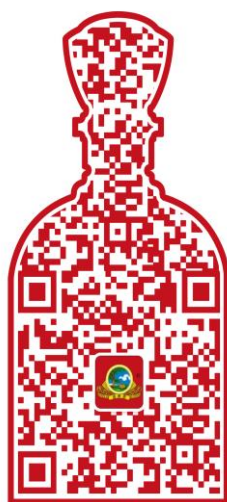




**古井贡酒·年份原浆®**

**ANHUI GUJING DISTILLERY COMPANY LIMITED**

**INTERIM REPORT 2022**



**August 2022**

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

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Anhui Gujing Distillery Company Limited (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Liang Jinhui, the legal representative, and Zhu Jiafeng, the Deputy Chief Accountant and Board Secretary, hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

All the Company’s directors have attended the Board meeting for the review of this Report and its summary.

Any plans for the future and other forward-looking statements mentioned in this Report shall NOT be considered as absolute promises of the Company to investors. Investors, among others, shall be sufficiently aware of the risk and shall differentiate between plans/forecasts and promises. Again, investors are kindly reminded to pay attention to possible investment risks.

Investors’ attention is kindly directed to the risk factors that might have an adverse impact on the fulfillment of the Company’s development strategies and business objectives for the future, as well as to the countermeasures intended to be taken, which have been detailed in “X Risks Facing the Company and Countermeasures” in “Part III Management Discussion and Analysis” of this Report.

The Company has no interim dividend plan, either in the form of cash or stock.

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.





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## Documents Available for Reference

- (I) Financial statements signed and sealed by the Company's legal representative, as well as Deputy Chief Accountant and Board Secretary;
- (II) All originals of the Company's documents and announcements that have been publicly disclosed in the Reporting Period on the media designated by the China Securities Regulatory Commission; and
- (III) The interim report disclosed in other securities markets.






**Definitions**


Term	Definition
The “Company”, “Gu Jing” or “we”	Anhui Gujing Distillery Company Limited inclusive of its consolidated subsidiaries, except where the context otherwise requires
The Company as the parent	Anhui Gujing Distillery Company Limited exclusive of subsidiaries, except where the context otherwise requires
Gujing Group	Anhui Gujing Group Co., Ltd.
Gujing Sales	Bozhou Gujing Sales Co., Ltd.
Yellow Crane Tower Distillery	Yellow Crane Tower Distillery Co., Ltd.
Mingguang Distillery	Anhui Mingguang Distillery Co., Ltd.
Longrui Glass	Anhui Longrui Glass Co., Ltd.

## Part II Corporate Information and Key Financial Information

### I Corporate Information

Stock name	Gujing Distillery, Gujing Distillery-B	Stock code	000596, 200596
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	安徽古井贡酒股份有限公司		
Abbr. (if any)	古井		
Company name in English (if any)	ANHUI GUJING DISTILLERY COMPANY LIMITED		
Abbr. (if any)	GU JING		
Legal representative	Liang Jinhui		

### II Contact Information

	Board Secretary	Securities Representative
Name	Zhu Jiafeng	Mei Jia
Address	Gujing Town, Bozhou City, Anhui Province, P.R.China	Gujing Town, Bozhou City, Anhui Province, P.R.China
Tel.	(0558) 5712231	(0558) 5710057
Fax	(0558) 5710099	(0558) 5710099
Email address	gjzqb@gujing.com.cn	gjzqb@gujing.com.cn

### III Other Information

#### 1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period.

Applicable  Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2021 Annual Report.

#### 2. Media for Information Disclosure and Place where this Report is Kept

Indicate by tick mark whether any change occurred to the information disclosure media and the place for keeping the Company's periodic reports in the Reporting Period.

Applicable  Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for keeping such reports did not change in the Reporting Period. The said information can be found in the 2021 Annual Report.

### 3. Other Information

Indicate by tick mark whether any change occurred to other information during the Reporting Period.

Applicable  Not applicable

## IV Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Applicable  Not applicable

	H1 2022	H1 2021	Change (%)
Operating revenue (RMB)	9,002,005,923.42	7,007,496,467.74	28.46%
Net profit attributable to the listed company's shareholders (RMB)	1,918,821,503.75	1,378,803,828.46	39.17%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	1,889,027,051.06	1,338,285,260.99	41.15%
Net cash generated from/used in operating activities (RMB)	4,191,246,799.79	263,967,132.26	1,487.79%
Basic earnings per share (RMB/share)	3.63	2.74	32.48%
Diluted earnings per share (RMB/share)	3.63	2.74	32.48%
Weighted average return on equity (%)	10.97%	12.85%	-1.88%
	30 June 2022	31 December 2021	Change (%)
Total assets (RMB)	29,006,307,740.69	25,418,086,447.80	14.12%
Equity attributable to the listed company's shareholders (RMB)	17,295,127,081.56	16,537,389,443.64	4.58%

## V Accounting Data Differences under Chinese Accounting Standards (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

### 1. Net Profit and Equity Differences under CAS and IFRS

Applicable  Not applicable

No such differences for the Reporting Period.

## 2. Net Profit and Equity Differences under CAS and Foreign Accounting Standards

Applicable  Not applicable

No such differences for the Reporting Period.

## XI Exceptional Gains and Losses

Applicable  Not applicable

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	43,811.51	
Government subsidies charged to current profit or loss (exclusive of government subsidies consistently given in the Company's ordinary course of business at fixed quotas or amounts as per governmental policies or standards)	26,209,081.15	
Gain or loss on fair-value changes in trading financial assets and liabilities & investment income from disposal of trading financial assets and liabilities and available-for-sale financial assets (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	1,379,726.30	
Reversed portion of impairment allowance for receivables which are tested individually for impairment	388,245.00	
Non-operating income and expense other than the above	16,785,314.41	
Less: Income tax effects	10,758,647.04	
Non-controlling interests effects (net of tax)	4,253,078.64	
Total	29,794,452.69	--

Particulars about other items that meet the definition of exceptional gain/loss:

Applicable  Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item listed in the Explanatory Announcement No.

1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable  Not applicable

No such cases for the Reporting Period.



## Part III Management Discussion and Analysis

### I Principal Activity of the Company in the Reporting Period

#### (I) Principal Activity of the Company

The Company primarily produces and markets liquor and spirits. According to the Industry Categorization Guide for Listed Companies (Revised in 2012) issued by the CSRC, liquor and spirits making belongs to the “liquor, beverage and refined tea making industry” (C15). The Company’s principal operations remained unchanged in the Reporting Period.

#### (II) Status of the Industry and Position of the Company in the Industry

##### 1. Status of the Liquor and Spirits Industry

Since the beginning of the 21st century, China's liquor and spirits industry has experienced three development stages. Before 2012, with rapid economic growth, the income of urban and rural residents rose fast, and the demand for liquor and spirits continued to increase, while production and sales of liquor and spirits continuously expanded at a fast pace. As a result, the liquor and spirits industry witnessed booming supply and demand. During that period, national liquor and spirits brands and local regional renowned liquor enterprises achieved rapid development. In the context of the rise in both the demand and price of liquor and spirits, the sales income and total profits of liquor enterprises increased quickly.

From the second half of 2012 to 2016, China's economy once again entered a period of adjustment, as the Chinese government introduced a string of policies to restrict the spending on official overseas visits, official vehicles and official hospitality, such as the "Eight-point Decision" and "Six Prohibitions", which include restrictions on the consumption of high-end alcohol with public funds. Consumption scenarios such as commercial consumption and government consumption were limited, leading to a drop in consumer demand in a short time. Moreover, liquor prices were under huge pressure. China's liquor and spirits industry entered a period of profound adjustment. After 2012, both the output growth and income growth of China's liquor and spirits industry slowed down.

The liquor and spirits industry began to recover in the second half of 2016, with a rise in consumption demand by end-users, propelling the growth of the overall income and profits of the industry. Since 2017, the overall demand and price of liquor and spirits have increased, and the recovery of mid- and high-end liquor and spirits has picked up. In the future, benefiting from the consumption upgrade and the change of consumption concept, the growth of sub-high-end liquor and spirits will be the key driver for the development of the liquor and spirits industry. The consumption upgrade is the major driving force for the development of the liquor and spirits industry. Liquor enterprises need to fully grasp the great opportunities from the extensive consumption upgrade and strive to better meet the consumption needs of the market through quality improvement, market segmentation and product innovation and other means, so as to advance the transformation and upgrade of the product structure.

##### 2. Position of the Company in the Industry

China has a long history of liquor. There are a large number of liquor production enterprises in the country, but the regional distribution of liquor consumers is particularly evident. The liquor and spirits industry is characterized by full competition, with a high degree of marketization. The market competition is fierce, and the industry adjustments are constantly deepening. In the national market, the competitive edges of the enterprises come from their brand influence, product style and marketing & operation models. In a single regional market, the competitive strengths of the enterprises depend on their brand influence in the region, the recognition of the companies by regional consumers and comprehensive marketing capacity.

As one of China’s traditional top eight liquor brands, the Company is the first listed liquor and spirits company with both A and B stocks. It is located in Bozhou City, Anhui Province in China, the hometown of historic figures Cao Cao and Hua Tuo, as well as one of the world’s top 10 liquor-producing areas. No changes have occurred to the main business of the Company in the Reporting Period. As the main product of the Company, the Gujing spirit originated as a “JiuYunChun Spirit”, together with its making secrets, being

presented as a hometown specialty by Cao Cao, a famous warlord in China’s history, to Emperor Han Xiandi (name: Liu Xie) in A.D. 196, and was continually presented to the royal house since then. With crystalline liquid, rich aroma, a fine flavor and a lingering aftertaste, the Gujing spirit has helped the Company win four national distilled spirit golden awards, a golden award at the 13th SIAL Paris, the title of China’s “Geographical Indication Product”, the recognition as a “Key Cultural Relics Site under the State Protection”, the recognition with a “National Intangible Cultural Heritage Protection Project”, a Quality Award from the Anhui provincial government, a title of “National Quality Benchmark”, among other honors.

In April 2016, Gujing Distillery signed a strategic cooperation agreement with Huanghelou Liquor Co., Ltd., opening a new era of cooperation in China's famous liquor industry. Yellow Crane Tower Baijiu is the only famous Chinese liquor in Hubei. Its unique style is "soft, mellow, elegant and cool, and has a long lingering fragrance". It won the two China gold medal in liquor appreciation in 1984 and 1989. At present, Huanghelou liquor industry has three bases: Wuhan, Xianning and Suizhou. Among them, Huanghelou Liquor Culture Expo Park in Wuhan base has been approved as national AAA scenic spot, and Huanghelou forest wine town in Xianning base has been approved as national AAA scenic spot.

In January 2021, Gujing Distillery and Mingguang signed a strategic cooperation agreement. The unique mung bean flavor adds to the famous liquor family of Gu Jing. Gu Jing has become a renowned liquor producer in China with three brands, four major flavors and three producing areas.

The Company is subject to the disclosure requirements for the “food and liquor & wine production industry” in the Guideline No. 3 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Industry-specific Information Disclosure.

#### Brand operation

Focusing on "brand, quality and morality", the Company vigorously promotes product development and quality upgrade and gives full play to the leading role of the brand “Gujinggong Liquor”. It proactively participates in the project of China Central Television (“CCTV”) titled Promote Chinese Brands to Strengthen China and takes advantage of platforms provided by CCTV, provincial-level satellite TV channels, the Internet and new media to constantly tell the stories of the brand “Gujinggong Liquor”. Additionally, by holding the Gujing Group Enterprise Day of China Pavilion at Expo 2020 Dubai, the Company uses "liquor as the medium" to display the beauty of Chinese culture and convey the values of "Be Honest, Offer Quality Liquor, Be Stronger and Be Helpful to the Society" to the world.

The Company has been strengthening the building of access to the end market and creating new marketing forms. It has ceaselessly consolidated and deepened the "Gu 20 Toasts the Success" themed event, focused on the core market exploration and comprehensively launched a range of consumer fostering activities. Through the brand communication mode that combines online publicity and offline experience, the Company has offered core consumers an opportunity to watch and experience its liquor-making process and quality. It has organized a series of brand promotion activities, as a result of which the visibility of the brand “Gujinggong Liquor” has continuously increased.

#### Main sales model

The Company's key sales model is dealer model. Under the dealer model, the Company will select one or more dealers for sales of a product brand (or product sub-brand) according to the market capacity.

Distribution model:

Applicable  Not applicable

#### 1. Operating Performance by Distribution Channel and Product Category

Unit: RMB

By	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit

						margin (%)
Channel						
Online	279,538,527.37	59,961,988.86	78.55%	0.39%	-9.53%	2.35%
Offline	8,722,467,396.05	1,963,041,872.50	77.49%	29.62%	23.65%	1.09%
Total	9,002,005,923.42	2,023,003,861.36	77.53%	28.46%	22.32%	1.13%
By	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Product series						
Original Vintage	6,704,950,952.54	1,045,971,492.81	84.40%	32.26%	17.57%	1.95%
Gujingong Liquor	901,386,716.35	352,083,405.84	60.94%	11.80%	7.75%	1.47%
Yellow Crane Tower	630,980,727.47	156,559,055.55	75.19%	8.53%	9.24%	-0.16%
Total	8,237,318,396.36	1,554,613,954.20	81.13%	27.57%	14.33%	2.18%

## 2. Number of Distributors by Geographical Segment

Segment	Increase	Decrease	Ending number
North China	156	102	1,059
South China	90	59	483
Central China	331	332	2,537
International	2	0	14
Total	579	493	4,093

Proportion of store sales terminal exceeds 10%

Applicable  Not applicable

Online direct sales

Applicable  Not applicable

The major product varieties sold online are Original Vintage Series, and Gujingong Liquor Series, among others. The main online sales platforms are Gujing Distillery platform, Tmall, JD.com, and Suning.com.

Any over 30% YoY movements in the selling price of main products contributing over 10% of current total operating revenue

Applicable  Not applicable

Model and contents of purchase

The Company primarily adopts the bidding and strategic cooperation models. It also adopts the base planting model in order to ensure the quality of some raw materials.

Purchase contents

Purchase contents	Purchase model	Amount (RMB'0,000)
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1	Raw materials	Strategic purchasing	27,865.71
		Tendering purchasing	64,300.18
2	Packing materials	Tendering purchasing	134,741.22
Total			226,907.11

The proportion of raw materials purchased from cooperations or farmers to total purchase amount exceeds 30%

Applicable  Not applicable

Any over 30% YoY movements in prices of main purchased raw materials

Applicable  Not applicable

Main production model

The Company's existing production model is sales-based production. Specifically, the Logistics Control Center is responsible for coordinating the implementation of production plans, release of material production plans, and delivery and tracking of products, and prepares balanced production plans on a quarterly basis according to the product inventory. The logistics distribution system is coordinated according to the production schedule and inventory with a view to ensuring timely delivery of products.

Commissioned production

Applicable  Not applicable

Breakdown of cost of sales

Item	H1 2022		H1 2021		Change (%)
	Cost of sales (RMB)	As % of total cost of sales	Cost of sales (RMB)	As % of total cost of sales	
Direct materials	1,433,860,216.87	70.88%	1,196,640,235.94	72.36%	19.82%
Direct labor cost	184,982,109.94	9.14%	165,954,324.17	10.03%	11.47%
Manufacturing expenses	97,606,754.63	4.82%	95,017,857.07	5.75%	2.72%
Fuels	52,347,941.56	2.59%	50,979,904.41	3.08%	2.68%
Total	1,768,797,023.00	87.43%	1,508,592,321.59	91.22%	17.25%

Output and inventory

1. Output, sales volume and inventory of main products for the Reporting Period and respective YoY changes thereof

Unit: ton

Main product	Output	Sales volume	inventory	YoY changes of output	YoY changes of sales volume	YoY changes of inventory
Original Vintage Series	26,205.96	28,901.42	11,114.19	11.43%	24.45%	62.67%
Gujingong Liquor Series	20,905.79	14,676.34	9,104.73	46.43%	14.09%	160.74%
Yellow Crane Tower Liquor Series	5,594.83	5,483.00	893.87	45.00%	14.64%	29.44%



Other series	15,761.71	9,514.37	8,399.03	30.74%	1.57%	163.72%
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## 2. Ending inventory of finished liquor and semi-product

Category	Ending quantity (ton)
Finished liquor	29,511.82
Semi-product	197,935.93

## 3. Capacity

Unit: ton

Main product	Designed capacity (annual)	Actual capacity (H1)	Capacity in progress (annual)
Finished liquor	115,000	68,468	130,000

## II Core Competitiveness Analysis

No significant changes occurred to the Company's core competitiveness in the Reporting Period.

## III Analysis of Core Businesses

See contents under the heading "I Principal Activity of the Company in the Reporting Period".

Year-on-year changes in key financial data:

Unit: RMB

	H1 2022	H1 2021	Change (%)	Main reason for change
Operating revenue	9,002,005,923.42	7,007,496,467.74	28.46%	
Cost of sales	2,023,003,861.36	1,653,818,347.31	22.32%	
Selling expense	2,595,105,420.46	2,028,265,595.93	27.95%	
Administrative expense	559,320,542.66	467,727,393.70	19.58%	
Finance costs	-129,623,959.99	-68,690,117.73	-88.71%	Increased interest income
Income tax expense	706,053,183.61	478,730,726.66	47.48%	Increased gross profit
Net cash generated from/used in operating activities	4,191,246,799.79	263,967,132.26	1,487.79%	Decreased cash used in operating activities
Net cash generated from/used in investing activities	2,410,996,182.79	-355,501,003.11	778.20%	Disinvestment in wealth management products upon maturity
Net cash generated from/used in financing activities	-1,250,168,998.75	4,097,019,275.25	-130.51%	Private placement in the same period of last year
Net increase in cash and cash equivalents	5,352,073,983.83	4,005,485,404.40	33.62%	Disinvestment in wealth management products upon maturity

Material changes to the profit structure or sources of the Company in the Reporting Period:

Applicable  Not applicable

No such changes in the Reporting Period.

Breakdown of operating revenue:

Unit: RMB

	H1 2022		H1 2021		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	9,002,005,923.42	100.00%	7,007,496,467.74	100.00%	28.46%
By operating division					
Manufacturing	9,002,005,923.42	100.00%	7,007,496,467.74	100.00%	28.46%
By product category					
Liquor and spirits	8,696,974,044.24	96.61%	6,808,931,206.29	97.17%	27.73%
Hotel services	25,249,697.55	0.28%	37,407,083.13	0.53%	-32.50%
Other	279,782,181.63	3.11%	161,158,178.32	2.30%	73.61%
By operating segment					
North China	608,718,399.33	6.76%	504,700,256.97	7.20%	20.61%
Central China	7,877,325,509.33	87.51%	6,025,392,454.99	85.99%	30.74%
South China	504,229,987.66	5.60%	471,816,171.82	6.73%	6.87%
Overseas	11,732,027.10	0.13%	5,587,583.96	0.08%	109.97%

Operating division, product category or operating segment contributing over 10% of operating revenue or operating profit:

Applicable  Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Manufacturing	9,002,005,923.42	2,023,003,861.36	77.53%	28.46%	22.32%	1.13%
By product category						
Liquor and spirits	8,696,974,044.24	1,768,797,023.00	79.66%	27.73%	17.25%	1.82%
Hotel services	25,249,697.55	16,503,816.49	34.64%	-32.50%	-19.50%	-10.55%
Other	279,782,181.63	237,703,021.87	15.04%	73.61%	90.58%	-7.57%
By operating segment						
North China	608,718,399.33	135,661,566.09	77.71%	20.61%	2.23%	4.01%
Central China	7,877,325,509.33	1,784,885,801.99	77.34%	30.74%	26.55%	0.75%

South China	504,229,987.66	98,062,247.65	80.55%	6.87%	-10.45%	3.76%
Overseas	11,732,027.10	4,394,245.63	62.54%	109.97%	270.12%	-16.21%

Core business data of the prior year restated according to the changed statistical caliber for the Reporting Period:

Applicable  Not applicable

Any over 30% YoY movements in the data above and why:

Applicable  Not applicable

Hotel business income decreased by 32.50% compared with the same period of the previous year, mainly due to the impact of the Shanghai epidemic;

Other business income increased by 73.61% over the same period of the previous year, mainly due to the increase in supply chain business income;

The international revenue increased by 109.97% over the same period of the previous year, mainly due to the increase of Longrui glass export business.

The Company is subject to the disclosure requirements for the “food and liquor & wine production industry” in the Guideline No. 3 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Industry-specific Information Disclosure.

