 2018. On March 17, 2020, the Ministry of Finance and the State Administration of Taxation issued an announcement stating that from March 20, 2020, the export tax rebate rate for glass fiber and other products will be increased to 13%. The uncertainty of changes in related tax policies will have a certain impact on the future profits of export-oriented glass fiber manufacturers with large exports.

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(3) Entrusting others to manage cash assets

1. Entrusted financial management

(1) The overall situation of entrusted financial management

√Applicable ☐Not applicable

Unit: Currency: RMB

Type	Source of funds	Occurrence	Unexpired balance	Overdue unrecovered amount
Bank wealth management products	Own funds	1,489,000,000.00	30,000,000.00	0.00

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6. Taxation

Main taxes and tax rates

Main taxes and tax rates

☒Applicable ☐Not applicable

T a x	Tax basis	tax rate
Value-added tax	Sell goods or provide taxable services	13%、9%、6%、5%、3%
Property tax	If levied by price, it shall be paid at 1.2% of the residual value after deducting 30% from the original value of the property; if levied by rent, it shall be paid at 12% of the rental income	1.20%、12%
Urban maintenance and construction tax	Turnover tax payable	7%、5%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Corporate income tax	Taxable income	25%、22.50%、15%

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15、 Intangible assets

(1). Intangible assets

Unit: Currency: RMB

GFR_NEG QR_Non-confidential_Appendix G.3_Jushi Annual Report 2020
(Convenience translation)

1. Beginning balance									
2. Increase in the current period						108,376,460.90			108,376,460.90
(1) Withdrawal						108,376,460.90			108,376,460.90

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58、 Other income from government subsidies

(1). Basic situation of government subsidies

√Applicable □Not applicable

Unit: Currency: RMB

Type	Amount	Listed item	Amount included in current profit and loss
China Jushi New Material Intelligent Manufacturing Award	72,666,666.72	Other income	72,666,666.72
Government incentive funds	23,455,398.00	Other income	23,455,398.00
Tax refund	13,981,326.64	Other income	13,981,326.64
Special fund reward	12,362,736.00	Other income	12,362,736.00
Social Security Rebate	8,828,182.71	Other income	8,828,182.71
Machine Substitution Reward	5,000,000.00	Other income	5,000,000.00
Project of drawing production line with an annual output of 96,000 tons of alkali-free glass fiber tank kiln	4,295,885.79	Other income	4,295,885.79
Industry optimization support funds	4,030,800.00	Other income	4,030,800.00
New model application project of glass fiber intelligent manufacturing with an annual output of 360,000 tons	3,750,000.00	Other income	3,750,000.00
Technology Aid Award	2,160,000.00	Other income	2,160,000.00
The first batch of market application subsidies for new materials	1,848,200.00	Other income	1,848,200.00
Green Manufacturing System Integration Subsidy Project	688,749.96	Other income	688,749.96

Comprehensive Utilization Project of Fiberglass Waste	332,517.51	Other income	332,517.51
Other	14,979,946.06	Other income	14,979,946.06
New model application project of glass fiber intelligent manufacturing with an annual output of 360,000 tons	45,000,000.00	Deferred income	3,437,500.00
China Jushi New Material Intelligent Manufacturing Base	8,000,000.00	Deferred income	388,888.91
Green Manufacturing System Integration Subsidy Project	6,090,000.00	Deferred income	0.00
High-performance glass fiber advanced manufacturing base project	4,900,000.00	Deferred income	89,833.33
Epidemic subsidy	7,384,065.47	Non-operating income	7,384,065.47
Vocational skill level recognition subsidy	1,807,700.00	Non-operating income	1,807,700.00
Other	3,670,516.93	Non-operating income	3,670,516.93
Total	245,232,691.79		185,158,914.03