Breakdown of selling expense:

Unit: RMB

Item	H1 2022	H1 2021	Change	Reason
Employment	499,313,896.40	385,703,329.21	29.46%	
Travel fees	77,211,414.12	79,727,177.78	-3.16%	
Advertisement	557,349,666.49	467,467,773.39	19.23%	
Comprehensive	1,057,068,152.23	685,618,164.57	54.18%	More sales promotion and marketing activities
Service fees	352,084,304.93	359,748,787.06	-2.13%	
Others	52,077,986.29	50,000,363.92	4.16%	
Total	2,595,105,420.46	2,028,265,595.93	27.95%	

Details about advertisement

No.	Main way	Amount (RMB'0,000)
1	TV	31,182.92
2	Offline	17,803.09
3	Online	6,748.96
Total		55,734.97

#### IV Analysis of Non-Core Businesses

Applicable  Not applicable

#### V Analysis of Assets and Liabilities

##### 1. Significant Changes in Asset Composition

Unit: RMB

	30 June 2022		31 December 2021		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	16,676,787,455.55	57.49%	11,924,922,771.76	46.92%	10.57%	
Accounts receivable	78,132,814.03	0.27%	89,005,804.17	0.35%	-0.08%	
Inventories	5,012,115,960.55	17.28%	4,663,456,672.30	18.35%	-1.07%	
Investment property	13,842,600.22	0.05%	4,075,801.06	0.02%	0.03%	
Long-term equity investments	9,356,675.30	0.03%	5,312,600.78	0.02%	0.01%	
Fixed assets	2,174,587,817.92	7.50%	1,984,063,975.87	7.81%	-0.31%	
Construction in progress	1,579,733,041.46	5.45%	1,064,134,904.21	4.19%	1.26%	
Right-of-use assets	36,636,790.82	0.13%	43,927,228.97	0.17%	-0.04%	
Short-term borrowings	30,029,027.77	0.10%	30,035,138.89	0.12%	-0.02%	
Contract liabilities	3,427,741,695.67	11.82%	1,825,447,705.85	7.18%	4.64%	
Long-term borrowings	79,874,917.22	0.28%	172,356,255.83	0.68%	-0.40%	
Lease liabilities	21,151,463.30	0.07%	28,107,223.18	0.11%	-0.04%	

## 2. Major Assets Overseas

Applicable  Not applicable

## 3. Assets and Liabilities at Fair Value

Applicable  Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
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Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	2,661,103,876.68	318,569.02	0.00			2,457,565,232.32		203,857,213.38
2. Investments in other equity instruments	54,542,418.50	0.00	2,026,305.65			0.00		56,568,724.15
Subtotal of financial assets	2,715,646,295.18	318,569.02	2,026,305.65			2,457,565,232.32		260,425,937.53
Total of the above	2,715,646,295.18	318,569.02	2,026,305.65			2,457,565,232.32		260,425,937.53
Financial liabilities	0.00	0.00	0.00			0.00		0.00

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes  No

#### 4. Restricted Asset Rights as at the Period-End

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	5,267,163,293.12	Structured deposits and time deposits that cannot be withdrawn in advance and time deposits that are pledged for issuing bank
Fixed assets	3,689,425.06	As collateral for loan
Intangible assets	2,740,344.98	As collateral for loan
Total	5,273,593,063.16	--

## VI Investments Made

### 1. Total Investments Made

Applicable  Not applicable

### 2. Significant Equity Investments Made in the Reporting Period

Applicable  Not applicable

### 3. Significant Non-Equity Investments Ongoing in the Reporting Period

Applicable  Not applicable

Unit: RMB

Item	Way of investment	Fixed assets investment or not	Industry involved	Input amount in the Reporting Period	Accumulative actual input amount as of the period-end	Capital resources	Progress	Estimated return on investment	Accumulative realized revenues as of the period-end	Reason for not reaching the schedule and anticipated income	Disclosure date (if any)	Disclosure index (if any)
The smart technology transformation project for liquor production	Self-built	Yes	Liquor production	674,986,459.50	1,676,568,479.94	Self-owned funds and raised funds	18.79%	N/A	N/A	N/A	3 March 2020	For details, please refer to the Announcement on Investment in the Smart Technology Transformation

													Project for Liquor Production disclosed by the Company on the website of Cninfo dated 3 March 2020.
Total	--	--	--	674,986,459.50	1,676,568,479.94	--	--	N/A	N/A	--	--	--	--

#### 4. Financial Investments

##### (1) Securities Investments

Applicable  Not applicable

Unit: RMB

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Beginning carrying value	Gain/loss on fair value changes in the Reporting Period	Cumulative fair value changes charged to equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying value	Accounting title	Funding source
Fund		DAPU Asset Management	200,000,000.00	Fair value method	203,538,644.36	318,569.02	0.00	0.00	0.00	0.00	203,857,213.38	Held-for-trading financial assets	Self-owned funds
Other ending holding securities investments				--								--	--
Total			200,000,000.00	--	203,538,644.36	318,569.02	0.00	0.00	0.00	0.00	203,857,213.38	--	--
Disclosure date of the			Naught										

announcement about the board's consent for the securities investment	
Disclosure date of the announcement about the general meeting's consent for the securities investment (if any)	Naught

**(2) Investments in Derivative Financial Instruments**

Applicable  Not applicable

Unit: RMB'0,000

Operator	Relationship with the Company	Related-party transaction	Type of derivative	Initial investment amount	Starting date	Ending date	Beginning investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment provision (if any)	Ending investment amount	Proportion of closing investment amount in the Company's ending net assets	Actual gain/loss in the Reporting Period
Reverse repurchase of national debt	Naught	No	Reverse repurchase of national debt	0.00	2022-05-31	2022-06-01	7,620.50	1,000.00	8,620.50		0.00	0.00%	0.05
Total				0.00	--	--	7,620.50	1,000.00	8,620.50		0.00	0.00%	0.05
Capital source for derivative investment				Company's own funds									
Lawsuits involved (if applicable)				N/A									
Disclosure date of board announcement approving derivative				30 August 2013									



investment (if any)	
Disclosure date of shareholders' meeting announcement approving derivative investment (if any)	N/A
Analysis of risks and control measures associated with derivative investments held in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	The Company had controlled the relevant risks strictly according to the Derivatives Investment Management System.
Changes in market prices or fair value of derivative investments during the Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)	Naught
Significant changes in accounting policies and specific accounting principles adopted for derivative investments in the Reporting Period compared to previous reporting period	Naught
Opinion of independent directors on derivative investments and risk control	Based on the sustainable development of the main business and the sufficient free idle money, the Company increased the profits through investing in the reasonable financial derivative instruments, which was in favor of improving the service efficiency of the idle funds; in order to reduce the investment risks of the financial derivative instruments, the Company had set up corresponding supervision mechanism for the financial derivative instrument business and formulated reasonable accounting policy as well as specific principles of financial accounting; the derivative Investment business developed separately took national debts as mortgage object, which was met with the cautious and steady risks management principle and the interest of the Company and shareholders. Therefore, agreed the Company to develop the derivative Investment business of reverse repurchase of national debt not more than the limit of RMB0.3 billion.

## 5. Use of Funds Raised

Applicable  Not applicable

### (1) Overall Usage of Funds Raised

Applicable  Not applicable

Unit: RMB'0,000

Year	Way of raising	Total funds raised	Total funds used in the Current Period	Accumulative fund used	Total funds with usage changed	Accumulative funds with usage changed	Proportion of accumulative funds with usage changed	Total unused funds	The usage and destination of unused funds	Amount of funds raised idle for over two years
2021	Private placement of stocks	495,434.21	43,340.12	86,416.86	0.00	0.00	0.00%	409,017.35	Deposited in fund raising account and cash management	0.00
Total	--	495,434.21	43,340.12	86,416.86	0.00	0.00	0.00%	409,017.35	--	0.00

#### Explanation of overall usage of funds raised

Through this issuance, the Company raised total proceeds of RMB5,000,000,000.00. After deducting the expenses related to the issuance of RMB45,657,925.15 (excluding VAT), the actual net proceeds raised were RMB4,954,342,074.85, and the actual amount received was RMB4,957,547,169.81. As of 30 June 2022, the Company cumulatively used raised funds of RMB864.1686 million, paid issuance costs of RMB1.2514 million, received interest income of RMB43.7382 million in the raised funds account exclusive of the issuance costs and used raised funds, and used temporarily idle raised funds to purchase cash management of RMB3,170 million. At 30 June 2022, the balance of the raised funds account stood at RMB4,135.8654 million.

### (2) Commitment Projects of Fund Raised

Applicable  Not applicable

Unit: RMB'0,000

Committed investment project and super raise fund arrangement	Changed or not (including partial changes)	Committed investment amount	Investment amount after adjustment (1)	Investment amount in the Reporting Period	Accumulative investment amount as of the period-end (2)	Investment schedule as the period-end (3)= (2)/(1)	Date of reaching intended use of the project	Realized income in the Reporting Period	Whether reached anticipated income	Whether occurred significant changes in project feasibility
Committed investment project										
The smart technology transformation project for liquor production	Not	495,434.21	495,434.21	43,340.12	86,416.86	17.44%	31 December 2024		N/A	Not
Subtotal of committed investment project	--	495,434.21	495,434.21	43,340.12	86,416.86	--	--		--	--
Total	--	495,434.21	495,434.21	43,340.12	86,416.86	--	--		--	--
Condition and reason for not reaching the schedule and anticipated income (by specific items)	N/A									
Notes of condition of significant changes occurred in project feasibility	N/A									
Amount, usage and schedule of super raise fund	N/A									
Changes in implementation address of investment project	N/A									
Adjustment of implementation mode of investment project	N/A									
Advance investments in projects financed with raised funds and swaps of such advance investments with	N/A									

subsequent raised funds	
Idle fund supplementing the current capital temporarily	N/A
Amount of surplus in project implementation and the reasons	N/A
Usage and destination of unused funds	As of 30 June 2022, the unused raised funds and the interest were deposited in the special account for raised funds, and idle raised funds of RMB3,170 million were outstanding for cash management purposes.
Problems incurred in fund using and disclosure or other condition	N/A

### (3) Raised Funds Re-purposed

Applicable  Not applicable

No such cases in the Reporting Period.

## VII Sale of Major Assets and Equity Interests

### 1. Sale of Major Assets

Applicable  Not applicable

No such cases in the Reporting Period.

### 2. Sale of Major Equity Interests

Applicable  Not applicable

### VIII Main Controlled and Joint Stock Companies

Applicable  Not applicable

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profits

Unit: RMB

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Bozhou Gujing Sales Co., Ltd	Subsidiary	Wholesales of distilled spirit, construction materials, feeds, assistant materials, etc.	84,864,497.89	7,971,645,851.15	813,358,615.48	7,775,648,808.22	969,210,992.94	684,970,449.13
Anhui Longrui Glass Co., Ltd	Subsidiary	Manufacture and sale of glass products, etc.	86,660,268.98	457,715,843.77	376,916,765.54	183,558,214.81	22,263,482.59	19,705,529.54
Yellow Crane Tower Wine Industry Co., Ltd	Subsidiary	Production and sales of distilled spirit, etc.	400,000,000.00	1,758,954,861.88	823,567,666.07	886,104,927.21	146,768,138.62	111,911,818.02

Subsidiaries obtained or disposed in the Reporting Period:

Applicable  Not applicable

Subsidiary	How subsidiary was obtained or disposed	Effects on overall operations and performance
Anhui Anjie Technology Co., Ltd.	Incorporated with investment	Optimizing internal operation structure and enhancing endogenous impetus
Huanggang Junya Trading Co., Ltd.	Incorporated with investment	Optimizing internal operation structure and enhancing endogenous impetus

Notes to main controlled and joint stock companies:

Not applicable.

### IX Structured Bodies Controlled by the Company

Applicable  Not applicable

## X Risks Facing the Company and Countermeasures

### (I) Risks Facing the Company

1. The adverse effect of the systematic risk in the macro-economic environment on the development of the industry and the Company.
2. The strengthened concentration, intensified polarization, and continuously escalated competition in the liquor and spirits industry
3. The normalization of the COVID-19 pandemic, and the more complex, severe and uncertain external environment.

### (II) Countermeasures

#### 1. Marketing

The Company made all efforts to push forward market and brand building, optimized the supply of resources, intensified the dissemination via Internet and new media, upgraded its brand IP, and increased the influence of Gujinggong brand. It was determined to carry out unswervingly its "nationwide, and sub-high-end" strategy, and to push forward the re-optimization of its product structure and market structure.

#### 2. Product Management

The Company strictly kept carrying out its production processes, continuously optimized its production operations, further explored the improvement of its key processes, and constantly improved the quality of its original liquor. It established a sound management system standard for planting of grain bases, prevented and controlled bio-safety risks, carried out an exploratory reformation for management mode of quality check, and intensified the control and supervision on production processes, so that the quality of original grain can be controlled well from the source.

#### 3. Engineering Construction

The Company accelerated the construction of the smart technology transformation project (smart park) for liquor production, and adhered to high standards and high quality to promote the construction of smart park projects.

#### 4. Informatization Construction

The Company intensified digital construction. Aided by modern technological means, the Company centered on smart manufacturing and green liquor making, set up an Internet platform for the liquor and spirits industry, and built a lighthouse factory of Gujing "5G+ industrial Internet", to comprehensively promote the digital transformation of Gujing. It proactively pushed forward big data building, strengthened business data analysis, promoted procedure optimization, and improved the Company's operation efficiency and management standard.

#### 5. Safety and Environmental Protection

The Company comprehensively consolidated safety responsibility system, and continuously made great efforts to investigate and control hazards, identify dangerous sources, and conduct safety education; it intensified fire-fighting management by specifying the spot checks of facilities, monitoring precautions, and fire control drills; it broadened thinking of safety work to build a steady safety defense line with the aid of the information system of safety prevention. Under the premise of ensuring up-to-standard pollutant discharge, and compliant waste disposal, the Company explored ways to comprehensively utilize the by-product of liquor-making, to improve energy service efficiency, increase the proportion of new energy, further conserve energy and reduce carbon emission, and pursue green development.

## 6. Internal Management

The Company improved its incentive mechanism, and continuously promoted "separate legal entity system", and "creating platforms for innovation and entrepreneurship". It delegated powers to lower levels to stimulate vitality, and balanced powers with responsibilities, thus gradually realizing market-oriented distribution of such key factors as personnel, expenses, and remuneration. The measures also further vitalized the operation mechanism of grass-roots units, and stimulated the motivation and creativity of staff members. The Company also comprehensively sorted out such risk matters as its business, operating model, and financial management, optimizing its internal control system. Meanwhile, it deepened the internal control assessment, and effectively integrated internal control assessment with performance auditing and special auditing, thus intensifying the supervision on internal control.

## 7. Corporate Culture Construction

The Company adhered to the principle that "Party-building helps build, vitalize, and stabilize the enterprise", and increased its cohesion through high-quality Party-building and cultural work, thus providing a strong political assurance for its high-quality development, and forming a firm ideological front line that helped build, revitalize, and strengthen the enterprise. The Company deepened and promoted the learning and education of Party history. It focused on the in-depth integration and mutual promotion of Party-building and production and operation, normally carried out the activities of "I do practical things for the masses", conducted "Party-building brand" creation activities, deepened co-built Party-building, consolidated the building achievements of standardization within Party branches, and optimized the Party-building training system. The Company strictly implemented the spirit of Eight-point Decision issued by the CPC Central Committee, and constantly improved the supervision and governance efficiency. It continuously integrated the Gujing Values into each aspect of the Company including production, operation, and management.

In 2022, the Company will continue to be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the spirit of the 19th CPC National Congress and the various plenary sessions of the 19th CPC Central Committee, enhance the "Four Consciousnesses", firmly believe in the "Four Self-confidences", implement the "Two Maintenances", carry forward the great Party-building spirit, and adhere to the general principle of pursuing progress while ensuring stability. Under the strong leadership of the municipal CPC committee and the municipal government, the Company will implement the spirit of the provincial and municipal Party congresses, adhere to "three Stricts and Three Honests", and "do things immediately, genuinely, and solidly", gather strength to build "China Liquor Town", continuously implement long-term perspective mindset, the concept of excellence, and the awareness of high-quality products, maintain integrity and innovation, pursue progress while ensuring stability, and once again build a new "Gujing", an enterprise with digital and global operations and law-based management, enabling the Company to boast excellent achievements to celebrate the 20th CPC National Congress to be successfully held.



## Part IV Corporate Governance

### I Annual and Extraordinary General Meeting Convened during the Reporting Period

#### 1. General Meetings Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The 2021 Annual General Meeting	Annual General Meeting	56.58%	27 May 2022	28 May 2022	For details, see Announcement about Resolutions of 2021 Annual General Meeting of the Company disclosed on China Securities Journal, Shanghai Securities News, Ta Kung Pao (HK), and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on 28 May 2022.

#### 2. Extraordinary General Meetings Convened at the Request of Preference Shareholders with Resumed Voting Rights

Applicable  Not applicable

### II Change of Directors, Supervisors and Senior Management

Applicable  Not applicable

No changes occurred to the Company's directors, supervisors and senior management during the Reporting Period. For their information, see the 2021 Annual Report.

### III Interim Dividend Plan

Applicable  Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

### IV Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable  Not applicable

No such cases in the Reporting Period.

## Part V Environmental and Social Responsibility

### I Major Environmental Issues

Indicate by tick mark whether the Company or any of its subsidiaries is a heavily polluting business identified by the environmental protection authorities of China.

Yes  No

Name of polluter	Name of major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Discharge standards implemented	Total discharge	Approved total discharge	Excessive discharge
Anbui Gujing Distillery Co., Ltd.	COD	Directly discharge	3	Gujing plant, Zhangji plant, Headquarter plant	21.17mg/L 33.26mg/L 21.96mg/L	Gujing plant $\leq$ 50mg/L Zhangji plant、Headquarter plant $\leq$ 100mg/L	Gujing plant: 6.06t Zhangji plant: 3.65t Headquarter plant: 10.11t	Gujing plant: 105.916t Zhangji plant: 26.504t Headquarter plant: 116.0596t	Naught
Anbui Gujing Distillery Co., Ltd.	NH3-N	Directly discharge	3	Gujing plant, Zhangji plant, Headquarter plant	0.49mg/L 0.23mg/L 0.16mg/L	Gujing plant $\leq$ 5mg/L Zhangji plant、Headquarter plant $\leq$ 10mg/L	Gujing plant: 0.14t Zhangji plant: 0.03t Headquarter plant: 0.07t	Gujing plant: 10.5916t Zhangji plant: 2.6504t Headquarter plant: 11.60596t	Naught
Anbui Gujing Distillery Co., Ltd.	Smoke	Organized discharge through chimney	3	Gujing plant, Zhangji plant, Headquarter plant	1.39mg/m <sup>3</sup> 1.5mg/m <sup>3</sup> 1.25mg/m <sup>3</sup>	Gujing plant、Headquarter plant $\leq$ 10mg/m <sup>3</sup> Zhangji plant $\leq$ 20mg/m <sup>3</sup>	Gujing plant: 0.21t Zhangji plant: 0.03t Headquarter plant: 0.26t	Gujing plant: 4.301t Zhangji plant: / Headquarter plant: 5.01t	Naught
Anbui Gujing Distillery Co., Ltd.	Sulfur Dioxide	Organized discharge through chimney	3	Gujing plant, Zhangji plant, Headquarter plant	6.11mg/m <sup>3</sup> 0.3mg/m <sup>3</sup> 1.52mg/m <sup>3</sup>	Gujing plant、Headquarter plant $\leq$ 35mg/m <sup>3</sup> Zhangji	Gujing plant: 0.90t Zhangji plant: 0.006t Headquarter plant: 0.30t	Gujing plant: 15.055t Zhangji plant: / Headquarter plant: 17.536t	Naught

						plant $\leq 50$ m <sup>3</sup> g/ m <sup>3</sup>			
Anhui Gujing Distillery Co., Ltd.	Nitrogen oxide	Organized discharge through chimney	3	Gujing plant, Zhangji plant, Headquarter plant	21.13mg/m <sup>3</sup> 24.96mg/m <sup>3</sup> 23.70mg/m <sup>3</sup>	Gujing plant、Headquarter plant $\leq 50$ m <sup>3</sup> g/m <sup>3</sup> Zhangji plant $\leq 150$ mg/ m <sup>3</sup>	Gujing plant: 3.09t Zhangji plant: 0.53t Headquarter plant: 5.10t	Gujing plant: 21.056t Zhangji plant: 10.318t Headquarter plant: 25.051t	Naught
Anhui Longrui Glass Co., Ltd	Smoke	Organized discharge through chimney	2	1# furnace 2# furnace	1.57mg/m <sup>3</sup> 1.2mg/m <sup>3</sup>	$\leq 10$ mg/m <sup>3</sup>	1# furnace: 0.14t 2# furnace: 0.28t	/	Naught
Anhui Longrui Glass Co., Ltd	Sulfur Dioxide	Organized discharge through chimney	2	1# furnace 2# furnace	8.86mg/m <sup>3</sup> 3.12mg/m <sup>3</sup>	$\leq 50$ mg/m <sup>3</sup>	1# furnace: 0.79t 2# furnace: 0.73t	/	Naught
Anhui Longrui Glass Co., Ltd	Nitrogen oxide	Organized discharge through chimney	2	1# furnace 2# furnace	48.88mg/m <sup>3</sup> 49.6mg/m <sup>3</sup>	$\leq 200$ mg/m <sup>3</sup>	1# furnace: 4.36t 2# furnace: 11.61t	/	Naught

**Construction and operation of facilities for preventing pollution:**

**1. Construction and operation of the sewage control facilities of the listed Company and its subsidiary companies**

(1) The sewage treatment capacity of the sewage treatment station of the Zhangji plant of the Company is about 720 tons per day. IC anaerobic jar, improved A<sup>2</sup>/O and in-depth treatment process has been adopted. The sewage is discharged after treatment and up to the standard, and discharge of sewage is in compliance with the direct discharge requirements in GB27631-2011 Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry.

(2) The sewage treatment capacity of the sewage treatment station of the headquarter plant of the Company is about 4,500 tons per day. IC anaerobic jar, A<sup>2</sup>/O and in-depth treatment process has been adopted. The sewage is discharged after treatment and up to the standard, and discharge of sewage is in compliance with the direct discharge requirements in GB27631-2011 Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry.

(3) The sewage treatment capacity of the sewage treatment station of the Gujing plant of the Company is about 2,520 tons per day. IC anaerobic jar, A<sup>2</sup>/O and in-depth treatment process is adopted. The sewage is discharged after treatment and up to the standard, and discharge of sewage is in compliance with the direct discharge requirements in GB27631-2011 Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry.

(4) The production and living sewage of Anhui Longrui Glass Co., Ltd is discharged into the sewage treatment station of the Zhangji Plant of the Company, and it is discharged after treatment and up to the standard.

**2. Construction and operation situation of waste gas control facilities of the listed Company and its subsidiaries**

- (1) The flue gas control facilities of thermal power stations of the headquarter plant of the Company run well, and waste gas is discharged through the 65-meter-tall exhaust funnel after the waste gas treatment is up to the standard, adopting the process of cloth-bag dust removal + Limestone - Wet flue gas Desulfurization+ SNCR Denitrification by non-catalytic reduction + SCR Denitrification by catalytic reduction + Wet electrostatic precipitator, and discharge of flue gas meets the super-low discharge requirements (smoke  $\leq 10\text{mg}/\text{m}^3$ ,  $\text{SO}_2 \leq 35\text{mg}/\text{m}^3$ ,  $\text{NO}_x \leq 50\text{mg}/\text{m}^3$ ).
- (2) The gas-fired boilers at the Zhangji plant of the Company operate in a steady manner, and waste gas is discharged through the 20-meter-tall exhaust funnel, of which and discharge of flue gas meets the requirements for gas-fired boiler in GB13271-2014 Emission Standard of Air Pollutants for Industrial Kiln and Furnace.
- (3) 1#, 2# furnace flue gas treatment facilities of Anhui Longrui Glass Co., Ltd. are operating well. For 1# furnace, the company uses bag dust removal + dry desulfurization + SCR catalytic reduction denitrification process. After it meets the standard, the exhaust gas will be discharged through a 45-meter high exhaust pipe. The flue gas emission is in line with the glass industry A-class enterprise emission requirements as set out in *Technical Guide for the Development of Emergency Emission Reduction Measures for Key Industries in Heavy Pollution Weather* (soot  $\leq 10\text{ mg}/\text{m}^3$ ,  $\text{SO}_2 \leq 50\text{ mg}/\text{m}^3$ ,  $\text{NO}_x \leq 200\text{ mg}/\text{m}^3$ ). For 2# furnace, the company adopts bag dust removal + desulfurization tank + SCR low-temperature denitrification process, and the exhaust gas is discharged through a 50-meter high exhaust pipe after it meets the standard. The flue gas emission meets the glass industry A-class enterprise emission requirements as set out in *Technical Guide for the Development of Emergency Emission Reduction Measures for Key Industries in Heavy Pollution Weather* (soot  $\leq 10\text{ mg}/\text{m}^3$ ,  $\text{SO}_2 \leq 50\text{mg}/\text{m}^3$ ,  $\text{NO}_x \leq 200\text{ mg}/\text{m}^3$ ). The facilities for the paint spraying waste gas treatment of the deep processing center function well, and the "dry pretreatment + activated carbon absorption + catalytic combustion" process is used to treat the waste gas. After treatment, the waste gas will be discharged through a 22-meter high exhaust pipe. The waster gas discharge meets the discharge requirements for Level-A enterprises in the glass industry as set out in the *Technical Guide for the Development of Emergency Emission Reduction Measures for Key Industries in Heavy Pollution Weather* (nonmethane hydrocarbons  $\leq 60\text{ mg}/\text{m}^3$ ).
- (4) The finished product coding machine exhaust gas treatment facilities of the headquarter plant and the Gujing plant of the Company are operating well. By adopting photocatalytic oxidation technology, the Company's flue gas emissions comply with the Table 1 standard requirements of DB12/524-2014 Emission Standard for Industrial Enterprises Volatile Organic Compounds.
- (5) The odor treatment facilities of the sewage stations of the Company's headquarter plant and Zhangji plant are operating well. By adopting technologies like photocatalytic oxidation and activated carbon adsorption, and the Company's emission of exhaust gas meets the requirements of Table 2 of the Standard for Emission of Pollutants.

#### **Environmental impact assessment of construction project and other administrative license situation in respect of environmental protection**

Naught

#### **Emergency plan for sudden environment affairs**

The Company has formulated the Emergency Plan of Anhui Gujing Distillery Company Limited for Sudden Environmental Pollution Accident, which has been filed with Bureau of Ecology and Environment of Bozhou (File No. 341602-2021-006-H).

Anhui Longrui Glass Co., Ltd has formulated the Emergency Plan of Anhui Longrui Glass Co., Ltd for Sudden Environmental Pollution Accident, which has been filed with Bureau of Ecology and Environment of Bozhou (File No. 341602-2021-006-M).

#### **Environmental self-monitoring scheme**

Anhui Gujing Distillery Co., Ltd. has formulated the Self-Monitoring Scheme of Anhui Gujing Distillery Company Limited and published it on the relevant website of Anhui Province.

Anhui Longrui Glass Co., Ltd has formulated the Self-Monitoring Scheme of Anhui Longrui Glass Co., Ltd and published it on the relevant website of Anhui Province.

#### **Administrative punishments received with respect to environmental issues in the Reporting Period**

Naught

#### **Other environment information that should be disclosed**

Naught

#### **Measures taken to reduce carbon emission and effects during the Reporting Period**

Applicable  Not applicable

The Company balances the steam-using time of each liquor-making workshop so as to gradually stabilize the steam-supply load of the boilers of its plants. As a result, the operation efficiency of these boilers has risen from the 55% in H1 2021 to the 62% in H1 2022. Additionally, a total of 1,867 tons of bituminous coal have been conserved for the Period, reducing carbon emissions by 3,628 tons.

#### **Other related environment protection information**

Naught

## **II Social Responsibility**

During the Reporting Period, the Company, in strict accordance with the requirements for high-quality development of listed companies in the new era, focused on its established strategies, actively responded to the expectations of society, shareholders and other stakeholders, continuously improved its corporate governance structure, standardized its operations, attached importance to investor relations, and took the initiative to fulfill its social responsibilities in the areas of protection of the rights and interests of suppliers, customers and employees, and environmental protection and sustainable development. The Company upholds the core values of "Be Honest, Offer Quality Liquor, Be Stronger and Be Helpful to the Society", actively builds and develops strategic partnerships with suppliers and customers. Also, the Company focuses on communication and coordination with all relevant parties, jointly builds a platform of trust and cooperation, and effectively fulfills the Company's social responsibility to suppliers and customers.

The Company has continuously consolidated its quality management foundation and improved customer service mechanisms. Aside from attaching great importance to green production and discharge compliance, it has constantly created new green products and implemented innovative energy-conservation and emission-reduction technologies. The Company builds dynamic teams through talent development, protects employees' rights and interests, optimizes talent teams and boosts diversified development. Also, it has constantly enhanced the management of workplace safety as well as the inspection of employees' occupational and health risks, thereby creating a diverse, safe and harmonious working environment.

## Part VI Significant Events

### **I Commitments of the Company's De Facto Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in the Reporting Period or Ongoing at the Period-End**

Applicable  Not applicable

No such cases in the Reporting Period.

### **II Occupation of the Company's Capital by the Controlling Shareholder or any of Its Related Parties for Non-Operating Purposes**

Applicable  Not applicable

No such cases in the Reporting Period.

### **III Irregularities in the Provision of Guarantees**

Applicable  Not applicable

No such cases in the Reporting Period.

### **IV Engagement and Disengagement of Independent Auditor**

Are the interim financial statements audited?

Yes  No

The interim financial statements have not been audited.

### **V Explanations Given by the Board of Directors and the Supervisory Committee Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period**

Applicable  Not applicable

### **VI Explanations Given by the Board of Directors Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of Last Year**

Applicable  Not applicable

### **VII Insolvency and Reorganization**

Applicable  Not applicable

No such cases in the Reporting Period.

## VIII Legal Matters

Significant lawsuits and arbitrations:

Applicable  Not applicable

No such cases in the Reporting Period.

Other legal matters:

Applicable  Not applicable

## IX Punishments and Rectifications

Applicable  Not applicable

## X Credit Quality of the Company as well as its Controlling Shareholder and De Facto Controller

Applicable  Not applicable

## XI Major Related-Party Transactions

### 1. Continuing Related-Party Transactions

Applicable  Not applicable

No such cases in the Reporting Period.

### 2. Related-Party Transactions Regarding Purchase or Disposal of Assets or Equity Investments

Applicable  Not applicable

No such cases in the Reporting Period.

### 3. Related-Party Transactions Regarding Joint Investments in Third Parties

Applicable  Not applicable

No such cases in the Reporting Period.

### 4. Amounts Due to and from Related Parties

Applicable  Not applicable

No such cases in the Reporting Period.

### 5. Transactions with Related Finance Companies, or Finance Companies Controlled by the Company

Applicable  Not applicable

The Company did not make deposits in, receive loans or credit from and was not involved in any other finance business with any related finance company, finance company controlled by the Company or any other related parties.



## 6. Transactions between Related Parties and Finance Companies Controlled by the Company

Applicable  Not applicable

No related parties made deposits in, received loans or credit from and were involved in any other finance business with any finance company controlled by the Company.

## 7. Other Major Related-Party Transactions

Applicable  Not applicable

No such cases in the Reporting Period.

## XII Major Contracts and Execution thereof

### 1. Entrustment, Contracting and Leases

#### (1) Entrustment

Applicable  Not applicable

No such cases in the Reporting Period.

#### (2) Contracting

Applicable  Not applicable

No such cases in the Reporting Period.

#### (3) Leases

Applicable  Not applicable

No such cases in the Reporting Period.

### 2. Major Guarantees

Applicable  Not applicable

No such cases in the Reporting Period.

### 3. Cash Entrusted for Wealth Management

Applicable  Not applicable

Unit: RMB'0,000

Specific type	Capital resources	Amount incurred	Undue balance	Unrecovered overdue amount	Unrecovered overdue amount with provision for impairment

Bank financial products	Raised funds	442,000.00	127,000.00	0.00	0.00
Others	Self-owned funds	20,000.00	20,000.00	0.00	0.00
Total		462,000.00	147,000.00	0.00	0.00

High-risk wealth management transactions with a significant single amount, or with low security, low liquidity or no principal protection:

Applicable  Not applicable

Unit: RMB'0,000

Name of the trustee	Type of the trustee	Type of the product	Amount	Capital resource	Start date	End date	Use of fund	Determination method of remuneration	Annual yield for reference	Estimate profit (if any)	Amount of actual profit or loss in Reporting Period	Actual recovery of profit or loss in Reporting Period	Allowance for impairment (if any)	Legal procedures or not	Plan for entrusted asset management in the future or not	Overviews of events and query index (if any)
DAPU Asset Management	Private fund manager	Fund	20,000	Self-funded			Purchasing new shares offline, products with fixed earnings, reverse repurchase of national debt, and etc.	1.2% of products' net value and 20% of excess earnings	7.00%	0.00	0.00			Yes	Yes	
Total			20,000	--	--	--	--	--	--	0.00	0.00	--	--	--	--	--

Situation where the principal is expectedly irrecoverable or an impairment may be incurred:

Applicable  Not applicable

#### 4. Other Significant Contracts

Applicable  Not applicable

No such cases in the Reporting Period.

### **XIII Other Significant Events**

Applicable  Not applicable

No such cases in the Reporting Period.

### **XIV Significant Events of Subsidiaries**

Applicable  Not applicable

## Part VII Share Changes and Shareholder Information

### I Share Changes

#### 1. Share Changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares	25,000,000	4.73%				-25,000,000	-25,000,000	0	0.00%
1. Shares held by the state									
2. Shares held by state-owned corporations	1,900,000	0.36%				-1,900,000	-1,900,000	0	0.00%
3. Shares held by other domestic investors	21,600,000	4.09%				-21,600,000	-21,600,000	0	0.00%
Among which: Shares held by domestic corporations	21,600,000	4.09%				-21,600,000	-21,600,000	0	0.00%
Shares held by domestic individuals									
4. Shares held by foreign investors	1,500,000	0.28%				-1,500,000	-1,500,000	0	0.00%
Among which: Shares held by foreign corporations	1,500,000	0.28%				-1,500,000	-1,500,000	0	0.00%
Shares held by foreign individuals									
II. Non-restricted shares	503,600,000	95.27%				25,000,000	25,000,000	528,600,000	100.00%
1. RMB ordinary shares	383,600,000	72.57%				25,000,000	25,000,000	408,600,000	77.30%
2. Domestically listed foreign shares	120,000,000	22.70%				0	0	120,000,000	22.70%

3. Overseas listed foreign shares									
4. Other									
III. Total shares	528,600,000	100.00%				0	0	528,600,000	100.00%

Reasons for share changes:

Applicable  Not applicable

The additional 25,000,000 shares issued in a private placement have been listed on the Shenzhen Stock Exchange on 22 July 2021 and allowed for public trading on 24 January 2022, for details, please refer to the announcement on listing and circulation of restricted shares of non-public development banks (2022-002) disclosed by the company

Approval of share changes:

Applicable  Not applicable

Transfer of share ownership:

Applicable  Not applicable

Progress on any share repurchase:

Applicable  Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable  Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable  Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable  Not applicable

## 2. Changes in Restricted Shares

Applicable  Not applicable

Unit: Share

Name of the shareholders	Restricted shares amount at the period-begin	Restricted shares increased of the period	Restricted shares relieved of the period	Restricted shares amount at the period-end	Restricted reasons	Restricted shares relieved date
JPMorgan Chase Bank, National Association	750,000	0	750,000	0	Private placement	22 January 2022
Guotai Junan Securities Co., Ltd.	1,125,000	0	1,125,000	0	Private placement	22 January 2022
E Fund Management Co., Ltd.	12,750,000	0	12,750,000	0	Private placement	22 January 2022
Caitong Fund Management Co.,	1,130,000	0	1,130,000	0	Private placement	22 January 2022

Ltd.						
Taiping Fund Management Company Limited	750,000	0	750,000	0	Private placement	22 January 2022
Fullgoal Fund Management Co., Ltd.	1,275,000	0	1,275,000	0	Private placement	22 January 2022
Huatai Securities Co., Ltd.	775,000	0	775,000	0	Private placement	22 January 2022
Huatai Securities Asset Management Co., Ltd.	750,000	0	750,000	0	Private placement	22 January 2022
ICBC Credit Suisse Asset Management Co., Ltd.	2,150,000	0	2,150,000	0	Private placement	22 January 2022
Morgan Stanley & Co. International Plc	750,000	0	750,000	0	Private placement	22 January 2022
China Life Asset Management Co., Ltd.	750,000	0	750,000	0	Private placement	22 January 2022
China Merchants Fund Management Co., Ltd.	2,000,000	0	2,000,000	0	Private placement	22 January 2022
China Universal Asset Management Co., Ltd.	45,000	0	45,000	0	Private placement	22 January 2022
<b>Total</b>	<b>25,000,000</b>	<b>0</b>	<b>25,000,000</b>	<b>0</b>	<b>--</b>	<b>--</b>

## II Issuance and Listing of Securities

Applicable  Not applicable

## III Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders	27,499	Number of preferred shareholders with resumed voting rights (if any) (see note 8)	0				
5% or greater ordinary shareholders or the top 10 ordinary shareholders							
Name of	Nature of	Shareholding	Total	Increase/decrease	Restricted	Non-restricted	Shares in pledge, marked

shareholder	shareholder	percentage	ordinary shares held at the period-end	in the Reporting Period	ordinary shares held	ordinary shares held	or frozen	
							Status	Shares
ANHUI GUJING GROUP COMPANY LIMITED	State-owned legal person	51.33%	271,344,022			271,344,022	In pledge	114,000,000
BANK OF CHINA-CHINA MERCHANTS CHINA SECURITIES LIQUOR INDEX CLASSIFICATION SECURITIES INVESTMENT FUND	Other	2.49%	13,164,734			13,164,734		
GAOLING FUND,L.P.	Foreign legal person	2.35%	12,446,408			12,446,408		
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED-INVESCO GREAT WALL EMERGING GROWTH HYBRID SECURITIES INVESTMENT FUND	Other	1.89%	9,999,951			9,999,951		
AGRICULTURAL BANK OF CHINA — E FUND CONSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND	Other	1.67%	8,814,257			8,814,257		
CHINA	Foreign	1.48%	7,844,195			7,844,195		



INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD	legal person							
UBS (LUX) EQUITY FUND - CHINA OPPORTUNITY (USD)	Foreign legal person	1.42%	7,505,261			7,505,261		
HONG KONG SECURITIES CLEARING COMPANY LTD.	Foreign legal person	1.41%	7,460,330			7,460,330		
BANK OF CHINA-INVESCO GREAT WALL DINGYI HYBRID SECURITIES INVESTMENT FUND	Other	0.95%	4,995,403			4,995,403		
GREENWOODS CHINA ALPHA MASTER FUND	Foreign legal person	0.87%	4,614,326			4,614,326		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (see note 3)	N/A							
Related or acting-in-concert parties among the shareholders above	Among the shareholders above, the Company's controlling shareholder—Anhui Gujing Group Company Limited—is not a related party of other shareholders; nor are they parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies. As for the other shareholders, the Company does not know whether they are related parties or whether they belong to parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.							
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	N/A							
Special account for share	N/A							

repurchases (if any) among the top 10 shareholders (see note 11)			
Top 10 non-restricted ordinary shareholders			
Name of shareholder	Non-restricted shares held at the period-end	Shares by type	
		Type	Shares
ANHUI GUJING GROUP COMPANY LIMITED	271,344,022	RMB-denominated ordinary share	271,344,022
BANK OF CHINA-CHINA MERCHANTS CHINA SECURITIES LIQUOR INDEX CLASSIFICATION SECURITIES INVESTMENT FUND	13,164,734	RMB-denominated ordinary share	13,164,734
GAOLING FUND,L.P.	12,446,408	Domestically listed foreign share	12,446,408
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED- INVESCO GREAT WALL EMERGING GROWTH HYBRID SECURITIES INVESTMENT FUND	9,999,951	RMB-denominated ordinary share	9,999,951
AGRICULTURAL BANK OF CHINA - E FUND CONSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND	8,814,257	RMB-denominated ordinary share	8,814,257
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD	7,844,195	Domestically listed foreign share	7,844,195
UBS (LUX) EQUITY FUND - CHINA OPPORTUNITY (USD)	7,505,261	Domestically listed foreign share	7,505,261
HONG KONG SECURITIES CLEARING COMPANY LTD.	7,460,330	RMB-denominated ordinary share	7,460,330
BANK OF CHINA- INVESCO GREAT WALL DINGYI HYBRID SECURITIES INVESTMENT FUND	4,995,403	RMB-denominated ordinary share	4,995,403
GREENWOODS CHINA	4,614,326	Domestically	4,614,326

ALPHA MASTER FUND		listed foreign share	
Related or acting-in-concert parties among top 10 unrestricted ordinary shareholders, as well as between top 10 unrestricted ordinary shareholders and top 10 ordinary shareholders	Among the shareholders above, the Company's controlling shareholder—Anhui Gujing Group Company Limited—is not a related party of other shareholders; nor are they parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies. As for the other shareholders, the Company does not know whether they are related parties or whether they belong to parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	Since October 2021, the Company's controlling shareholder Gujing Group has conducted the business of "Refinancing by Lending Securities", and as of 30 June 2022, 60,000 lent shares were outstanding with no transfer of the ownership of these shares.		

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes  No

No such cases in the Reporting Period.

#### IV Change in Shareholdings of Directors, Supervisors and Senior Management

Applicable  Not applicable

No changes occurred to the shareholdings of the directors, supervisors and senior management in the Reporting Period. See the 2021 Annual Report for more details.

#### V Change of the Controlling Shareholder or the De Facto Controller

Change of the controlling shareholder in the Reporting Period

Applicable  Not applicable

No such cases in the Reporting Period.

Change of the de facto controller in the Reporting Period

Applicable  Not applicable

No such cases in the Reporting Period.

## Part VIII Preference Shares

Applicable  Not applicable

No preference shares in the Reporting Period.

## Part IX Bonds

Applicable  Not applicable

## Part X Financial Statements

### I Independent Auditor's Report

Are these interim financial statements audited by an independent auditor?

Yes  No

These interim financial statements have not been audited by an independent auditor.

### II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

#### 1. Consolidated Balance Sheet

Prepared by Anhui Gujing Distillery Company Limited

30 June 2022

Unit: RMB

Item	30 June 2022	1 January 2022
Current assets:		
Monetary assets	16,676,787,455.55	11,924,922,771.76
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	203,857,213.38	2,661,103,876.68
Derivative financial assets		
Notes receivable		
Accounts receivable	78,132,814.03	89,005,804.17
Accounts receivable financing	693,605,704.99	545,204,103.42
Prepayments	113,655,027.34	156,570,970.99
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	87,093,186.66	71,753,212.24
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	5,012,115,960.55	4,663,456,672.30
Contract assets		
Assets held for sale		

Current portion of non-current assets		
Other current assets	99,086,620.18	178,222,222.56
Total current assets	22,964,333,982.68	20,290,239,634.12
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	9,356,675.30	5,312,600.78
Investments in other equity instruments	56,568,724.15	54,542,418.50
Other non-current financial assets		
Investment property	13,842,600.22	4,075,801.06
Fixed assets	2,174,587,817.92	1,984,063,975.87
Construction in progress	1,579,733,041.46	1,064,134,904.21
Productive living assets		
Oil and gas assets		
Right-of-use assets	36,636,790.82	43,927,228.97
Intangible assets	1,110,395,361.76	1,063,468,842.61
Development costs		
Goodwill	561,364,385.01	561,364,385.01
Long-term prepaid expense	60,534,816.82	55,908,338.03
Deferred income tax assets	436,908,744.55	283,828,000.24
Other non-current assets	2,044,800.00	7,220,318.40
Total non-current assets	6,041,973,758.01	5,127,846,813.68
Total assets	29,006,307,740.69	25,418,086,447.80
Current liabilities:		
Short-term borrowings	30,029,027.77	30,035,138.89
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	81,620,172.86	127,114,336.16
Accounts payable	1,165,871,171.40	1,020,437,321.89
Advances from customers		
Contract liabilities	3,427,741,695.67	1,825,447,705.85
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of		



securities		
Payables for underwriting of securities		
Employee benefits payable	735,994,193.50	709,671,787.74
Taxes payable	927,603,919.56	873,270,986.71
Other payables	2,512,044,376.53	2,280,937,078.12
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	42,650,446.20	13,190,399.32
Other current liabilities	1,628,990,911.86	799,522,562.60
Total current liabilities	10,552,545,915.35	7,679,627,317.28
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	79,874,917.22	172,356,255.83
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	21,151,463.30	28,107,223.18
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	100,322,613.54	91,101,512.05
Deferred income tax liabilities	187,680,514.07	194,033,257.93
Other non-current liabilities		
Total non-current liabilities	389,029,508.13	485,598,248.99
Total liabilities	10,941,575,423.48	8,165,225,566.27
Owners' equity:		
Share capital	528,600,000.00	528,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	6,224,747,667.10	6,224,747,667.10
Less: Treasury stock		
Other comprehensive income	-898,924.02	-2,735,058.19
Specific reserve		
Surplus reserves	269,402,260.27	269,402,260.27
General reserve		

Retained earnings	10,273,276,078.21	9,517,374,574.46
Total equity attributable to owners of the Company as the parent	17,295,127,081.56	16,537,389,443.64
Non-controlling interests	769,605,235.65	715,471,437.89
Total owners' equity	18,064,732,317.21	17,252,860,881.53
Total liabilities and owners' equity	29,006,307,740.69	25,418,086,447.80

Legal representative: Liang Jinhui

The Company's chief accountant: Zhu Jiafeng

Head of the Company's financial department: Zhu Jiafeng

## 2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 June 2022	1 January 2022
Current assets:		
Monetary assets	9,355,278,275.11	6,701,949,499.06
Held-for-trading financial assets	203,857,213.38	2,611,037,013.67
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts receivable financing	466,402,931.56	269,471,899.40
Prepayments	53,743,292.28	85,579,299.60
Other receivables	264,237,544.48	290,480,736.49
Including: Interest receivable		
Dividends receivable		
Inventories	3,911,253,918.17	3,667,928,608.55
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	84,118,530.21	142,527,867.24
Total current assets	14,338,891,705.19	13,768,974,924.01
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	1,551,315,641.38	1,547,415,641.38
Investments in other equity instruments		
Other non-current financial assets		
Investment property	13,842,600.22	4,075,801.06
Fixed assets	1,291,057,237.41	1,375,344,792.42

Construction in progress	1,218,297,931.57	692,315,065.86
Productive living assets		
Oil and gas assets		
Right-of-use assets	34,300,269.79	40,811,867.62
Intangible assets	491,336,853.30	437,919,619.31
Development costs		
Goodwill		
Long-term prepaid expense	31,369,575.62	41,319,866.13
Deferred income tax assets	40,276,178.83	28,775,933.22
Other non-current assets		
Total non-current assets	4,671,796,288.12	4,167,978,587.00
Total assets	19,010,687,993.31	17,936,953,511.01
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	605,428,096.19	672,018,963.99
Advances from customers		
Contract liabilities	1,209,309,528.92	23,438,890.01
Employee benefits payable	177,583,788.13	160,404,100.41
Taxes payable	405,836,935.21	473,881,384.92
Other payables	508,268,839.59	632,857,371.46
Including: Interest payable		
Dividends payable		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	11,026,640.75	11,633,827.85
Other current liabilities	225,950,208.16	15,080,461.56
Total current liabilities	3,143,404,036.95	1,989,315,000.20
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	20,326,930.71	26,476,999.19
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	33,816,660.57	27,176,546.19
Deferred income tax liabilities	19,704,071.64	21,499,021.71

Other non-current liabilities		
Total non-current liabilities	73,847,662.92	75,152,567.09
Total liabilities	3,217,251,699.87	2,064,467,567.29
Owners' equity:		
Share capital	528,600,000.00	528,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	6,176,504,182.20	6,176,504,182.20
Less: Treasury stock		
Other comprehensive income	-1,275,460.64	-1,385,311.78
Specific reserve		
Surplus reserves	264,300,000.00	264,300,000.00
Retained earnings	8,825,307,571.88	8,904,467,073.30
Total owners' equity	15,793,436,293.44	15,872,485,943.72
Total liabilities and owners' equity	19,010,687,993.31	17,936,953,511.01

### 3. Consolidated Income Statement

Unit: RMB

Item	H1 2022	H1 2021
1. Revenue	9,002,005,923.42	7,007,496,467.74
Including: Operating revenue	9,002,005,923.42	7,007,496,467.74
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	6,352,382,128.23	5,170,893,817.52
Including: Cost of sales	2,023,003,861.36	1,653,818,347.31
Interest expense		
Handling charge and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	1,276,738,897.80	1,069,811,252.05
Selling expense	2,595,105,420.46	2,028,265,595.93
Administrative expense	559,320,542.66	467,727,393.70

R&D expense	27,837,365.94	19,961,346.26
Finance costs	-129,623,959.99	-68,690,117.73
Including: Interest expense	2,498,008.94	4,457,905.49
Interest income	131,378,962.32	72,689,006.99
Add: Other income	26,209,081.15	34,701,412.82
Return on investment (“-” for loss)	-17,449,121.42	-5,122,111.50
Including: Share of profit or loss of joint ventures and associates	144,074.52	60,287.04
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	318,569.02	5,237,242.40
Credit impairment loss (“-” for loss)	-1,258,781.36	1,945,965.69
Asset impairment loss (“-” for loss)	4,343,131.74	2,464,519.26
Asset disposal income (“-” for loss)	191,652.74	1,014,902.90
3. Operating profit (“-” for loss)	2,661,978,327.06	1,876,844,581.79
Add: Non-operating income	24,988,936.35	25,707,115.31
Less: Non-operating expense	8,351,463.17	3,255,078.91
4. Profit before tax (“-” for loss)	2,678,615,800.24	1,899,296,618.19
Less: Income tax expense	706,053,183.61	478,730,726.66
5. Net profit (“-” for net loss)	1,972,562,616.63	1,420,565,891.53
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	1,972,562,616.63	1,420,565,891.53
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	1,918,821,503.75	1,378,803,828.46
5.2.1 Net profit attributable to non-controlling interests	53,741,112.88	41,762,063.07
6. Other comprehensive income, net of tax	2,228,819.05	796,619.20

Attributable to owners of the Company as the parent	1,836,134.17	477,971.52
6.1 Items that will not be reclassified to profit or loss	911,837.54	477,971.52
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	911,837.54	477,971.52
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	924,296.63	0.00
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets	924,296.63	0.00
6.2.4 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
6.2.7 Other		
Attributable to non-controlling interests	392,684.88	318,647.68
7. Total comprehensive income	1,974,791,435.68	1,421,362,510.73
Attributable to owners of the Company as the parent	1,920,657,637.92	1,379,281,799.98
Attributable to non-controlling interests	54,133,797.76	42,080,710.75
8. Earnings per share		

8.1 Basic earnings per share	3.63	2.74
8.2 Diluted earnings per share	3.63	2.74

Legal representative: Liang Jinhui

The Company's chief accountant: Zhu Jiafeng

Head of the Company's financial department: Zhu Jiafeng

#### 4. Income Statement of the Company as the Parent

Unit: RMB

Item	H1 2022	H1 2021
1. Operating revenue	4,472,856,893.79	3,596,233,135.46
Less: Cost of sales	1,613,199,963.51	1,388,312,451.57
Taxes and surcharges	1,082,081,569.06	912,790,380.44
Selling expense	29,981,877.64	26,922,520.17
Administrative expense	371,905,439.74	274,336,727.36
R&D expense	11,378,186.74	12,595,670.28
Finance costs	-75,657,865.69	-33,519,413.78
Including: Interest expense	847,873.69	1,102,140.59
Interest income	76,111,832.12	34,468,139.72
Add: Other income	4,509,784.26	4,448,910.21
Return on investment ("-" for loss)	-17,430,120.00	-3,772,871.47
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)	318,569.02	5,237,242.40
Credit impairment loss ("-" for loss)	-165,730.36	1,815,211.93
Asset impairment loss ("-" for loss)	1,913,585.91	2,968,599.03
Asset disposal income ("-" for loss)	0.00	1,217,988.71
2. Operating profit ("-" for loss)	1,429,113,811.62	1,026,709,880.23
Add: Non-operating income	18,141,888.35	17,347,810.40
Less: Non-operating expense	5,121,167.93	1,424,712.54
3. Profit before tax ("-" for loss)	1,442,134,532.04	1,042,632,978.09
Less: Income tax expense	358,374,033.46	260,679,576.97
4. Net profit ("-" for net loss)	1,083,760,498.58	781,953,401.12

4.1 Net profit from continuing operations (“-” for net loss)	1,083,760,498.58	781,953,401.12
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	109,851.14	0.00
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments		
5.1.4 Changes in the fair value arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss	109,851.14	0.00
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets	109,851.14	0.00
5.2.4 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	1,083,870,349.72	781,953,401.12
7. Earnings per share		
7.1 Basic earnings per share	2.05	1.55
7.2 Diluted earnings per share	2.05	1.55



## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2022	H1 2021
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	10,536,436,947.68	8,064,793,672.94
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates	3,593,014.59	3,388,614.96
Cash generated from other operating activities	416,874,433.62	1,598,870,662.08
Subtotal of cash generated from operating activities	10,956,904,395.89	9,667,052,949.98
Payments for commodities and services	1,429,207,252.95	1,273,004,707.79
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		

Cash paid to and for employees	1,636,020,699.63	1,492,074,698.56
Taxes paid	2,928,271,586.95	2,121,640,018.53
Cash used in other operating activities	772,158,056.57	4,516,366,392.84
Subtotal of cash used in operating activities	6,765,657,596.10	9,403,085,817.72
Net cash generated from/used in operating activities	4,191,246,799.79	263,967,132.26
2. Cash flows from investing activities:		
Proceeds from disinvestment	4,587,477,639.71	396,849,809.53
Return on investment	1,067,121.16	1,258,176.12
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	1,244,063.80	1,570,219.30
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	4,589,788,824.67	399,678,204.95
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	714,217,547.21	285,092,874.96
Payments for investments	1,464,575,094.67	404,900,000.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units	0.00	65,186,333.10
Cash used in other investing activities		
Subtotal of cash used in investing activities	2,178,792,641.88	755,179,208.06
Net cash generated from/used in investing activities	2,410,996,182.79	-355,501,003.11
3. Cash flows from financing activities:		
Capital contributions received	0.00	4,962,827,169.81
Including: Capital contributions by non-controlling interests to subsidiaries	0.00	5,280,000.00
Borrowings raised	20,000,000.00	130,330,000.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	20,000,000.00	5,093,157,169.81
Repayment of borrowings	94,851,054.01	228,437,703.59
Interest and dividends paid	1,166,060,059.13	759,464,406.09
Including: Dividends paid by		

subsidiaries to non-controlling interests		
Cash used in other financing activities	9,257,885.61	8,235,784.88
Subtotal of cash used in financing activities	1,270,168,998.75	996,137,894.56
Net cash generated from/used in financing activities	-1,250,168,998.75	4,097,019,275.25
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	5,352,073,983.83	4,005,485,404.40
Add: Cash and cash equivalents, beginning of the period	6,057,550,178.60	5,636,903,693.74
6. Cash and cash equivalents, end of the period	11,409,624,162.43	9,642,389,098.14

## 6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	H1 2022	H1 2021
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	9,789,484,776.84	7,096,307,729.01
Tax rebates		
Cash generated from other operating activities	849,250,330.86	2,341,213,371.64
Subtotal of cash generated from operating activities	10,638,735,107.70	9,437,521,100.65
Payments for commodities and services	1,357,709,777.54	1,352,698,829.10
Cash paid to and for employees	535,086,542.33	501,300,793.46
Taxes paid	1,871,802,206.80	1,342,951,770.60
Cash used in other operating activities	5,008,612,241.81	7,545,117,742.35
Subtotal of cash used in operating activities	8,773,210,768.48	10,742,069,135.51
Net cash generated from/used in operating activities	1,865,524,339.22	-1,304,548,034.86
2. Cash flows from investing activities:		
Proceeds from disinvestment	4,436,593,245.00	386,849,809.53
Return on investment	78,111,847.94	438,267.56
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	0.00	1,475,459.30
Net proceeds from the disposal of	0.00	3,123,346.37

subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	4,514,705,092.94	391,886,882.76
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	592,574,549.94	203,961,053.06
Payments for investments	713,900,000.00	394,900,000.00
Net payments for the acquisition of subsidiaries and other business units	0.00	205,920,000.00
Cash used in other investing activities		
Subtotal of cash used in investing activities	1,306,474,549.94	804,781,053.06
Net cash generated from/used in investing activities	3,208,230,543.00	-412,894,170.30
3. Cash flows from financing activities:		
Capital contributions received	0.00	4,957,547,169.81
Borrowings raised		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	0.00	4,957,547,169.81
Repayment of borrowings		
Interest and dividends paid	1,162,518,220.56	755,225,623.63
Cash used in other financing activities	7,907,885.61	7,335,784.88
Subtotal of cash used in financing activities	1,170,426,106.17	762,561,408.51
Net cash generated from/used in financing activities	-1,170,426,106.17	4,194,985,761.30
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	3,903,328,776.05	2,477,543,556.14
Add: Cash and cash equivalents, beginning of the period	1,571,949,499.06	4,087,808,756.66
6. Cash and cash equivalents, end of the period	5,475,278,275.11	6,565,352,312.80

### 7. Consolidated Statements of Changes in Owners' Equity

H1 2022

Unit: RMB

Item	H1 2022														
	Equity attributable to owners of the Company as the parent												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other			Subtotal
		Preferred shares	Perpetual bonds	Other											
1. Balance as at the end of the period of prior year	528,600,000.				6,224,747,667.10		-2,735,058.19		269,402,260.27		9,517,374,574.46		16,537,389,443.64	715,471,437.89	17,252,860,881.53
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															

Adjustment for business combination under common control														
Other adjustments														
2. Balance as at the beginning of the Reporting Period	528,600,000.00				6,224,747,667.10	-2,735,058.19		269,402,260.27		9,517,374,574.46		16,537,389,443.64	715,471,437.89	17,252,860,881.53
3. Increase/decrease in the period (“-” for decrease)						1,836,134.17				755,901,503.75		757,737,637.92	54,133,797.76	811,871,435.68
3.1 Total comprehensive income						1,836,134.17				1,918,821,503.75		1,920,657,637.92	54,133,797.76	1,974,791,435.68
3.2 Capital increased and reduced by owners														
3.2.1 Ordinary														

shares increased by owners															
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other															
3.3 Profit distribution										-1,162,920,000.00		-1,162,920,000.00		-1,162,920,000.00	
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation										-1,162,920,000.		-1,162,920,000.		-1,162,920,000.	

n to owners (or shareholders )												00		00			00
3.3.4 Other																	
3.4 Transfers within owners' equity																	
3.4.1 Increase in capital (or share capital) from capital reserves																	
3.4.2 Increase in capital (or share capital) from surplus reserves																	
3.4.3 Loss offset by surplus reserves																	



3.4.4 Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balance as at the end of	528,600,000.				6,224,747,667.		-898,924.02		269,402,260.		10,273,276,078.		17,295,127,081.	769,605,235.	18,064,732,317.

the Reporting Period	00				10				27		21		56	65	21
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H1 2021

Unit: RMB

Item	H1 2021														
	Equity attributable to owners of the Company as the parent												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other			Subtotal
		Preferred shares	Perpetual bonds	Other											
1. Balance as at the end of the period of prior year	503,600,000.00				1,295,405,592.25					256,902,260.27		7,987,380,161.21	10,043,288,013.73	405,562,772.65	10,448,850,786.38
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															

Adjustment for business combination under common control														
Other adjustments														
2. Balance as at the beginning of the Reporting Period	503,600,000.00			1,295,405,592.25				256,902,260.27		7,987,380,161.21		10,043,288,013.73	405,562,772.65	10,448,850,786.38
3. Increase/decrease in the period (“-” for decrease)	25,000,000.00			4,929,342,074.85		477,971.52				623,403,828.46		5,578,223,874.83	140,633,552.04	5,718,857,426.87
3.1 Total comprehensive income						477,971.52				1,378,803,828.46		1,379,281,799.98	42,080,710.75	1,421,362,510.73
3.2 Capital increased and reduced by owners	25,000,000.00			4,929,342,074.85								4,954,342,074.85	98,552,841.29	5,052,894,916.14
3.2.1 Ordinary	25,000,000.00			4,929,342,074.85								4,954,342,074.85		4,954,342,074.85



Appropriation to owners (or shareholders)											0				
3.3.4 Other															
3.4 Transfers within owners' equity															
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															
3.4.4															

Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balance as at the end of the	528,600,000.				6,224,747,667.10		477,971.52		256,902,260.27		8,610,783,989.67		15,621,511,888.56	546,196,324.69	16,167,708,213.25

Reporting Period															
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### 8. Statements of Changes in Owners' Equity of the Company as the Parent

H1 2022

Unit: RMB

Item	H1 2022											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the period of prior year	528,600,000.00				6,176,504,182.20		-1,385,311.78		264,300,000.00	8,904,467,073.30		15,872,485,943.72
Add:												
Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the	528,600,000.00				6,176,504,182.20		-1,385,311.78		264,300,000.00	8,904,467,073.30		15,872,485,943.72

beginning of the Reporting Period												
3. Increase/decrease in the period (“-” for decrease)							109,851.14				-79,159,501.42	-79,049,650.28
3.1 Total comprehensive income							109,851.14				1,083,760,498.58	1,083,870,349.72
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in												



owners' equity												
3.2.4 Other												
3.3 Profit distribution										-1,162,920,000.00		-1,162,920,000.00
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-1,162,920,000.00		-1,162,920,000.00
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in												

capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the												

period											
3.5.2 Used in the period											
3.6 Other											
4. Balance as at the end of the Reporting Period	528,600,000.0 0				6,176,504,182.2 0	-1,275,460.64		264,300,000.0 0	8,825,307,571.88		15,793,436,293.4 4

H1 2021

Unit: RMB

Item	H1 2021											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the period of prior year	503,600,000.00				1,247,162,107.35				251,800,000.00	7,465,059,972.22		9,467,622,079.57
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the Reporting Period	503,600,000.00				1,247,162,107.35				251,800,000.00	7,465,059,972.22		9,467,622,079.57

3. Increase/ decrease in the period (“-” for decrease)	25,000,000.00				4,929,342,074.85					26,553,401.12		4,980,895,475.97
3.1 Total comprehensive income										781,953,401.12		781,953,401.12
3.2 Capital increased and reduced by owners	25,000,000.00				4,929,342,074.85							4,954,342,074.85
3.2.1 Ordinary shares increased by owners	25,000,000.00				4,929,342,074.85							4,954,342,074.85
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners’ equity												
3.2.4 Other												
3.3 Profit distribution										-755,400,000.00		-755,400,000.00
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-755,400,000.00		-755,400,000.00

3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												

4. Balance as at the end of the Reporting Period	528,600,000.00				6,176,504,182.20				251,800,000.00	7,491,613,373.34		14,448,517,555.54
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**Anhui Gujing Distillery Company Limited**  
**Notes to Financial Statements for H1 2022**  
**(Currency Unit Is RMB Unless Otherwise Stated)**

## **1. BASIC INFORMATION ABOUT THE COMPANY**

### **1.1 Corporate Information**

Authorized by document WGZGZ (1996) No.053 of Anhui Administrative Bureau of State-owned Property, Anhui Gujing Distillery Company Limited (“the Company”) was established as a limited liability company with net assets of RMB377,167,700 and state-owned shares of 155,000,000 shares and considered Anhui Gujing Company as the only promoter. The registration place was Bozhou Anhui China. The Company was established on 5 March 1996 by document of WZM (1996) No.42 of Anhui People’s Government. The Company set up plenary session on 28 May 1996 and registered in Anhui on 30 May 1996.

The Company has issued 60,000,000 domestic listed foreign shares (“B” shares) in June 1996 and 20,000,000 ordinary shares (“A shares) on September 1996, ordinary shares are listed in national and par value is RMB1.00 per share. Those A shares and B shares are listed in Shenzhen Stock exchange.

Headquarter of the Company is located in Gujing Bozhou Anhui. The Company and its subsidiaries (the Company) specialize in producing and selling white spirit.

Registered capitals of the Company were RMB235,000,000 with stocks of 235,000,000, of which 155,000,000 shares were issued in China, B shares of 60,000,000 shares and A shares of 20,000,000 shares. The book value of the stocks of the Company was of RMB1 per share.

On 29 May 2006, a shareholder meeting was held to discuss and approval a program of equity division of A share, the program was implement in June 2006. After implementation, all shares are outstanding share, which include 147,000,000 shares with restrict condition on disposal, represent 62.55% of total equity, and 88,000,000 shares without restrict condition on disposal, represent 37.45% of total equity.

The Company issued <Announcement of release restriction shares by Anhui Gujing Distillery Company Limited> on 27 June 2007, 11,750,000 outstanding shares with restrict condition on disposal are listed in stock market on 29 June 2007. Up to that day, outstanding shares with restrict condition on disposal are 135,250,000, representing 57.55% of total equity, the share without restrict condition are 99,750,000, representing 42.45% of total equity.

The Company issued <Announcement of release restriction shares by Anhui Gujing Distillery Company Limited> on 17 July 2008, 11,750,000 outstanding shares with restrict condition on disposal are listed in stock market on 18 July 2008. Up to that day, outstanding shares with restrict condition on disposal are 123,500,000, representing 52.55% of total equity, the share without restrict condition are 111,500,000, representing 47.45% of total equity.

The Company issued <Announcement of release restriction shares by Anhui Gujing Distillery Company Limited> on 24 July 2009, 123,500,000 outstanding shares with restrict condition on disposal are listed in stock market on

29 July 2009. Up to that day, the Company's all shares are all tradable.

Approved by the CSRC Document Zheng-Jian-Xu-Ke [2011] No. 943, the Company privately offered 16,800,000 ordinary shares (A-shares) to special investors on 15 July 2011, with a par value of RMB1 and the price of RMB75.00 per share, raising RMB1,260,000,000.00 in total, the net amount of raised funds stood at RMB1,227,499,450.27 after deducting RMB32,500,549.73 of various issuance expenses. Certified Public Accountants verified the raised capital upon its arrival and issued the Capital Verification Report Reanda-Yan-Zi [2011] No. 1065. After private issuance, the share capital of the Company increased to RMB251.8 million.

Pursuant to the Resolution of The 2011 Annual General Meeting, the Company that considered 251,800,000 shares as base number on 31 December 2011 transferred capital reserve into share capital at a rate of "10 shares for per 10 shares" accounting for 251,800,000 shares and implemented in the year of 2012. Upon the transference, the registered capitals increased to RMB503,600,000.

Approved by the China Securities Regulatory Commission under CSRC Permit [2021] No. 1422, the Company privately issued RMB25,000,000 ordinary shares (A shares) with the par value of RMB1 per share to specific targets on 22 July 2021 at an issuing price of RMB200.00 per share, raising total proceeds of RMB5,000,000,000.00. After deducting the expenses related to the issue of RMB45,657,925.15, the actual net proceeds raised were RMB4,954,342,074.85. RSM (special ordinary partnership) has audited the availability of the funds raised from the non-public offering of shares of the Company and issued Capital Verification Report R.C.Y.Z [2021] No. 518Z0050. The share capital of the Company increased to RMB528,600,000 after the non-public offering.

By 30 June 2022, the Company issued 528,600,000 shares. See Note 5.32 for details.

The Company is registered at Gujing Town, Bozhou City, Anhui Province.

The approved business of the Company including procurement of grain (operating with business license), manufacture of distilled spirits, wine distilling facilities, packaging material, bottles, alcohol, grease (limited to byproducts from wine manufacture), and research and development of high-tech, biotechnology development, agricultural and sideline products deep processing, as well as sale of self-manufacturing products.

Disclosure date of financial statement approved: Financial statement of the Company will be released on 30 August 2022 by the Board of Directors.

## 1.2 Scope of Consolidation and Changes Thereof

### (1) Incorporated subsidiaries of the Company

No.	Name of Subsidiaries	Abbreviation	Proportion of Shareholding (or similar equity interest) (%)	
			Direct	Indirect
1	Bozhou Gujing Sales Co., Ltd.	Gujing Sales	100.00	
2	Anhui Jinyunlai Culture & Media Co., Ltd.	Jinyunlai	100.00	



No.	Name of Subsidiaries	Abbreviation	Proportion of Shareholding (or similar equity interest) (%)	
			Direct	Indirect
3	Anhui Ruisiweier Technology Co., Ltd.	Ruisiweier	100.00	
4	Anhui Longrui Glass Co., Ltd	Longrui Glass	100.00	
5	Shanghai Gujing Jinhao Hotel Management Co., Ltd.	Jinhao Hotel	100.00	
6	Bozhou Gujing Hotel Co., Ltd	Gujing Hotel	100.00	
7	Anhui Yuanqing Environmental Protection Co., Ltd.	Yuanqing Environmental Protection	100.00	
8	Anhui Gujing Yunshang E-commerce Co., Ltd.	Gujing E-commerce	100.00	
9	Anhui RunAnXinKe Testing Technology Co., Ltd.	RunAnXinKe	100.00	
10	Anhui Anjie Technology Co., Ltd.	Anjie Technology		70.00
11	Anhui Jiuan Mechanical Electrical Equipment Co., Ltd.	Jiuan Mechanical Electrical	100.00	
12	Anhui Jiudao Culture Media Co., Ltd.	Jiudao Culture	100.00	
13	Anhui Jiuhao China Railway Construction Engineering Co., Ltd.	Jiuhao China Railway	52.00	
14	Anhui Zhenrui Construction Engineering Co., Ltd	Zhenrui Engineering		52.00
15	Yellow Crane Tower Distillery Co., Ltd.	Yellow Crane Tower Distillery	51.00	
16	Yellow Crane Tower Distillery (Suizhou) Co., Ltd.	Yellow Crane Tower (Suizhou)		51.00
17	Hubei Junlou Cultural Tourism Co., Ltd.	Junlou Cultural		51.00
18	Hubei Yellow Crane Tower Beverage Co., Ltd.	Yellow Crane Tower Beverage		51.00
19	Yellow Crane Tower Distillery (Xianning) Co., Ltd.	Yellow Crane Tower (Xianning)		51.00
20	Wuhan Yashibo Technology Co., Ltd.	Yashibo		51.00
21	Hubei Xinjia Testing Technology Co., Ltd.	Xinjia Testing		51.00
22	Wuhan Tianlong Jindi Technology Development Co., Ltd	Tianlong Jindi		51.00
23	Wuhan Junya Sales Co., Ltd	Junya Sales		51.00
24	Xianning Junhe Sales Co., Ltd.	Xianning Junhe		51.00
25	Suizhou Junhe Commercial Co., Ltd.	Suizhou Junhe		51.00
26	Huanggang Junya Trading Co., Ltd.	Huanggang Junya		51.00

No.	Name of Subsidiaries	Abbreviation	Proportion of Shareholding (or similar equity interest) (%)	
			Direct	Indirect
27	Renhuai Maotai Town Zhencang Winery Industry Co., Ltd.	Zhencang Winery Industry	60.00	
28	Anhui Mingguang Wine Co., Ltd.	Mingguang Wine	60.00	
29	Mingguang Tiancheng Ming Wine Sales Co., Ltd.	Tiancheng Sales		60.00
30	Fengyang Xiaogang Village Ming Wine Distillery Co., Ltd.	Fengyang Xiaogang Village		42.00

For details of the subsidiaries mentioned above, please refer to *Note 7 INTEREST IN OTHER ENTITIES*

## (2) Change of the scope of consolidation

Compared with the previous period, the newly incorporated subsidiaries during the reporting period were Anjie Technology and Huanggang Junya.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### 2.1 Basis for Preparation

On the basis of continuous operations, the Company shall confirm and measure actual transactions and events in accordance with the Accounting Standards for Business Enterprises and its Application Guidelines and Interpretation of the Standards, and prepare financial statements. Besides, the Company also discloses relevant financial information in accordance with the *China Securities Regulatory Commission (CSRC) Rules No. 15 on the Compilation and Reporting of Corporate Information on Public Offerings -- General Provisions on Financial Reports (2014 Revision)*.

### 2.2 Continuation

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

## 3. Important Accounting Policies and Estimations

The following important accounting policies and estimates of the Company shall be formulated in accordance with the Accounting Standards for Business Enterprises. The business not mentioned shall be carried out in accordance with the relevant accounting policies in the Accounting Standards for Business Enterprises.

### 3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company's financial positions on 30 June 2022, changes of owners' equity, business results and cash flows and other relevant information for H1 2022.

### 3.2 Fiscal Period

The accounting year of the Company is from January 1 to December 31 in calendar year.

### 3.3 Operating Cycle

The normal operating cycle of the Company is one year.

### 3.4 Currency Used in Bookkeeping

The Company's functional currency is RMB, and its overseas subsidiaries are operated in the currency of the main economic environment in which they operate.

### 3.5 Accounting Treatment of Business Combinations under and not under Common Control

#### (a) Business combinations under common control

The assets and liabilities that the Company obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve (capital premium or share premium) shall be adjusted. If the capital reserve (capital premium or share premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

For the accounting treatment of business combination under common control by step acquisitions, please refer to Note 3.6 (6).

#### (b) Business combinations not under common control

The assets and liabilities that the Company obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognise the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

- (i) It shall review the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;
- (ii) If, after the review, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognised in profit or loss of the reporting period.

For the accounting treatment of business combination under the same control by step acquisitions, please refer to Note 3.6 (6).

**(c) Treatment of business combination related costs**

The intermediary costs such as audit, legal services and valuation consulting and other related management costs that are directly attributable to the business combination shall be charged in profit or loss in the period in which they are incurred. The costs to issue equity or debt securities for the consideration of business combination shall be recorded as a part of the value of the respect equity or debt securities upon initial recognition.

**3.6 Method of Preparing the Consolidated Financial Statements****(a) Scope of consolidation**

The scope of consolidated financial statements shall be determined on the basis of control. It not only includes subsidiaries determined based on voting power (or similar) or other arrangement, but also structured entities under one or several contract arrangements.

Control exists when the Company has all the following: power over the investee; exposure, or rights to variable returns from the Company's involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are the entities that controlled by the Company (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

**(b) Special requirement as the parent company is an investment entity**

If the parent company is an investment entity, it should measure its investments in particular subsidiaries as financial assets at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated and separate financial statements. However, as an exception to this requirement, if a subsidiary provides investment-related services or activities to the investment entity, it should be consolidated.

The parent company is defined as investment entity when meets following conditions:

- a. Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- b. Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- c. Measures and evaluates the performance of substantially all of its investments on a fair value basis.

If the parent company becomes an investment entity, it shall cease to consolidate its subsidiaries at the date of the change in status, except for any subsidiary which provides investment-related services or activities to the investment entity shall be continued to be consolidated. The deconsolidation of subsidiaries is accounted for as though the investment entity partially disposed subsidiaries without loss of control.

When the parent company previously classified as an investment entity ceases to be an investment entity, subsidiary that was previously measured at fair value through profit or loss shall be included in the scope of consolidated financial statements at the date of the change in status. The fair value of the subsidiary at the date of

change represents the transferred deemed consideration in accordance with the accounting for business combination not under common control.

**(c) Method of preparing the consolidated financial statements**

The consolidated financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries, and using other related information.

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

(i) Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of the subsidiaries.

(ii) The carrying amount of the parent's investment in each subsidiary is eliminated (off-set) against the parent's portion of equity of each subsidiary.

(iii) Eliminate the impact of intragroup transactions between the Company and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognised in full.

(iv) Make adjustments to special transactions from the perspective of the group.

**(d) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period**

(i) Acquisition of subsidiaries or business

*Subsidiaries or business acquired through business combination under common control*

When preparing consolidated statements of financial position, the opening balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

*Subsidiaries or business acquired through business combination not under common control*

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss.

Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

(ii) Disposal of subsidiaries or business

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss.

Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

**(e) Special consideration in consolidation elimination**

(i) Long-term equity investment held by the subsidiaries to the Company shall be recognised as treasury stock of the Company, which is offset with the owner's equity, represented as "treasury stock" under "owner's equity" in the consolidated statement of financial position.

Long-term equity investment held by subsidiaries between each other is accounted for taking long-term equity investment held by the Company to its subsidiaries as reference. That is, the long-term equity investment is eliminated (off- set) against the portion of the corresponding subsidiary's equity.

(ii) Due to not belonging to paid-in capital (or share capital) and capital reserve, and being different from retained earnings and undistributed profit, "Specific reserves" and "General risk provision" shall be recovered based on the proportion attributable to owners of the parent company after long-term equity investment to the subsidiaries is eliminated with the subsidiaries' equity.

(iii) If temporary timing difference between the book value of the assets and liabilities in the consolidated statement of financial position and their tax basis is generated as a result of elimination of unrealized inter-company transaction profit or loss, deferred tax assets of deferred tax liabilities shall be recognised, and income tax expense in the consolidated statement of profit or loss shall be adjusted simultaneously, excluding deferred taxes related to transactions or events directly recognised in owner's equity or business combination.

(iv) Unrealised inter-company transactions profit or loss generated from the Company selling assets to its subsidiaries shall be eliminated against "net profit attributed to the owners of the parent company" in full. Unrealized inter-company transactions profit or loss generated from the subsidiaries selling assets to the Company shall be eliminated between "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion of the Company in the related subsidiaries. Unrealized inter-company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated between "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the

proportion of the Company in the selling subsidiaries.

(v) If loss attributed to the minority shareholders of a subsidiary in current period is more than the proportion of non-controlling interest in this subsidiary at the beginning of the period, non-controlling interest is still to be written down.

#### **(f) Accounting for Special Transactions**

##### **(i) Purchasing of non-controlling interests**

Where, the Company purchases non-controlling interests of its subsidiary, in the separate financial statements of the Company, the cost of the long-term equity investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration paid. In the consolidated financial statements, difference between the cost of the long-term equity investment newly obtained in purchasing non-controlling interests and share of the subsidiary's net assets from the acquisition date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted into capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

##### **(ii) Gaining control over the subsidiary in stages through multiple transactions**

##### **Business combination under common control in stages through multiple transactions**

On the combination date, in the separate financial statement, initial cost of the long-term equity investment is determined according to the share of carrying amount of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements after combination. The difference between the initial cost of the long-term equity investment and the carrying amount of the long-term investment held prior of control plus book value of additional consideration paid at acquisition date is adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against surplus reserve and undistributed profit in turn.

In the consolidated financial statements, the assets and liabilities acquired during the combination should be recognized at their carrying amount in the ultimate controlling entity's consolidated financial statements on the combination date unless any adjustment is resulted from the difference in accounting policies. The difference between the carrying amount of the investment held prior of control plus book value of additional consideration paid on the acquisition date and the net assets acquired through the combination is adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against retained earnings.

If the acquiring entity holds equity investment in the acquired entity prior to the combination date and the equity investment is accounted for under the equity method, related profit or loss, other comprehensive income and other changes in equity which have been recognised during the period from the later of the date of the Company obtaining original equity interest and the date of both the acquirer and the acquiree under common control of the same ultimate controlling party to the combination date should be offset against the opening balance of retained

earnings at the comparative financial statements period respectively.

Business combination not under common control in stages through multiple transactions

On the consolidation date, in the separate financial statements, the initial cost of long-term equity investment is determined according to the carrying amount of the original long-term investment plus the cost of new investment.

In the consolidated financial statements, the equity interest of the acquired entity held prior to the acquisition date shall be re-measured at its fair value on the acquisition date. Difference between the fair value of the equity interest and its book value is recognised as investment income. The other comprehensive income related to the equity interest held prior to the acquisition date calculated through equity method, should be transferred to current investment income of the acquisition period, excluding other comprehensive income resulted from the remeasurement of the net assets or net liabilities under defined benefit plan. The Company shall disclose acquisition-date fair value of the equity interest held prior to the acquisition date, and the related gains or losses due to the remeasurement based on fair value.

(iii) Disposal of investment in subsidiaries without a loss of control

For partial disposal of the long-term equity investment in the subsidiaries without a loss of control, when the Company prepares consolidated financial statements, difference between consideration received from the disposal and the corresponding share of subsidiary's net assets cumulatively calculated from the acquisition date or combination date shall be adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be offset against retained earnings.

(iv) Disposal of investment in subsidiaries with a loss of control

Disposal through one transaction

If the Company loses control in an investee through partial disposal of the equity investment, when the consolidated financial statements are prepared, the retained equity interest should be re-measured at fair value at the date of loss of control. The difference between i) the fair value of consideration received from the disposal plus non-controlling interest retained; ii) share of the former subsidiary's net assets cumulatively calculated from the acquisition date or combination date according to the original proportion of equity interest, shall be recognised in current investment income when control is lost.

Moreover, other comprehensive income and other changes in equity related to the equity investment in the former subsidiary shall be transferred into current investment income when control is lost, excluding other comprehensive income resulted from the remeasurement of the movement of net assets or net liabilities under defined benefit plan.

Disposal in stages

In the consolidated financial statements, whether the transactions should be accounted for as "a single transaction" needs to be decided firstly.



If the disposal in stages should not be classified as “a single transaction”, in the separate financial statements, for transactions prior of the date of loss of control, carrying amount of each disposal of long-term equity investment need to be recognized, and the difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognized in current investment income; in the consolidated financial statements, the disposal transaction should be accounted for according to related policy in “Disposal of long-term equity investment in subsidiaries without a loss of control”.

If the disposal in stages should be classified as “a single transaction”, these transactions should be accounted for as a single transaction of disposal of subsidiary resulting in loss of control. In the separate financial statements, for each transaction prior of the date of loss of control, difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognised as other comprehensive income firstly, and transferred to profit or loss as a whole when control is lost; in the consolidated financial statements, for each transaction prior of the date of loss of control, difference between consideration received and proportion of the subsidiary’s net assets corresponding to the equity interest disposed should be recognised in profit or loss as a whole when control is lost.

In considering of the terms and conditions of the transactions as well as their economic impact, the presence of one or more of the following indicators may lead to account for multiple transactions as a single transaction:

- (a) The transactions are entered into simultaneously or in contemplation of one another.
- (b) The transactions form a single transaction designed to achieve an overall commercial effect.
- (c) The occurrence of one transaction depends on the occurrence of at least one other transaction.
- (d) One transaction, when considered on its own merits, does not make economic sense, but when considered together with the other transaction or transactions would be considered economically justifiable.
- (v) Diluting equity share of parent company in its subsidiaries due to additional capital injection by the subsidiaries’ minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries’ net assets calculated based on the parent’s equity interest before and after the capital injection shall be adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against retained earnings.

### **3.7 Classification of Joint Arrangements and Accounting for Joint Operation**

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangement of the Company is classified as either a joint operation or a joint venture.

#### **(a) Joint operation**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights

to the assets, and obligations for the liabilities, relating to the arrangement.

The Company shall recognise the following items in relation to shared interest in a joint operation, and account for them in accordance with relevant accounting standards of the Accounting Standards for Business Enterprises:

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operation;
- (iv) its share of the revenue from the sale of the output by the joint operation; and
- (v) its expenses, including its share of any expenses incurred jointly.

#### **(b) Joint venture**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company accounts for its investment in the joint venture by applying the equity method of long-term equity investment.

### **3.8 Cash and Cash Equivalents**

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### **3.9 Foreign Currency Transactions and Translation of Foreign Currency Financial Statements**

#### **(a) Determination of the exchange rate for foreign currency transactions**

At the time of initial recognition of a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in the functional currency at the spot exchange rate of the transaction date, or at an exchange rate which is determined through a systematic and reasonable method and is approximate to the spot exchange rate of the transaction date (hereinafter referred to as the approximate exchange rate).

#### **(b) Translation of monetary items denominated in foreign currency on the balance sheet date**

The foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded into the profits and losses at the current period. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date; for the foreign currency non-monetary items restated to a fair value measurement, shall be translated into the at the spot exchange rate at the date when the fair value was determined, the difference between the restated functional currency amount and the original functional currency amount shall be recorded into the profits and losses at the current period.

#### **(c) Translation of foreign currency financial statements**

Before translating the financial statements of foreign operations, the accounting period and accounting policy

shall be adjusted so as to conform to the Company. The adjusted foreign operation financial statements denominated in foreign currency (other than functional currency) shall be translated in accordance with the following method:

- (i) The asset and liability items in the statement of financial position shall be translated at the spot exchange rates at the date of that statement of financial position. The owners' equity items except undistributed profit shall be translated at the spot exchange rates when they are incurred.
- (ii) The income and expense items in the statement of profit and other comprehensive income shall be translated at the spot exchange rates or approximate exchange rate at the date of transaction.
- (iii) Foreign currency cash flows and cash flows of foreign subsidiaries shall be translated at the spot exchange rate or approximate exchange rate when the cash flows are incurred. The effect of exchange rate changes on cash is presented separately in the statement of cash flows as an adjustment item.
- (iv) The differences arising from the translation of foreign currency financial statements shall be presented separately as "other comprehensive income" under the owners' equity items of the consolidated statement of financial position.

When disposing a foreign operation involving loss of control, the cumulative amount of the exchange differences relating to that foreign operation recognised under other comprehensive income in the statement of financial position, shall be reclassified into current profit or loss according to the proportion disposed.

### **3.10 Financial Instruments**

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **(a) Recognition and derecognition of financial instrument**

A financial asset or a financial liability should be recognised in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognised when meets one of the following conditions:

- (i) The rights to the contractual cash flows from a financial asset expire
- (ii) The financial asset has been transferred and meets one of the following derecognition conditions:

Financial liabilities (or part thereof) are derecognised only when the liability is extinguished—i.e., when the obligation specified in the contract is discharged or cancelled or expires. An exchange of the Company (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a regular-way shall be recognised and derecognised using trade date accounting. A regular-way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the

market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

**(b) Classification and measurement of financial assets**

At initial recognition, the Company classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortised cost, financial asset at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVTOCI). Reclassification of financial assets is permitted if, and only if, the objective of the entity's business model for managing those financial assets changes. In this circumstance, all affected financial assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at FVTPL, transaction costs are recognised in current profit or loss. For financial assets not measured at FVTPL, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

**(i) Financial asset at amortised cost**

The financial asset at amortised cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortised cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognised in current profit or loss.

**(ii) Financial asset at fair value through other comprehensive income (FVTOCI)**

The financial asset at FVTOCI category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principle and interest on the principal amount outstanding. All changes in fair value are recognised in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognised in current profit or loss. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to current profit or loss. However, interest income calculated based on the effective interest rate is included in current profit or loss.

The Company make an irrevocable decision to designate part of non-trading equity instrument investments as measured through FVTOCI. All changes in fair value are recognised in other comprehensive income except for

dividend income recognised in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

(iii) Financial asset at fair value through profit or loss (FVTPL)

Financial asset except for above mentioned financial asset at amortised cost or financial asset at fair value through other comprehensive income (FVTOCI), should be classified as financial asset at fair value through profit or loss (FVTPL). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

**(c) Classification and measurement of financial liabilities**

The Company classified the financial liabilities as financial liabilities at fair value through profit or loss (FVTPL), loan commitments at a below-market interest rate and financial guarantee contracts and financial asset at amortised cost.

Subsequent measurement of financial assets will be based on the classification:

(i) Financial liabilities at fair value through profit or loss (FVTPL)

Held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at FVTPL are classified as financial liabilities at FVTP. After initial recognition, any gain or loss (including interest expense) are recognised in current profit or loss except for those hedge accounting is applied. For financial liability that is designated as at FVTPL, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to retained earnings.

(ii) Loan commitments and financial guarantee contracts

Loan commitment is a commitment by the Company to provide a loan to customer under specified contract terms. The provision of impairment losses of loan commitments shall be recognised based on expected credit losses model.

Financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognised according to the impairment principles of financial instruments; and the amount initially recognised less the cumulative amount of income recognised in accordance with the revenue principles.

(iii) Financial liabilities at amortised cost

After initial recognition, the Company measured other financial liabilities at amortised cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

(i) If the Company has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meet the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.

(ii) If a financial instrument must or may be settled in the Company's own equity instruments, it should be considered that the Company's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the Company's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity's own equity instruments

#### **(d) Derivatives and embedded derivatives**

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognised as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognised directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognised in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the Company shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the Company is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract is designated as financial assets or financial liabilities at fair value through profit or loss.

#### **(e) Impairment of financial instrument**

The Company shall recognise a loss allowance based on expected credit losses on a financial asset that is measured at amortised cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment and a financial guarantee contract.

(i) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime, if the expected life of a financial instrument is less than 12 months).

At each reporting date, the Company classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired is at stage 2. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit-impaired as at the end of the reporting period is at stage 3. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortised cost after deducting of impairment loss.

For notes receivable, accounts receivable and accounts receivable financing, no matter it contains a significant financing component or not, the Company shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

Receivables

For the notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the Company shall individually assess for impairment and recognise the loss allowance for expected



credit losses. If the Company determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

Determination basis of notes receivable is as following:

Group 1: Commercial acceptance bills

Group 2: Bank acceptance bills

For each group, the Company calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of accounts receivable is as following:

Group 1: Accounts receivables due from the company within the scope of consolidation

Group 2: Accounts receivables due from other customers

For each group, the Company calculates expected credit losses through preparing an aging analysis schedule with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of other receivables is as following:

Group 1: Other receivables due from the company within the scope of consolidation

Group 2: Other receivables due from others

For each group, the Company calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

#### Debt investment and other debt investment

For debt investment and other debt investment, the Company shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

##### (ii) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

##### (iii) Significant increase in credit risk

The Company shall assess whether the credit risk on a financial instrument has increased significantly since initial



recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the Company shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the Company are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behaviour of the borrower;
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the Company shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the Company can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the Company shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company can only rebut this presumption if the Company has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

#### (iv) Credit-impaired financial asset

The Company shall assess at each reporting date whether the credit impairment has occurred for financial asset at

amortised cost and debt investment at fair value through other comprehensive income. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences that a financial asset is credit-impaired include observable data about the following events:

Significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(v) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the Company shall at each reporting date remeasure the expected credit loss and recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortised cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(vi) Write-off

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognised in profit or loss as reversal of impairment loss.

**(f) Transfer of financial assets**

Transfer of financial assets refers to following two situations:

- Transfers the contractual rights to receive the cash flows of the financial asset;
- Transfers the entire or a part of a financial asset and retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

(i) Derecognition of transferred assets

If the Company transfers substantially all the risks and rewards of ownership of the financial asset, or neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset, the financial asset shall be derecognised.

Whether the Company has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company has not retained control.

The Company judges whether the transfer of financial asset qualifies for derecognition based on the substance of the transfer.

If the transfer of financial asset qualifies for derecognition in its entirety, the difference between the following shall be recognised in profit or loss:

- The carrying amount of transferred financial asset;
- The sum of consideration received and the part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*).

If the transferred asset is a part of a larger financial asset and the part transferred qualifies for derecognition, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised (For this purpose, a retained servicing asset shall be treated as a part that continues to be recognised) and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognised in profit or loss:

- The carrying amount (measured at the date of derecognition) allocated to the part derecognised;
- The sum of the consideration received for the part derecognised and part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*).

(ii) Continuing involvement in transferred assets

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Company shall continue to recognise the transferred asset to the extent of its continuing involvement and also recognise an associated liability.

The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset

(iii) Continue to recognise the transferred assets

If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company shall continue to recognise the transferred asset in its entirety and the consideration received shall be

recognised as a financial liability.

The financial asset and the associated financial liability shall not be offset. In subsequent accounting period, the Company shall continuously recognise any income (gain) arising from the transferred asset and any expense (loss) incurred on the associated liability.

#### **(g) Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset. When meets the following conditions, financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position:

The Company currently has a legally enforceable right to set off the recognised amounts; The Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Company shall not offset the transferred asset and the associated liability.

#### **(h) Determination of fair value of financial instruments**

Determination of financial assets and financial liabilities please refer to Note 3.11

### **3.11 Fair Value Measurement**

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company determines fair value of the related assets and liabilities based on market value in the principal market, or in the absence of a principal market, in the most advantageous market price for the related asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market is the market in which transactions for an asset or liability take place with the greatest volume and frequency. The most advantageous market is the market which maximizes the value that could be received from selling the asset and minimizes the value which is needed to be paid in order to transfer a liability, considering the effect of transport costs and transaction costs both.

If the active market of the financial asset or financial liability exists, the Company shall measure the fair value using the quoted price in the active market. If the active market of the financial instrument is not available, the Company shall measure the fair value using valuation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

#### ● Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market approach, the income approach and the cost approach. The

Company shall use valuation techniques consistent with one or more of those approaches to measure fair value. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

When using the valuation technique, the Company shall give the priority to relevant observable inputs. The unobservable inputs can only be used when relevant observable inputs is not available or practically would not be obtained. Observable inputs refer to the information which is available from market and reflects the assumptions that market participants would use when pricing the asset or liability. Unobservable Inputs refer to the information which is not available from market and it has to be developed using the best information available in the circumstances from the assumptions that market participants would use when pricing the asset or liability.

- Fair value hierarchy

To Company establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to Level 1 inputs and second to the Level 2 inputs and the lowest priority to Level 3 inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

### 3.12 Inventories

#### (a) Classification of inventories

Inventories are finished goods or products held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services, including raw materials, work in progress, semi-finished goods, finished goods, goods in stock, turnover material, etc.

#### (b) Measurement method of cost of inventories sold or used

Inventories are initially measured at the actual cost. Cost of inventories includes purchase cost, processing cost, and other costs. Cost of the issue is measured using the weighted average method.

#### (c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus or losses of inventory stocktaking shall be included in current profit and loss.

#### (d) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognised as provision for impairment of inventory, and recognised in current profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors

such as purpose of holding the inventory and impact of post balance sheet event shall be considered.

(i) In normal operation process, finished goods, products and materials for direct sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices. Net realizable value of materials held for sale shall be measured based on market price.

(ii) For materials in stock need to be processed, in the ordinary course of production and business, net realisable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. If the net realisable value of the finished products produced by such materials is higher than the cost, the materials shall be measured at cost; if a decline in the price of materials indicates that the cost of the finished products exceeds its net realisable value, the materials are measured at net realisable value and differences shall be recognised at the provision for impairment.

(iii) Provisions for inventory impairment are generally determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.

(iv) If any factor rendering write-downs of the inventories has been eliminated at the reporting date, the amounts written down are recovered and reversed to the extent of the inventory impairment, which has been provided for. The reversal shall be included in profit or loss.

**(e) Amortization method of low-value consumables**

Low-value consumables: One-off writing off method is adopted

Package material: One-off writing off method is adopted

**3.13 Contract assets and contract liabilities**

Contract assets and contract liabilities are recognised on the basis of fulfilment of performance obligations and payment received from clients. A right to receive a promised consideration from a client resulting from goods transferred to or services provided to the client (where the right to consideration is dependent on factors other than the passage of time) is recognised a contract asset. A payment received from a client for which goods shall be transferred to or services shall be provided to the client is recognised as a contract liability.

See Note 3.10 for the determination method and accounting treatment method of impairment of contract assets.

Contract assets and contract liabilities are presented as line items on the statement of financial position. A contract asset and contract liability arising from one contract are presented in net; while the net amount is a debit balance, it is presented in contract assets or other non-current assets depending on liquidity; while the net amount is a credit balance, it is presented in contract liabilities or other non-current liabilities depending on liquidity. Contract assets and contract liabilities arising from different contracts are not be offset.

### 3.14 Contract costs

Costs for a contract include costs to fulfill the contract and costs to obtain the contract.

An asset is recognised for the costs incurred to fulfill a contract on if those costs meet all of the following criteria:

- I. the costs are directly associated with a contract or an anticipated contract, explicitly chargeable to the client under the contract, incurred only for the contract;
- II. the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and
- III. the costs are expected to be recovered.

An asset is recognised for the costs incurred to obtain a contract with a client if those costs are expected to be recovered.

An asset recognised for the costs of a contract are amortised on a systematic basis that is consistent with recognition of revenue arising from the contract. Where the costs incurred to obtain a contract would be amortised for a period less than one year should they be recognised as an asset, the costs are recognised in the current profit or loss as incurred.

An impairment is recognised for an asset recognised for the costs of a contract to the extent that the carrying amount of the asset exceeds:

- I. the remaining amount of consideration that is expected to be received in exchange for the goods or services to which the asset relates; less
- II. the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Upon recognition of the impairment, further consideration is given for provision for an onerous contract, in necessary.

A reversal of some or all of an impairment loss previously recognised for an asset for the costs of a contract when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset is capped by the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

An asset recognised for the costs to fulfill a contract is presented in inventories if its amortisation is not longer than 1 year or an operating cycle upon initial recognition; otherwise, it is presented in other non-current assets.

An asset recognised for the costs to obtain a contract is presented in other current assets if its amortisation is not longer than 1 year or an operating cycle upon initial recognition; otherwise, it is presented in other non-current

assets.

### 3.15 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Associates of the Company are those entities over which the Company has significant influence.

#### (a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In assessing whether the Company has joint control of an arrangement, the Company shall assess first whether all the parties, or a group of the parties, control the arrangement. When all the parties, or a group of the parties, considered collectively, are able to direct the activities of the arrangement, the parties control the arrangement collectively. Then the Company shall assess whether decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. If two or more groups of the parties could control the arrangement collectively, it shall not be assessed as have joint control of the arrangement. When assessing the joint control, the protective rights are not considered.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. In determination of significant influence over an investee, the Company should consider not only the existing voting rights directly or indirectly held but also the effect of potential voting rights held by the Company and other entities that could be currently exercised or converted, including the effect of share warrants, share options and convertible corporate bonds that issued by the investee and could be converted in current period.

If the Company holds, directly or indirectly 20% or more but less than 50% of the voting power of the investee, it is presumed that the Company has significant influence of the investee, unless it can be clearly demonstrated that in such circumstance, the Company cannot participate in the decision-making in the production and operating of the investee.

#### (b) Determination of initial investment cost

##### (i) Long-term equity investments generated in business combinations

For a business combination involving enterprises under common control, if the Company makes payment in cash, transfers non-cash assets or bears liabilities as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.



For a business combination involving enterprises under common control, if the Company issues equity securities as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The total par value of the shares issued is recognised as the share capital. The difference between the initial investment cost and the carrying amount of the total par value of the shares issued shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For business combination not under common control, the assets paid, liabilities incurred or assumed and the fair value of equity securities issued to obtain the control of the acquiree at the acquisition date shall be determined as the cost of the business combination and recognised as the initial cost of the long-term equity investment. The audit, legal, valuation and advisory fees, other intermediary fees, and other relevant general administrative costs incurred for the business combination, shall be recognised in profit or loss as incurred.

(ii) Long-term equity investments acquired not through the business combination, the investment cost shall be determined based on the following requirements:

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost, including the expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in current profit or loss. If the exchange of non-monetary assets does not meet the above criterion, the book value of the assets traded out and relevant taxes are recognised as the initial investment cost.

For long-term equity investment acquired through debt restructuring, the initial cost is determined based on the fair value of the equity obtained and the difference between initial investment cost and carrying amount of debts shall be recorded in current profit or loss.

### **(c) Subsequent measurement and recognition of profit or loss**

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

#### **(i) Cost method**

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when

additional amount is invested or a part of it is withdrawn. The Company recognises its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(ii) Equity method

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The Company recognises the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognised in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The Company recognises its share of the investee's net profits or losses after making appropriate adjustments of investee's net profit based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the Company, the financial statements of the investee shall be adjusted according to the Company's accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the company and its associate or joint venture are eliminated in proportion to the company's equity interest in the investee, based on which investment income or losses shall be recognised. Any losses resulting from inter-company transactions between the investor and the investee, which belong to asset impairment, shall be recognised in full.

Where the Company obtains the power of joint control or significant influence, but not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as investments in other equity instrument, difference between its fair value and the carrying value, in addition to the cumulative gains or losses previously recorded in other comprehensive income, shall be transferred from other comprehensive income and recorded in retained earnings during the current period using equity method.

If the Company loses the joint control or significant influence of the investee for some reasons such as disposal of equity investment, the retained interest shall be measured at fair value and the difference between the carrying amount and the fair value at the date of loss the joint control or significant influence shall be recognised in profit

or loss. When the Company discontinues the use of the equity method, the Company shall account for all amounts previously recognised in other comprehensive income under equity method in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

**(d) Equity investment classified as held for sale**

Any retained interest in the equity investment not classified as held for sale, shall be accounted for using equity method.

When an equity investment in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale shall be amended accordingly.

**(f) Impairment testing and provision for impairment loss**

For investment in subsidiaries, associates or a joint venture, provision for impairment loss please refer to Note 3.22.

**3.16 Investment Properties**

**(a) Classification of investment properties**

Investment properties are properties to earn rentals or for capital appreciation or both, including:

- (i) Land use right leased out
- (ii) Land held for transfer upon appreciation
- (iii) Buildings leased out

**(b) The measurement model of investment property**

The Company adopts the cost model for subsequent measurement of investment properties. For provision for impairment please refer to Note 3.22.

The Company calculates the depreciation or amortization based on the net amount of investment property cost less the accumulated impairment and the net residual value using straight-line method.

**3.17 Fixed Assets**

Fixed assets refer to the tangible assets with higher unit price held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

**(a) Recognition criteria of fixed assets**

Fixed assets will only be recognised at the actual cost paid when obtaining as all the following criteria are satisfied:

- (i) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (ii) The costs of the fixed assets can be measured reliably.

Subsequent expenditure for fixed assets shall be recorded in cost of fixed assets, if recognition criteria of fixed assets are satisfied, otherwise the expenditure shall be recorded in current profit or loss when incurred.

**(b) Depreciation methods of fixed assets**

The Company begins to depreciate the fixed asset from the next month after it is available for intended use using the straight-line-method. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives and estimated net residual rates of fixed assets are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	straight-line-method	8.00-35.00	3.00-5.00	2.70-12.10
Machinery equipment	straight-line-method	5.00-10.00	3.00-5.00	9.50-19.40
Vehicles	straight-line-method	4.00	3.00	24.25
Office equipment and others	straight-line-method	3.00	3.00	32.33

For the fixed assets with impairment provided, the impairment provision should be excluded from the cost when calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the fixed assets. Estimated useful life of the fixed assets shall be adjusted if it is changed compared to the original estimation.

**(c) Recognition criteria, valuation and depreciation methods of fixed assets obtained through a finance lease**

If the entire risk and rewards related to the leased assets have been substantially transferred, the Company shall recognise the lease as a finance lease. The cost of the fixed assets obtained through a finance lease is determined at the lower of the fair value of the leased assets and the present value of the minimum lease payment on the date of the lease. The fixed assets obtained by a finance lease are depreciated in the method which is consistent with the self-owned fixed assets of the Company. For fixed assets obtained through a finance lease, if it is reasonably certain that the ownership of the leased assets will be transferred to the lessee by the end of the lease term, they shall be depreciated over their remaining useful lives; otherwise, the leased assets shall be depreciated over the shorter of the lease terms or their remaining useful lives.

**3.18 Construction in Progress****(a) Classification of construction in progress**

Construction in progress is measured on an individual project basis.

**(b) Recognition criteria and timing of transfer from construction in progress to fixed assets**

The initial book values of the fixed assets are stated at total expenditures incurred before they are ready for their intended use, including construction costs, original price of machinery equipment, other necessary expenses incurred to bring the construction in progress to get ready for its intended use and borrowing costs of the specific

loan for the construction or the proportion of the general loan used for the constructions incurred before they are ready for their intended use. The construction in progress shall be transferred to fixed asset when the installation or construction is ready for the intended use. For construction in progress that has been ready for their intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant fixed assets, and depreciation should be provided according to relevant policies of the Company when the fixed assets are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

### **3.19 Right-of-use assets**

The Company initially measures right-of-use assets at cost, which includes:

- (1) The initial measurement amount of the lease obligation.
- (2) If a lease incentive exists for lease payments made on or before the commencement date of the lease term, the amount related to the lease incentive already taken is deducted.
- (3) Initial direct costs incurred by the Company.
- (4) Costs expected to be incurred by the Company to disassemble and remove the leasehold property, restore the site where the leasehold property is located, or restore the leasehold property to the condition agreed upon under the terms of the lease (excluding costs incurred to produce inventory). Subsequent to the commencement date of the lease term, the Company uses the cost model for subsequent measurement of right-of-use assets.

If it is reasonably certain that ownership of the leasehold property will be obtained at the end of the lease term, the Company depreciates the leasehold property over its remaining service life.

If it may not be reasonably ascertained that ownership of the leasehold property can be obtained at the end of the lease term, the Company will depreciate the leasehold property over the shorter of the lease term or the remaining service life of the leasehold property. Right-of-use assets for which depreciation reserves have been made are depreciated in future periods at their carrying amounts net of depreciation reserves, with reference to the above principles.

### **3.20 Borrowing Costs**

#### **(a) Recognition criteria and period for capitalization of borrowing costs**

The Company shall capitalize the borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets when meet the following conditions:

- (i) Expenditures for the asset are being incurred;
- (ii) Borrowing costs are being incurred, and;
- (iii) Acquisition, construction or production activities that are necessary to prepare the assets for their intended use

or sale are in progress.

Other borrowing cost, discounts or premiums on borrowings and exchange differences on foreign currency borrowings shall be recognized into current profit or loss when incurred.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognised as expenses when incurred.

### **(b) Capitalization rate and measurement of capitalized amounts of borrowing costs**

When funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, the Company shall determine the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income on bank deposit or investment income on the temporary investment of those borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general borrowing, the eligible amounts are determined by the weighted-average of the cumulative capital expenditures in excess of the specific borrowing multiplied by the general borrowing capitalization rate. The capitalization rate will be the weighted average of the borrowing costs applicable to the general borrowing.

## **3.21 Intangible Assets**

### **(a) Measurement method of intangible assets**

Intangible assets are recognised at actual cost at acquisition.

### **(b) The useful life and amortisation of intangible assets**

(i) The estimated useful lives of the intangible assets with finite useful lives are as follows:

Category	Estimated useful life	Basis
Land use right	50 years	Legal life
Patent right	10 years	The service life is determined by reference to the period that can bring economic benefits to the Company
Software	3-5 years	The service life is determined by reference to the period that can bring economic benefits to the Company
Trademark	10 years	The service life is determined by reference to the period that can bring economic benefits to the Company

For intangible assets with finite useful life, the estimated useful life and amortisation method are reviewed annually at the end of each reporting period and adjusted when necessary. No change incurred in current year in the estimated useful life and amortisation method upon review.

(ii) Assets of which the period to bring economic benefits to the Company are unforeseeable are regarded as intangible assets with indefinite useful lives. The Company reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(iii) Amortisation of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition and systematically amortised on a straight-line basis over the useful life. The amortisation amount shall be recognized into current profit or loss according to the beneficial items. The amount to be amortised is cost deducting residual value. For intangible assets which has impaired, the cumulative impairment provision shall be deducted as well. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless: there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

Intangible assets with indefinite useful lives shall not be amortised. The Company reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated and the intangible assets shall be amortised systematically and reasonably within the estimated useful lives.

**(c) Criteria of classifying expenditures on internal research and development projects into research phase and development phase**

Preparation activities related to materials and other relevant aspects undertaken by the Company for the purpose of further development shall be treated as research phase. Expenditures incurred during the research phase of internal research and development projects shall be recognised in profit or loss when incurred.

Development activities after the research phase of the Company shall be treated as development phase.

**(d) Criteria for capitalization of qualifying expenditures during the development phase**

Expenditures arising from development phase on internal research and development projects shall be recognised as intangible assets only if all of the following conditions have been met:

- (i) Technical feasibility of completing the intangible assets so that they will be available for use or sale;
- (ii) Its intention to complete the intangible asset and use or sell it;
- (iii) The method that the intangible assets generate economic benefits, including the Company can demonstrate the existence of a market for the output of the intangible assets or the intangible assets themselves or, if it is to be used internally, the usefulness of the intangible assets;
- (iv) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (v) Its ability to measure reliably the expenditure attributable to the intangible asset.

### 3.22 Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, associates and joint ventures, investment properties, fixed assets and constructions in progress subsequently measured at cost, intangible assets, shall be determined according to following method:

The Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset and test for impairment. Irrespective of whether there is any indication of impairment, the Company shall test for impairment of goodwill acquired in a business combination, intangible assets with an indefinite useful life or intangible assets not yet available for use annually.

The recoverable amounts of the long-term assets are the higher of their fair values less costs to dispose and the present values of the estimated future cash flows of the long-term assets. The Company estimate the recoverable amounts on an individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the groups of assets that the individual asset belongs to. Identification of an group of asset is based on whether the cash inflows from it are largely independent of the cash inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and the provision for impairment loss shall be recognised accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant group of assets based on reasonable method; if it is difficult to allocate to relevant group of assets, good will shall be allocated to relevant combination of asset groups. The relevant group of assets or combination of asset groups is a group of assets or combination of asset groups that is benefit from the synergies of the business combination and is not larger than the reporting segment determined by the Company.

When test for impairment, if there is an indication that relevant group of assets or combination of asset groups may be impaired, impairment testing for group of assets or combination of asset groups excluding goodwill shall be conducted first, and calculate the recoverable amount and recognize the impairment loss. Then the group of assets or combination of asset groups including goodwill shall be tested for impairment, by comparing the carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, the Company shall recognise the impairment loss.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognised.

### 3.23 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortised over current and subsequent periods with the amortisation period exceeding one year. Long-term deferred expenses are evenly amortised over the beneficial period



### 3.24 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee benefits are presented in the statement of financial position as "Employee benefits payable" and "Long-term employee benefits payable".

#### (a) Short-term employee benefits

##### (i) Employee basic salary (salary, bonus, allowance, subsidy)

The Company recognises, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit except for those recognised as capital expenditure based on the requirement of accounting standards.

##### (ii) Employee welfare

The Company shall recognise the employee welfare based on actual amount when incurred into current profit or loss or related capital expenditure. Employee welfare shall be measured at fair value as it is a non-monetary benefit.

##### (iii) Social insurance such as medical insurance and work injury insurance, housing funds, labor union fund and employee education fund

Payments made by the Company of social insurance for employees, such as medical insurance and work injury insurance, payments of housing funds, and labor union fund and employee education fund accrued in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to required accrual bases and accrual ratio in determining the amount of employee benefits and the related liabilities, which shall be recognised in current profit or loss or the cost of relevant asset.

##### (iv) Short-term paid absences

The company shall recognise the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated. The Company shall recognise relevant employee benefit of non-accumulating paid absences when the absences actually occurred.

##### (v) Short-term profit-sharing plan

The Company shall recognise the related employee benefits payable under a profit-sharing plan when all of the following conditions are satisfied:

##### (i) The Company has a present legal or constructive obligation to make such payments as a result of past events;

and

(ii) A reliable estimate of the amounts of employee benefits obligation arising from the profit-sharing plan can be made.

**(b) Post-employment benefits**

(i) Defined contribution plans

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the current profit or loss or the cost of a relevant asset.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they shall be discounted using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined contribution obligations) to measure employee benefits payable.

(ii) Defined benefit plan

*The present value of defined benefit obligation and current service costs*

Based on the expected accumulative welfare unit method, the Company shall make estimates about demographic variables and financial variables in adopting the unbiased and consistent actuarial assumptions and measure defined benefit obligation, and determine the obligation period. The Company shall discount the obligation arising from defined benefit plan using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) in order to determine the present value of the defined benefit obligation and the current service cost.

*The net defined benefit liability or asset*

The net defined benefit liability (asset) is the deficit or surplus recognised as the present value of the defined benefit obligation less the fair value of plan assets (if any).

When the Company has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of the surplus in the defined benefit plan and the asset ceiling.

*The amount recognised in the cost of asset or current profit or loss*

Service cost comprises current service cost, past service cost and any gain or loss on settlement. Other service cost shall be recognised in profit or loss unless accounting standards require or allow the inclusion of current service cost within the cost of assets.

Net interest on the net defined benefit liability (asset) comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling, shall be included in profit or loss.

*The amount recognised in other comprehensive income*

Changes in the net liability or asset of the defined benefit plan resulting from the remeasurements including:

- Actuarial gains and losses, the changes in the present value of the defined benefit obligation resulting from experience adjustments or the effects of changes in actuarial assumptions;
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability or asset;
- Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the Company may transfer those amounts recognised in other comprehensive income within equity.

#### **(c) Termination benefits**

The Company providing termination benefits to employees shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

- (i) When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.
- (ii) When the Company recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the Company shall discount the termination benefits using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) to measure the employee benefits.

#### **(d) Other long-term employee benefits**

- (i) Meet the conditions of the defined contribution plan

When other long-term employee benefits provided by the Company to the employees satisfies the conditions for classifying as a defined contribution plan, all those benefits payable shall be accounted for as employee benefits payable at their discounted value.

- (ii) Meet the conditions of the defined benefit plan

At the end of the reporting period, the Company recognised the cost of employee benefit from other long-term employee benefits as the following components:

- Service costs;
- Net interest cost for net liability or asset of other long-term employee benefits
- Changes resulting from the remeasurements of the net liability or asset of other long-term employee benefits

In order to simplify the accounting treatment, the net amount of above items shall be recognised in profit or loss

or relevant cost of assets.

### 3.25 Lease Liabilities

The Company initially measures the lease obligation at the present value of the lease payments outstanding at the commencement date of the lease term. When calculating the present value of lease payments, the Company uses the interest rate implicit in lease as the rate of discount. If the interest rate implicit in lease cannot be determined, the Company's incremental lending rate is used as the rate of discount. Lease payments include:

- (1) The amount of fixed payments, net of amounts related to lease incentives, and the amount of substantive fixed payments.
- (2) Variable lease payments that depend on indexation or ratio.
- (3) The lease payment amount includes the exercise price of the purchase option if the Company is reasonably certain that the option will be exercised.
- (4) Where the lease term reflects that the Company will exercise the option to terminate the lease, the lease payment amount includes the amount required to be paid to exercise the option to terminate the lease.
- (5) Estimated amount payable based on the residual value of the guarantee provided by the Company.

The Company calculates the interest expense on the lease obligation for each period of the lease term at a fixed rate of discount and includes it in the current profit or loss or cost of the related assets. Variable lease payments that are not included in the measurement of the lease obligation should be charged to current profit or loss or the cost of the related assets when they are actually incurred.

### 3.26 Estimated Liabilities

#### (a) Recognition criteria of estimated liabilities

The Company recognises the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

- (i) That obligation is a current obligation of the Company;
- (ii) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and
- (iii) The amount of the obligation can be measured reliably.

#### (b) Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money.

The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidences indicate that the carrying amount fails to be the best estimate of the estimated liabilities, the

carrying amount shall be adjusted based on the updated best estimate.

### 3.27 Revenue Recognition Principle and Measurement

#### 3.27.1 General principle

Revenue is the total inflow of economic benefits formed in the company's daily activities that will increase shareholders' equity and does not relate to the capital invested by shareholders.

The Company has fulfilled the performance obligation in the contract, that is, the revenue is recognised when the customer obtains the control right of relevant goods. To obtain the control right of the relevant commodity means to be able to dominate the use of the commodity and obtain almost all the economic benefits from it.

If there are two or more performance obligations in the contract, the Company will allocate the transaction price to each performance obligation based on the relative proportion of the separate selling price of the goods or services promised by each performance obligation on the start date of the contract, and measure the income based on the transaction price allocated to each single performance obligation.

The transaction price refers to the amount of consideration that the Company is expected to be entitled to receive due to the transfer of goods or services to customers, excluding payments collected on behalf of third parties. When determining the transaction price of the contract, the Company determines the transaction price according to the terms of the contract and in combination with its historical practices. When determining the transaction price, the Company takes into account the influence of variable considerations, significant financing elements in the contract, the non-cash considerations, the considerations payable to customers and other factors. The Company determines the transaction price including variable consideration at an amount that does not exceed the amount at which the accumulated recognized income is unlikely to have a significant reversal when the relevant uncertainty is eliminated. If there is a significant financing component in the contract, the Company will determine the transaction price based on the amount payable in cash when the customer obtains the control right of the commodity. The difference between the transaction price and the contract consideration will be amortised by the effective interest method during the contract period. If the interval between the control right transfer and the customer's payment is less than one year, the company will not consider the financing component.

If one of the following conditions is met, the performance obligation shall be fulfilled within a certain period of time; otherwise, the performance obligation shall be fulfilled at a certain point of time:

- (a) The customer obtains and consumes the economic benefits brought by the Company's fulfillment of contract when the Company performs the obligations;
- (b) The customer can control the commodities under construction during the Company's execution of the contract;

(c) The commodities produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance part that has been completed so far during the entire contract period.

For performance obligations fulfilled within a certain period of time, the Company recognises revenue in accordance with the performance progress during that period, except where the performance progress cannot be reasonably determined. The Company determines the progress of the performance of services in accordance with the input method (or output method). When the progress of the contract performance cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue shall be recognised according to the amount of the cost incurred until the progress of the contract performance can be reasonably determined.

For performance obligations fulfilled at a certain point in time, the Company recognises revenue at the point when the customer obtains control of the relevant commodities. The Company considers the following signs when judging whether a customer has obtained control of goods or services:

- (a) The Company has the current right to receive payment for the goods or services, that is, the customer has the current obligation to pay for the goods;
- (b) The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods;
- (c) The Company has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind;
- (d) The company has transferred the main risks and rewards of the ownership of the goods to the customers, that is, the customers have obtained the main risks and rewards of the ownership of the goods;
- (e) The customer has accepted the goods or services.
- (f) Other indications that the customer has obtained control of the product

### 3.27.2 Specific methods

The specific methods of the Company's revenue recognition are as follows:

#### (a) Revenue from sale of goods

Revenue from sale of goods shall be recognised when the following criteria are satisfied:

- (i) Significant risks and rewards related to ownership of the goods have been transferred to the buyer;
- (ii) The Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold;

- (iii) Relevant amount of revenue can be measured reliably;
- (iv) It is probable that the economic benefits associated with the transaction will flow into the Company; and
- (v) Relevant amount of cost incurred or to be incurred can be measured reliably.

Revenue arising from domestic sales of goods is recognized when goods are dispatched and delivered to the buyer, when significant risks and rewards attached to the ownership of the goods sold are passed to the buyer, when neither continual involvement in the rights normally associated with the ownership of the goods sold nor effective control over the goods controls are retained, when revenue arising from the goods sold is reliably measurable, when inflow of future economic benefits is probable, and when cost incurred or to be incurred associated with the goods sold is reliably measurable. Revenue arising from non-domestic sales of goods is recognized when goods are loaded on board and when the export clearance with the custom is completed.

#### **(b) Revenue from rendering of services**

When the outcome of rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognised using the percentage of completion method. Percentage of completion is determined based on the measurement of the work completed

The outcome of rendering of services can be estimated reliably when all of the following conditions are satisfied: i) the amount of revenue can be measured reliably; ii) it is probable that the associated economic benefits will flow to the Company; iii) the percentage of completion of the transaction can be measured reliably; iv) the costs incurred and to be incurred for the transaction can be measured reliably.

The Company shall determine the total revenue from rendering of services based on the received or receivable price stipulated in the contract or agreement, unless the received or receivable amount as stipulated in the contract or agreement is unfair. At the end of the reporting period, the Company shall recognise the revenue from rendering of the services in current period, based on the amount of multiplying the total amount of revenues from rendering of the services by the percentage of completion then deducting the accumulative revenues from rendering of the services that have been recognised in the previous accounting periods. At the same time, the Company shall recognise the current cost incurred for rendering of the services based on the amount of multiplying the total estimated cost for rendering of the services by the percentage of completion and then deducting the accumulative costs from rendering of the services that have been recognised in the previous accounting periods.

If the outcome of rendering of services cannot be estimated reliably at the balance sheet date, the accounting treatment shall be based on the following circumstances, respectively:

- (i) When the costs incurred are expected to be recovered, revenue shall be recognised to the extent of costs

incurred and charge an equivalent amount of cost to the profit and loss;

(ii) When the costs incurred are not expected to be recovered, revenue shall not be recognised and the costs incurred are recognised into current profit or loss

### **(c) Revenue from alienating the right to use assets**

When it is probable that the economic benefits associated with the transaction will flow into the Company and amount of revenue can be measured reliably, the Company shall recognise the amount of revenue from the alienating of right to use assets based on the following circumstances, respectively:

(i) Interest revenue should be calculated in accordance with the period for which the enterprise's cash is used by others and the effective interest rate; or

(ii) The amount of royalty revenue should be calculated in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

## **3.28 Government Grants**

### **(a) Recognition of government grants**

A government grant shall not be recognised until there is reasonable assurance that:

(i) The Company will comply with the conditions attaching to them; and

(ii) The grants will be received.

### **(b) Measurement of government grants**

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at a nominal value of RMB 1.00 when reliable fair value is not available.

### **(c) Accounting for government grants**

(i) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognised as deferred income, and should be recognised in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognised in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:



If the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants shall be recognised as deferred income and included into profit or loss in the same period as the relevant expenses or losses are recognised;

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognised into current profit or loss

For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.

Government grants related to daily operation activities are recognised in other income in accordance with the nature of the activities, and government grants irrelevant to daily operation activities are recognised in non-operating income.

#### (iii) Loan interest subsidy

When loan interest subsidy is allocated to the bank, and the bank provides a loan at lower-market rate of interest to the Company, the loan is recognised at the actual received amount, and the interest expense is calculated based on the principal of the loan and the lower-market rate of interest.

When loan interest subsidy is directly allocated to the Company, the subsidy shall be recognised as offsetting the relevant borrowing cost.

#### (iv) Repayment of the government grants

Repayment of the government grants shall be recorded by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, any excess will be recognised into current profit or loss; or directly recognised into current profit or loss for other circumstances.

### **3.29 Deferred Tax Assets and Deferred Tax Liabilities**

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base at the balance sheet date. The Company recognise and measure the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

#### **(a) Recognition of deferred tax assets**

Deferred tax assets should be recognised for deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits can be utilised at the tax rates that are expected to apply to the period when the asset is realised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a

transaction that:

- (i) Is not a business combination; and
- (ii) At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company shall recognise a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, only to the extent that, it is probable that:

- (i) The temporary difference will reverse in the foreseeable future; and
- (ii) Taxable profit will be available against which the deductible temporary difference can be utilised.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognises a previously unrecognised deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

#### **(b) Recognition of deferred tax liabilities**

A deferred tax liability shall be recognised for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled.

(i) No deferred tax liability shall be recognised for taxable temporary differences arising from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction which: is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

(ii) An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that both of the following conditions are satisfied:

- The Company is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

#### **(c) Recognition of deferred tax liabilities or assets involved in special transactions or events**

(i) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognised, and simultaneously, goodwill recognised in the business combination shall be adjusted based on relevant deferred tax expense (income).

(ii) Items directly recognised in equity

Current tax and deferred tax related to items that are recognised directly in equity shall be recognised in equity.

Such items include: other comprehensive income generated from fair value fluctuation of investments in other debt obligations; an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of a prior period (significant) error; amounts arising on initial recognition of the equity component of a compound financial instrument that contains both liability and equity component.

(iii) Unused tax losses and unused tax credits

Unused tax losses and unused tax credits generated from daily operation of the Company itself

Deductible loss refers to the loss calculated and permitted according to the requirement of tax law that can be offset against taxable income in future periods. The criteria for recognising deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognising deferred tax assets arising from deductible temporary differences. The Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Income taxes in current profit or loss shall be deducted as well.

Unused tax losses and unused tax credits arising from a business combination

Under a business combination, the acquiree's deductible temporary differences which do not satisfy the criteria at the acquisition date for recognition of deferred tax asset shall not be recognised. Within 12 months after the acquisition date, if new information regarding the facts and circumstances exists at the acquisition date and the economic benefit of the acquiree's deductible temporary differences at the acquisition is expected to be realised, the Company shall recognise acquired deferred tax benefits and reduce the carrying amount of any goodwill related to this acquisition. If goodwill is reduced to zero, any remaining deferred tax benefits shall be recognised in profit or loss. All other acquired deferred tax benefits realised shall be recognised in profit or loss.

(iv) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognised in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well except for deferred tax related to transactions or events recognised directly in equity and business combination.

(v) Share-based payment settled by equity

If tax authority permits tax deduction that relates to share-based payment, during the period in which the expenses are recognised according to the accounting standards, the Company estimates the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognised when criteria of recognition are satisfied. If the amount of estimated future tax deduction

exceeds the amount of the cumulative expenses related to share-based payment recognised according to the accounting standards, the tax effect of the excess amount shall be recognised directly in equity.

### 3.30 Leases

#### (1) Accounting treatment of operating leases

a) When the Company acts as a lessee under an operating lease, the rental expense of the operating lease is charged to current profit or loss on a straight-line basis or based on the usage of the leasehold property in each period of the lease term. If the lessor provides a rent-free period, the Company apportions the total rent on a straight-line basis or by other reasonable method over the entire lease term without deducting the rent-free period, and recognizes the rental expense and the corresponding liability during the rent-free period. If the lessor bears certain expenses of the lessee, the Company apportions the balance of the rental expense over the lease term after such expenses are deducted from the total rental expense.

The initial direct costs are included in current profit or loss. If the agreement agrees to contingent rentals, they are included in current profit or loss when they are actually incurred.

b) When the Company acts as a lessor under an operating lease, the rent received is recognized as income over the lease term using the straight-line method. If the lessor provides a rent-free period, the lessor allocates the total rentals over the entire lease term without deducting the rent-free period by the straight-line method or other reasonable method, and the lessor also recognizes rental income during the rent-free period. If certain expenses of the lessee are borne, the Company allocates the balance of rental income over the lease term after such expenses are deducted from the gross rental income.

The initial direct costs are included in current profit or loss. Larger amounts are capitalized and recognized in current profit or loss on the same basis as rental income throughout the term of the operating lease. Contingent rentals, if agreed, are recognized in current income when they are actually incurred.

#### (2) Accounting treatment of finance leases

a) When the Company is a lessee under a finance lease, the lower of the fair value of the leasehold property and the present value of the minimum lease payments at the commencement date of the lease is recorded as the value of the leasehold property, and the minimum lease payments are recorded as the value of the long-term account payable, and the difference is recorded as unrecognized financing expense. The effective interest rate method is used to apportion the amount over each period of the lease term and is recognized as current financing expenses, which are included in financial expenses.

The initial direct costs incurred are included in the value of the leasehold property.

When depreciating financing leasehold property, the Company adopts a depreciation policy consistent with that of its own depreciable assets, and the depreciation period is determined by the lease contract. If it may be reasonably ascertained that the Company will obtain ownership of the leasehold property at the end of the lease term, the life of the leasehold property at the commencement date of the lease term is used as the depreciation period; if it is not

reasonably certain that the Company will obtain ownership of the leasehold property at the end of the lease term, the shorter of the lease term and the life of the leasehold property is used as the depreciation period.

b) When the Company acts as a financing lessor, the sum of the minimum lease receivable and the initial direct costs as of the lease commencement date is recorded as the recorded value of the finance lease receivable in the long-term receivables on the balance sheet, and the unguaranteed residual value is also recorded. The difference between the sum of the minimum lease receivable, the initial direct costs and the unguaranteed residual value and the sum of their present values is recognized as unrealized financing income and recognized as rental receipt using the effective interest method in each period of the lease term.

### 3.31 Changes in Significant Accounting Policies and Accounting Estimates

#### (1) Changes in accounting policies

Applicable  Not applicable

#### (2) Changes in Accounting Estimates

Applicable  Not applicable

## 4. Taxation

### 4.1 Main Taxes and Tax Rate

Category of taxes	Basis of tax assessment	Tax rate
VAT	VAT are paid on added value of product sales	13%, 9%, 6%
Consumption tax	Consumption taxes are paid on sales volume of taxable consumer goods	Sales of wine RMB1 per 1000 ml or per kg to calculate the amount of consumption tax, a flat rate, 20% of the annual turnover to calculate the amount of consumption tax at valorem.
Urban maintenance and construction tax	Urban maintenance and construction taxes are paid on turnover taxes	7%、5%
Education expenses surcharge	Educational surcharges are paid on turnover taxes	3%
Local education surcharge	Local educational surcharges are paid on turnover taxes	2%
Enterprise income tax	Business taxes are calculated and paid on taxable revenues	25%

The basic rate of enterprise income tax of the Company is 25%, and the actual income tax rates of some of its subsidiaries with different tax rates are as follows:

Name of the entities	Actual income tax rate
Anhui Longrui Glass Co., Ltd	15.00%
Anhui Ruisiweier Technology Co., Ltd	15.00%
Anhui RunAnXinKe Testing Technology Co., Ltd.	15.00%
Wuhan Yashibo Technology Co., Ltd	2.5%
Bozhou Gujing hotel Co., Ltd	2.5%
Hubei Junlou Cultural Tourism Co., Ltd.	2.5%
Hubei Yellow Crane Tower Beverage Co., Ltd.	2.5%
Hubei Xinjia Testing Technology Co., Ltd.	The portion of the taxable income which does not exceed RMB1 million: 2.5% The portion of the taxable income which is more than RMB1 million but not more than RMB3 million: 10%
Huanggang Junya Trading Co., Ltd.	2.5%
Anhui Jiuan Mechanical Electrical Equipment Co., Ltd.	2.5%

#### 4.2 Tax Preference

(1) According to *Response Letter for the First Batch of High-tech Enterprises to be put on record in Anhui Province for 2019* (guokehuozi [2019] No.216) issued by Department of Science and Technology of Anhui province, Department of Finance of Anhui province, and Anhui Provincial Taxation Bureau of State Administration of Taxation, the subsidiary Longrui Glass was identified as a high-tech enterprise in 2019, therefore was given *High-tech Enterprise Certificate* (Certificate Number: GR201934001625) which is valid for 3 years. According to *Enterprise Income Tax Law* and other relevant regulations, the company is subject to a national high-tech enterprise income tax rate at 15% for three years from 1 January 2019 to 31 December 2021. The qualification of high-tech enterprises has expired and is currently being re-recognized. Pursuant to *Guidelines for Management of Accreditation of High-tech Enterprises*, the enterprise income tax shall be temporarily prepaid at a rate of 15% until the re-accreditation is passed.

(2) According to *Response Letter for the First Batch of High-tech Enterprises to be put on record in Anhui Province for 2019* (guokehuozi [2019] No.216) issued by Department of Science and Technology of Anhui province, Department of Finance of Anhui province, and Anhui Provincial Taxation Bureau of State Administration of Taxation, the subsidiary Ruisiweier was identified as a high-tech enterprise in 2019, therefore was given *High-tech Enterprise Certificate* (Certificate Number: GR201934000355) which is valid for 3 years.

According to *Enterprise Income Tax Law* and other relevant regulations, the company is subject to a national high-tech enterprise income tax rate at 15% for three years from 1 January 2019 to 31 December 2021. The qualification of high-tech enterprises has expired and is currently being re-recognized. Pursuant to *Guidelines for Management of Accreditation of High-tech Enterprises*, the enterprise income tax shall be temporarily prepaid at a rate of 15% until the re-accreditation is passed.

(3) According to *Notice on Announcing the List of Two Batches of Supplementary Filing High-tech Enterprises in Anhui Province for 2021* (wankegaomi [2022] No.49) issued by Department of Science and Technology of Anhui province, Department of Finance of Anhui province, and Anhui Provincial Taxation Bureau of State Administration of Taxation, the subsidiary Anhui RunAnXinKe Testing Technology Co., Ltd. was identified as a high-tech enterprise in 2021, therefore was given *High-tech Enterprise Certificate* (Certificate Number: GR202134004920) which is valid for 3 years. According to *Enterprise Income Tax Law* and other relevant regulations, the company is subject to a national high-tech enterprise income tax rate at 15% for three years from 1 January 2021 to 31 December 2023.

(4) According to the *Announcement of the State Taxation Administration and the Ministry of Finance on the Implementation of Preferential Income Tax Policies for Small- and Micro-sized Enterprises and Individual Industrial and Commercial Entities* (No. 12 of 2021), from 1 January 2021 to 31 December 2022, the portion of the annual taxable income of small- and micro-sized enterprises not exceeding RMB1 million, the taxable income shall be reduced by 12.5% and subject to enterprise income tax at a rate of 20%. For the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million, the taxable income shall be reduced by 50% and subject to enterprise income tax at a rate of 20%. Subsidiaries Gujing Hotel, Junlou Culture, Yellow Crane Tower Beverage, Xinjia Testing, Juan Mechanical Electrical, Yashibo and Huanggang Junya shall observe the relevant provisions of the preferential income tax policy for small micro-profit enterprises.

## 5. Notes to Major Items in the Consolidated Financial Statements of the Company

### 5.1 Monetary Assets

Item	Ending balance	Beginning balance
Cash on hand	97,411.12	135,129.66
Cash in bank	16,643,370,669.26	11,891,283,646.58
Other monetary assets	33,319,375.17	33,503,995.52
Total	16,676,787,455.55	11,924,922,771.76

At 30 June 2022, in cash in bank, the time deposits pledged for opening bank acceptance bills amounted to RMB100 million and pledged for opening bank guarantees amounted to RMB4 million, the structural deposits that cannot be withdrawn in advance amounted to RMB5,130 million, and security deposit that cannot be withdrawn in advance amounted to RMB33.1633 million. Except for that, no other monetary funds are restricted to use or in some potential risks of recovery due to the mortgage, pledge or freezing.

Liquor manufacturing enterprises shall disclose whether there exists special interest arrangements such as establishing a joint fund account with related parties

Applicable  Not applicable

## 5.2 Trading Financial Assets

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	203,857,213.38	2,661,103,876.68
Including: bank financial products	0.00	2,457,565,232.32
Fund investment	203,857,213.38	203,538,644.36
Total	203,857,213.38	2,661,103,876.68

## 5.3 Accounts Receivable

### (1) Disclosure by aging

Aging	Ending balance	Beginning balance
Within one year	84,107,089.43	97,023,731.05
Of which: 1-6 months	75,210,952.56	92,114,086.85
7-12 months	8,896,136.87	4,909,644.20
1-2 years	2,796,699.67	883,133.28
2-3 years	217,511.61	137,464.27
Over 3 years	1,363,745.97	1,146,581.68
Subtotal	88,485,046.68	99,190,910.28
Less: Bad debt provision	10,352,232.65	10,185,106.11
Total	78,132,814.03	89,005,804.17

### (2) Disclosure by withdrawal method of bad debt provision

#### ① Ending balance

Category	Ending balance



	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately	7,792,783.72	8.81	7,792,783.72	100.00	
Bad debt provision withdrawn by group	80,692,262.96	91.19	2,559,448.93	3.17	78,132,814.03
Of which: Group 1					
Group 2	80,692,262.96	91.19	2,559,448.93	3.17	78,132,814.03
Total	88,485,046.68	100.00	10,352,232.65	11.70	78,132,814.03

## ② Beginning balance

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately	7,792,783.72	7.86	7,792,783.72	100.00	0.00
Bad debt provision withdrawn by group	91,398,126.56	92.14	2,392,322.39	2.62	89,005,804.17
Of which: Group 1					
Group 2	91,398,126.56	92.14	2,392,322.39	2.62	89,005,804.17
Total	99,190,910.28	100.00	10,185,106.11	10.27	89,005,804.17

On 30 June 2022, Accounts receivable with bad debt provision withdrawn by group 2

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	76,314,305.71	807,277.19	1.06
Of which: 1-6 months	75,210,952.56	752,109.53	1.00
7-12 months	1,103,353.15	55,167.66	5.00
1-2 years	2,796,699.67	279,669.96	10.00
2-3 years	217,511.61	108,755.81	50.00
Over 3 years	1,363,745.97	1,363,745.97	100.00
Total	80,692,262.96	2,559,448.93	3.17

On 31 December 2021, Accounts receivable with bad debt provision withdrawn by group 2

Aging	Beginning balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	89,230,947.33	1,088,695.25	1.22
Of which: 1-6 months	84,321,303.13	843,213.03	1.00
7-12 months	4,909,644.20	245,482.22	5.00
1-2 years	883,133.28	88,313.32	10.00
2-3 years	137,464.27	68,732.14	50.00
Over 3 years	1,146,581.68	1,146,581.68	100.00
Total	91,398,126.56	2,392,322.39	2.62

(3) Changes of bad debt provision during the Reporting Period

Category	Beginning amount	Changes in the Reporting Period			Ending balance
		Withdrawal	Recovery or reversal	Write-off	
Accounts receivable with significant amount but bad debt provision withdrawn separately	7,792,783.72				7,792,783.72
Accounts receivable with insignificant amount but bad debt provision withdrawn separately					
Group 2: Bad debt provision withdrawn by aging group	2,392,322.39	167,126.54			2,559,448.93
Total	10,185,106.11	167,126.54			10,352,232.65

(4) Top five ending balances by entity

Entity name	Ending balance	Proportion to total ending balance of accounts receivable (%)	Ending balance of bad debt provision
No. 1	12,340,903.80	13.95	123,409.04
No. 2	8,136,180.23	9.19	81,361.80
No. 3	7,792,783.72	8.81	7,792,783.72
No. 4	6,972,251.45	7.88	69,722.51
No. 5	5,134,523.07	5.80	51,345.23
Total	40,376,642.27	45.63	8,118,622.30

#### 5.4 Accounts Receivable Financing

Category	Ending balance			Beginning balance		
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value
Bank acceptance bills	693,605,704.99	0.00	693,605,704.99	545,204,103.42	0.00	545,204,103.42
Commercial acceptance bills						
Total	693,605,704.99	0.00	693,605,704.99	545,204,103.42	0.00	545,204,103.42

(1) The Company's notes receivable discounted or endorsed to third parties but not yet matured as of 30 June 2022

Items	Amount of derecognition	Amount of recognition
Bank acceptance bills	3,646,729,061.22	0.00
Total	3,646,729,061.22	0.00

The issuing bank of the bank acceptance bill of the Company presented as accounts receivable financing are commercial banks with higher credit. Therefore, when the bank acceptance bills are mature, they are likely to get paid. The interest rate risk related to the bill has been transferred to the bank, so it can be judged that the main risks and rewards of the bill ownership have been transferred, so need to be derecognised.

(2) The company has no notes receivable transferred to accounts receivable due to drawers' inability of fulfillment at 30 June 2022

(3) Notes receivable by bad debt provision method

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately					
Bad debt provision withdrawn by group	693,605,704.99	100.00	0.00	0.00	693,605,704.99
Of which: Group 1					
Group 2	693,605,704.99	100.00	0.00	0.00	693,605,704.99
Total	693,605,704.99	100.00	0.00	0.00	693,605,704.99

① On 30 June 2022, notes receivable with provision for bad debt recognised by group 1

None.

②Notes receivable with provision for bad debt recognised by group 2

On 30 June 2022, the Company measured provision for bad debt of bank acceptance bill according to the lifetime expected credit loss. The Company believes that no significant credit risk exists in the bank acceptance bills and no significant losses arise from default risk of banks or other issuer' failure of fulfillment.

(4) Changes of bad debt provision during the Reporting Period

None.

## 5.5 Prepayment

(1) Disclosure by aging

Aging	Ending balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within one year	111,268,163.22	97.90	156,395,547.90	99.89
1 to 2 years	2,353,867.56	2.07	173,426.53	0.11
2 to 3 years	32,996.56	0.03	1,996.56	0.00
Over 3 years				
Total	113,655,027.34	100.00	156,570,970.99	100.00

(2) Top five ending balances by entity

Entity name	Ending balance	Proportion of the balance to the total prepayment (%)
No. 1	13,656,968.49	12.02
No. 2	11,461,931.28	10.08
No. 3	11,341,952.77	9.98
No. 4	8,591,041.73	7.56
No. 5	6,214,000.00	5.47
Total	51,265,894.27	45.11

## 5.6 Other Receivables

(1) Listed by category

Item	Ending balance	Beginning balance
Other receivables	87,093,186.66	71,753,212.24
Total	87,093,186.66	71,753,212.24

(2) Other Receivables

## ① Disclosure by aging

Aging	Ending balance	Beginning balance
Within one year	81,228,985.11	68,887,383.04
Of which: 1-6 months	69,062,045.60	62,942,239.54
7-12 months	12,166,939.51	5,945,143.50
1-2 years	7,181,547.37	2,808,217.47
2-3 years	1,399,552.70	2,530,226.11
Over 3 years	44,516,820.56	43,669,449.88
Subtotal	134,326,905.74	117,895,276.50
Less: Bad debt provision	47,233,719.08	46,142,064.26
Total	87,093,186.66	71,753,212.24

## ② Disclosure by nature

Nature	Ending balance	Beginning balance
Investment in securities	38,469,339.88	38,857,584.88
Deposit and guarantee	8,409,996.12	8,788,917.25
Borrowing for business trip expenses	822,718.01	1,219,958.15
Rent, utilities and gasoline charges	13,009,438.49	7,910,881.41
Other	73,615,413.24	61,117,934.81
Subtotal	134,326,905.74	117,895,276.50
Less: Bad debt provision	47,233,719.08	46,142,064.26
Total	87,093,186.66	71,753,212.24

## ③ Disclosure by withdrawal method of bad debt provision

## A. As of 30 June 2022, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	95,857,565.86	8,764,379.20	87,093,186.66
Stage 2			
Stage 3	38,469,339.88	38,469,339.88	
Total	134,326,905.74	47,233,719.08	87,093,186.66

## A1. As of 30 June 2022, bad debt provision at stage 1:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately				
Bad debt provision withdrawn by group	95,857,565.86	9.14	8,764,379.20	87,093,186.66
Of which: Group 1				
Group 2	95,857,565.86	9.14	8,764,379.20	87,093,186.66
Total	95,857,565.86	9.14	8,764,379.20	87,093,186.66

On 30 June 2022, other receivables with bad debt provision withdrawn by group 2

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	81,228,985.11	1,298,967.44	1.60
Of which: 1-6 months	69,062,045.60	690,620.46	1.00
7-12 months	12,166,939.51	608,346.98	5.00
1-2 years	7,181,547.37	718,154.73	10.00
2-3 years	1,399,552.70	699,776.35	50.00
Over 3 years	6,047,480.68	6,047,480.68	100.00
Total	95,857,565.86	8,764,379.20	9.14

A2. As of 30 June 2022, bad debt provision at stage 3:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately	38,469,339.88	100.00	38,469,339.88	
Bad debt provision withdrawn by group				
Of which: Group 1				
Group 2				
Total	38,469,339.88	100.00	38,469,339.88	

On 30 June 2022, other receivables with bad debt provision withdrawn separately:

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason
Hengxin Securities Co., Ltd.	28,733,899.24	28,733,899.24	100.00	The enterprise is bankrupt and liquidated
Jianqiao Securities Co., Ltd.	9,735,440.64	9,735,440.64	100.00	The enterprise is bankrupt and liquidated
Total	38,469,339.88	38,469,339.88	100.00	--

## B. As of 31 December 2021, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	79,037,691.62	7,284,479.38	71,753,212.24
Stage 2			
Stage 3	38,857,584.88	38,857,584.88	0.00
Total	117,895,276.50	46,142,064.26	71,753,212.24

## B1. On 31 December 2021, bad debt provision at stage 1:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately				
Bad debt provision withdrawn by group	79,037,691.62	9.22	7,284,479.38	71,753,212.24
Of which: Group 1				
Group 2	79,037,691.62	9.22	7,284,479.38	71,753,212.24
Total	79,037,691.62	9.22	7,284,479.38	71,753,212.24

## On 31 December 2021, other receivables with bad debt provision withdrawn by group 2

Aging	Beginning balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	68,887,383.04	926,679.58	1.35
Of which: 1-6 months	62,942,239.54	629,422.41	1.00
7-12 months	5,945,143.50	297,257.17	5.00
1-2 years	2,808,217.47	280,821.74	10.00
2-3 years	2,530,226.11	1,265,113.06	50.00

Aging	Beginning balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Over 3 years	4,811,865.00	4,811,865.00	100.00
Total	79,037,691.62	7,284,479.38	9.22

## B2. As of 31 December 2021, bad debt provision at stage 3:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately	38,857,584.88	100.00	38,857,584.88	
Bad debt provision withdrawn by group				
Of which: Group 1				
Group 2				
Total	38,857,584.88	100.00	38,857,584.88	

## On 31 December 2021, other receivables with bad debt provision withdrawn separately:

Name	Beginning balance			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason
Hengxin Securities Co., Ltd.	28,966,894.41	28,966,894.41	100.00	The enterprise is bankrupt and liquidated
Jianqiao Securities Co., Ltd.	9,890,690.47	9,890,690.47	100.00	The enterprise is bankrupt and liquidated
Total	38,857,584.88	38,857,584.88	100.00	--

## ④ Changes of bad debt provision during the Reporting Period

Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Recovery or reversal	Write-off	
Bad debt provision withdrawn separately	38,857,584.88		388,245.00		38,469,339.88
Bad debt provision withdrawn by group	7,284,479.38	1,479,899.82			8,764,379.20
Total	46,142,064.26	1,479,899.82	388,245.00		47,233,719.08



## ⑤ Top five ending balances by entity

Entity name	Nature	Ending balance	Aging	Proportion of the balance to the total other receivables (%)	Bad debt provision
No. 1	Other	37,240,944.00	Within 6 months	27.72	372,409.44
No. 2	Securities investment	28,733,899.24	Over 3 years	21.39	28,733,899.24
No. 3	Securities investment	9,735,440.64	Over 3 years	7.25	9,735,440.64
No. 4	Other	7,785,312.38	Within 6 months	5.80	77,853.12
No. 5	Other	6,175,822.32	Within 2 years	4.60	315,837.14
Total		89,671,418.58		66.76	39,235,439.58

## 5.7 Inventories

## (1) Category of inventories

Item	Ending balance		
	Carrying amount	Falling price reserves	Carrying value
Raw materials and package materials	181,638,685.48	17,040,834.32	164,597,851.16
Semi-finished goods and work in process	3,952,454,080.40	0.00	3,952,454,080.40
Finished goods	903,435,471.82	8,371,442.83	895,064,028.99
Total	5,037,528,237.70	25,412,277.15	5,012,115,960.55

(Continued)

Item	Beginning balance		
	Carrying amount	Falling price reserves	Carrying value
Raw materials and package materials	236,485,211.32	22,919,192.93	213,566,018.39
Semi-finished goods and work in process	3,680,675,328.83	0.00	3,680,675,328.83

Finished goods	776,158,681.46	6,943,356.38	769,215,325.08
Total	4,693,319,221.61	29,862,549.31	4,663,456,672.30

## (2) Falling price reserves of inventories

Items	Beginning balance	Increase	Decrease		Ending balance
		Withdrawal	Reversal or recovery	Other	
Raw materials and package materials	22,919,192.93	368,561.28	6,246,919.89		17,040,834.32
Finished goods	6,943,356.38	1,535,226.87	107,140.42		8,371,442.83
Total	29,862,549.31	1,903,788.15	6,354,060.31		25,412,277.15

## 5.8 Other Current Assets

Item	Ending balance	Beginning balance
Pledge-style repo of treasury bonds		76,205,000.00
Accrued Interests on deposits	85,565,696.07	54,529,762.09
Deductible tax	13,520,924.11	47,487,460.47
Total	99,086,620.18	178,222,222.56

## 5.9 Long-term Equity Investment

Investees	Beginning balance	Changes in the Reporting Period				
		Additional investments	Reduced investments	Profit and loss on investments confirmed according to equity law	Adjustment of other comprehensive income	Changes in other equity
I. Associated enterprises						
Beijing Guge Trading Co., Ltd.	5,312,600.78			144,074.52		
Anhui Xunfei Jiuzhi Technology Co., Ltd.		3,900,000.00				
Total	5,312,600.78	3,900,000.00		144,074.52		

(Continued)

Investees	Changes in the Reporting Period	Ending	Balance of
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	Declaration of cash dividends or distribution of profit	Withdrawal of impairment provision	Other	balance	impairment provision
I. Associated enterprises					
Beijing Guge Trading Co., Ltd.				5,456,675.30	
Anhui Xunfei Jiuzhi Technology Co., Ltd.				3,900,000.00	
Total				9,356,675.30	

### 5.10 Other Equity Instrument Investment

Item	Ending balance	Beginning balance
Anhui Mingguang Rural Commercial Bank Co., Ltd.	56,568,724.15	54,542,418.50
Total	56,568,724.15	54,542,418.50

Disclosure of non-trading equity instrument investment by items

Unit: RMB

Item	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure in fair value and the changes included in other comprehensive income	Reason for other comprehensive income transferred to retained earnings
Anhui Mingguang Rural Commercial Bank Co., Ltd.	957,949.08	2,720,026.35			Assigned to measure in fair value and the changes included in other comprehensive income according to the holding purpose of the management	

### 5.11 Investment Property

(1) Investment property adopting cost measurement mode

Items	Building and plants	Land use rights	Total

Items	Building and plants	Land use rights	Total
I. Original carrying value			
1. Beginning balance	8,680,555.75	2,644,592.00	11,325,147.75
2. Increase during the Reporting Period	11,793,433.36		11,793,433.36
(1) Transfer from fixed assets	11,793,433.36		11,793,433.36
3. Decrease during the Reporting Period			
4. Ending balance	20,473,989.11	2,644,592.00	23,118,581.11
II. Accumulated depreciation and amortization:			
1. Beginning balance	6,437,593.71	811,752.98	7,249,346.69
2. Increase during the Reporting Period	1,998,620.92	28,013.28	2,026,634.20
(1) Withdrawal or amortization	274,131.47	28,013.28	302,144.75
(2) Transfer from fixed assets	1,724,489.45	-	1,724,489.45
3. Decrease during the Reporting Period			
4. Ending balance	8,436,214.63	839,766.26	9,275,980.89
III. Impairment provision			
1. Beginning balance			
2. Increase during the Reporting Period			
3. Decrease during the Reporting Period			
4. Ending balance			
IV. Carrying value			
1. Ending carrying value	12,037,774.48	1,804,825.74	13,842,600.22
2. Beginning carrying value	2,242,962.04	1,832,839.02	4,075,801.06

## 5.12 Fixed Assets

### (1) Listed by category

Item	Ending balance	Beginning balance
Fixed assets	2,174,587,817.92	1,984,063,975.87
Disposal of fixed assets	0.00	0.00
Total	2,174,587,817.92	1,984,063,975.87

### (2) Fixed assets

#### ① General information of fixed assets

Items	Buildings and constructions	Machinery equipments	Vehicles	Office equipment and other	Total
I. Original carrying value					

Items	Buildings and constructions	Machinery equipments	Vehicles	Office equipment and other	Total
1. Beginning balance	2,227,823,579.11	1,330,919,645.23	71,233,228.12	268,969,064.53	3,898,945,516.99
2. Increase during the Reporting Period	234,912,506.30	75,556,193.86	2,091,172.58	17,466,056.82	330,025,929.56
(1) Acquisition		3,166,821.70	2,091,172.58	4,650,835.55	9,908,829.83
(2) Transfer from construction in progress	234,912,506.30	72,389,372.16		12,815,221.27	320,117,099.73
(3) Other increase					
3. Decrease during the Reporting Period	14,419,236.63	31,640,359.83	1,081,574.80	1,141,466.78	48,282,638.04
(1) Disposal or scrap	2,571,178.72	2,154,569.98	1,081,574.80	1,141,466.78	6,948,790.28
(2) Transfer to investment property	11,793,433.36				11,793,433.36
(3) Other decrease	54,624.55	29,485,789.85			29,540,414.40
4. Ending balance	2,448,316,848.78	1,374,835,479.26	72,242,825.90	285,293,654.57	4,180,688,808.51
II. Accumulated depreciation					
1. Beginning balance	939,955,700.88	756,251,767.51	61,387,409.53	152,316,243.68	1,909,911,121.60
2. Increase during the Reporting Period	42,490,626.86	48,905,727.30	2,615,238.29	19,883,776.34	113,895,368.79
(1) Withdrawal	42,490,626.86	48,905,727.30	2,615,238.29	19,883,776.34	113,895,368.79
(2) Other increase	-	-	-	-	-
3. Decrease during the Reporting Period	3,973,037.05	16,911,535.46	770,729.17	981,798.70	22,637,100.38
(1) Disposal or scrap	2,248,547.60	1,976,008.36	770,729.17	981,798.70	5,977,083.83
(2) Transfer to investment property	1,724,489.45				1,724,489.45
(3) Other decrease	-	14,935,527.10			14,935,527.10
4. Ending balance	978,473,290.69	788,245,959.35	63,231,918.65	171,218,221.32	2,001,169,390.01
III. Impairment provision					
1. Beginning balance	3,116,594.39	1,271,091.35		582,733.78	4,970,419.52
2. Increase during the Reporting Period					
(1) Withdrawal					
3. Decrease during the Reporting Period		38,818.94			38,818.94

Items	Buildings and constructions	Machinery equipments	Vehicles	Office equipment and other	Total
(1) Disposal or scrap		38,818.94			38,818.94
4. Ending balance	3,116,594.39	1,232,272.41		582,733.78	4,931,600.58
IV. Carrying value					
1. Ending carrying value	1,466,726,963.70	585,357,247.50	9,010,907.25	113,492,699.47	2,174,587,817.92
2. Beginning carrying value	1,284,751,283.84	573,396,786.37	9,845,818.59	116,070,087.07	1,984,063,975.87

## ② Idle fixed assets

Item	Original carrying value	Accumulated depreciation	Impairment provision	Carrying value	Note
Buildings and constructions	10,582,609.55	7,282,125.83	3,116,594.39	183,889.33	
Machinery equipments	8,925,799.00	7,574,844.36	1,232,272.41	118,682.23	
Office equipment and others	874,608.18	265,657.69	582,733.78	26,216.71	
Total	20,383,016.73	15,122,627.88	4,931,600.58	328,788.27	

## ③ Fixed assets without certificate of title

Items	Carrying value	Reason
Buildings and constructions	846,049,099.92	In process
Total	846,049,099.92	--

## ④ Fixed assets with limit on use for mortgage at the end of the Reporting Period

Items	Original carrying value	Accumulated depreciation	Impairment provision	Carrying value	Note
Buildings and constructions	8,580,058.24	4,890,633.18		3,689,425.06	
Total	8,580,058.24	4,890,633.18		3,689,425.06	

**5.13 Construction in Progress**

## (1) Listed by category

Item	Ending balance	Beginning balance
Construction in progress	1,579,733,041.46	1,064,134,904.21
Total	1,579,733,041.46	1,064,134,904.21

## (2) Construction in progress

① General information of construction in progress

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Smart park project	1,315,499,238.91		1,315,499,238.91	700,794,613.29		700,794,613.29
Theme hotel project	154,688,182.63		154,688,182.63	61,431,126.99		61,431,126.99
Gujing plant area 12# liquor warehouse	23,846,143.28		23,846,143.28	10,666,666.95		10,666,666.95
Suizhou new plant project	37,884,903.90		37,884,903.90	266,102,852.17		266,102,852.17
Other individual project	47,814,572.74		47,814,572.74	25,139,644.81		25,139,644.81
Total	1,579,733,041.46		1,579,733,041.46	1,064,134,904.21		1,064,134,904.21

② Changes in significant projects of construction in progress

Project	Budget (RMB'0,000)	Beginning balance	Increase during the Reporting Period	Amount transferred to fixed asset	Decrease during the Reporting Period	Ending balance
Smart park project	828,965.74	700,794,613.29	614,704,625.62			1,315,499,238.91
Theme hotel project	49,900.00	61,431,126.99	93,257,055.64			154,688,182.63
Gujing plant area 12# liquor warehouse	16,250.00	10,666,666.95	13,179,476.33			23,846,143.28
Suizhou new plant project	60,000.00	266,102,852.17	101,616,808.42	309,779,677.29	20,055,079.40	37,884,903.90
Other individual project	8,170.48	25,139,644.81	33,086,263.58	10,337,422.44	73,913.21	47,814,572.74
Total	963,286.22	1,064,134,904.21	855,844,229.59	320,117,099.73	20,128,992.61	1,579,733,041.46

(Continued)

Project	Proportion of project input to budgets (%)	Schedule (%)	Cumulative amount of interest capitalization	Of which: Interest capitalized during the reporting period	Interest capitalization during the Reporting Period (%)	Source of funds
Smart park project	15.89	18.79				Self-owned fund and raised fund

Project	Proportion of project input to budgets (%)	Schedule (%)	Cumulative amount of interest capitalization	Of which: Interest capitalized during the reporting period	Interest capitalization during the Reporting Period (%)	Source of funds
Theme hotel project	31.00	40.88				Self-owned fund
Gujing plant area 12# liquor warehouse	14.67	40.00				Self-owned fund
Suizhou new plant project	61.29	61.29	4,422,716.98	1,894,734.25	3.45	Self-owned fund and borrowings
Other individual project	71.26	71.26				Self-owned fund
Total	--	--	4,422,716.98	1,894,734.25	--	--

#### 5.14 Right-of-use Assets

Items	Buildings and constructions	Machinery equipments	Total
I. Original carrying value			
1. Beginning balance	57,050,481.74	1,330,929.57	58,381,411.31
2. Increase during the Reporting Period			
3. Decrease during the Reporting Period			
4. Ending balance	57,050,481.74	1,330,929.57	58,381,411.31
II. Accumulated depreciation			
1. Beginning balance	14,010,539.12	443,643.22	14,454,182.34
2. Increase during the Reporting Period	7,068,616.54	221,821.61	7,290,438.15
(1) Withdrawal	7,068,616.54	221,821.61	7,290,438.15
3. Decrease during the Reporting Period			
(1) Disposal			
4. Ending balance	21,079,155.66	665,464.83	21,744,620.49
III. Impairment provision			



1. Beginning balance			
2. Increase during the Reporting Period			
(1) Withdrawal			
3. Decrease during the Reporting Period			
(1) Disposal			
4. Ending balance			
IV. Carrying value			
1. Ending carrying value	35,971,326.08	665,464.74	36,636,790.82
2. Beginning carrying value	43,039,942.62	887,286.35	43,927,228.97

### 5.15 Intangible Assets

#### (1) General information of intangible assets

Item	Land use rights	Software	Patents and trademark	Total
I. Original carrying value				
1. Beginning balance	1,001,763,740.75	129,251,165.21	253,045,146.19	1,384,060,052.15
2. Increase during the Reporting Period	67,414,107.25	772,851.32		68,186,958.57
(1) Acquisition	67,414,107.25	772,851.32		68,186,958.57
(2) Transfer from construction in progress				
3. Decrease during the Reporting Period				
(1) Disposal				
(2) Other decrease				
4. Ending balance	1,069,177,848.00	130,024,016.53	253,045,146.19	1,452,247,010.72
II. Accumulated amortization:				
1. Beginning balance	181,669,781.87	69,365,956.76	69,555,470.91	320,591,209.54
2. Increase during the Reporting Period	10,802,404.45	10,443,034.97	15,000.00	21,260,439.42
(1) Withdrawal	10,802,404.45	10,443,034.97	15,000.00	21,260,439.42
3. Decrease during the Reporting Period				
(1) Disposal				

Item	Land use rights	Software	Patents and trademark	Total
4. Ending balance	192,472,186.32	79,808,991.73	69,570,470.91	341,851,648.96
III. Impairment provision				
1. Beginning balance				
2. Increase during the Reporting Period				
3. Decrease during the Reporting Period				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	876,705,661.68	50,215,024.80	183,474,675.28	1,110,395,361.76
2. Beginning carrying value	820,093,958.88	59,885,208.45	183,489,675.28	1,063,468,842.61

(2) Intangible assets used for mortgage at 30 June 2022

Item	Original carrying value	Accumulated amortization	Impairment provision	Carrying value	Note
Land use rights	4,029,919.10	1,289,574.12		2,740,344.98	
Total	4,029,919.10	1,289,574.12		2,740,344.98	

(3) Intangible assets without certificate of title

Item	Carrying value	Reason
Land use rights	67,229,531.74	In progress
Total	67,229,531.74	--

## 5.16 Goodwill

(1) Original carrying value of goodwill

Investees or matters that goodwill arising from	Beginning balance	Increase		Decrease		Ending balance
		Formed by business combination	Other	Disposal	Other	
Yellow Crane Tower Distillery Co., Ltd.	478,283,495.29					478,283,495.29
Anhui Mingguang Distillery Co., Ltd.	60,686,182.07					60,686,182.07
Renhuai Maotai Town Zhencang Winery Industry Co., Ltd.	22,394,707.65					22,394,707.65

Investees or matters that goodwill arising from	Beginning balance	Increase		Decrease		Ending balance
		Formed by business combination	Other	Disposal	Other	
Total	561,364,385.01					561,364,385.01

### 5.17 Long-term Deferred Expenses

Item	Beginning balance	Increase	Decrease		Ending balance
			Amortization	Other decrease	
Experience center	30,453,147.53		6,781,656.11		23,671,491.42
Sewage treatment project	1,922,131.15		461,311.48		1,460,819.67
Yellow Crane Tower chateau and museum	4,470,296.69		1,757,322.66		2,712,974.03
Gujing party building cultural center	2,363,636.37		590,909.09		1,772,727.28
Yantai wine museum project	448,182.86		244,463.38		203,719.48
Suizhou new plant project		20,055,079.40	575,894.83		19,479,184.57
Other individual project with insignificant amounts	16,250,943.43	230,831.85	5,247,874.91	0.00	11,233,900.37
Total	55,908,338.03	20,285,911.25	15,659,432.46	0.00	60,534,816.82

### 5.18 Deferred Tax Assets and Deferred Tax Liabilities

#### (1) Deferred tax assets before offsetting

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Asset impairment provision	30,343,877.73	7,585,969.43	34,832,968.83	8,597,940.21
Credit impairment provision	57,585,951.73	14,396,487.93	56,327,170.37	14,078,521.69
Unrealized intergroup profit	86,513,941.97	21,628,485.49	89,880,690.08	22,470,172.52
Deferred income	100,322,613.54	25,080,653.39	91,101,512.05	22,355,416.63
Deductible losses	4,395,815.61	683,926.57	3,275,424.29	235,799.84
Carry-over of payroll payables deductible during the next period	0.00	0.00	14,728,894.07	3,682,223.52
Accrued expenses and discount	1,466,781,612.20	366,695,403.05	845,357,525.22	211,333,743.87

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Change in fair value of accounts receivable financing	3,351,274.76	837,818.69	4,296,727.84	1,074,181.96
Total	1,749,295,087.54	436,908,744.55	1,139,800,912.75	283,828,000.24

## (2) Deferred tax liabilities before offsetting

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Difference in accelerated depreciation of fixed assets	75,071,625.68	18,767,906.41	74,959,073.18	18,739,768.30
Assets appreciation arising from business combination not under the same control	669,073,190.86	167,268,297.72	689,376,361.16	172,344,090.29
Changes in fair value of trading financial assets	3,857,213.38	964,303.35	11,103,876.68	2,775,969.16
Changes in fair value of investments in other equity instruments	2,720,026.35	680,006.59	693,720.70	173,430.18
Total	750,722,056.27	187,680,514.07	776,133,031.72	194,033,257.93

## 3.19 Other Non-current Assets

Item	Ending balance	Beginning balance
Prepayments for equipment	2,044,800.00	7,220,318.40
Total	2,044,800.00	7,220,318.40

## 3.20 Short-term Borrowings

Category	Ending balance	Beginning balance
Credit borrowings	20,018,333.33	0.00
Mortgage borrowings	10,010,694.44	10,008,555.55
Guarantee borrowings	0.00	20,026,583.34
Total	30,029,027.77	30,035,138.89

## 3.21 Notes Payable

## (1) Listed by nature

Category	Ending balance	Beginning balance
Bank acceptance bills	81,620,172.86	127,114,336.16
Commercial acceptance bills	0.00	0.00
Total	81,620,172.86	127,114,336.16

(2) At the end of the reporting period, there is no notes payable matured but not yet paid.

## 5.22 Accounts Payable

(1) Listed by nature

Item	Ending balance	Beginning balance
Payments for goods	681,236,998.78	605,774,178.94
Payments for constructions and equipment	357,082,380.40	253,893,258.27
Other	127,551,792.22	160,769,884.68
Total	1,165,871,171.40	1,020,437,321.89

(2) Significant accounts payable aging over one year

Item	Ending balance	Reason
No. 1	2,116,587.78	Final payment
No. 2	505,111.19	Payments for goods
No. 3	490,485.32	Final payment
No. 4	393,392.70	Final payment
No. 5	348,350.03	Other
Total	3,853,927.02	--

## 5.23 Contract Liabilities

Item	Ending balance	Beginning balance
Payment for goods	3,427,741,695.67	1,825,447,705.85
Total	3,427,741,695.67	1,825,447,705.85

## 5.24 Employee Benefits Payable

(1) List of employee benefits payable

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term employee benefits	709,463,139.46	1,609,106,174.64	1,582,782,548.28	735,786,765.82
II. Post-employment benefits-defined contribution plans	208,648.28	61,626,130.26	61,627,350.86	207,427.68

Item	Beginning balance	Increase	Decrease	Ending balance
III. Termination benefits	0.00	222,970.60	222,970.60	0.00
IV. Other benefits due within one year				
<b>Total</b>	<b>709,671,787.74</b>	<b>1,670,955,275.50</b>	<b>1,644,632,869.74</b>	<b>735,994,193.50</b>

## (2) List of short-term employee benefits

Item	Beginning balance	Increase	Decrease	Ending balance
I. Salaries, bonuses, allowances and subsidies	630,779,825.28	1,415,943,168.03	1,390,037,269.04	656,685,724.27
II. Employee benefits	0.00	55,280,619.92	55,280,619.92	0.00
III. Social insurance	445,462.22	31,966,481.81	31,979,646.69	432,297.34
Of which: Health insurance	445,427.72	30,587,555.72	30,600,686.10	432,297.34
Injury insurance	34.50	1,378,926.09	1,378,960.59	0.00
IV. Housing accumulation fund	5,653,470.40	49,785,431.25	50,117,418.45	5,321,483.20
V. Labor union funds and employee education funds	69,520,657.48	16,078,474.69	15,290,275.24	70,308,856.93
VI. Enterprise annuity	3,063,724.08	40,051,998.94	40,077,318.94	3,038,404.08
<b>Total</b>	<b>709,463,139.46</b>	<b>1,609,106,174.64</b>	<b>1,582,782,548.28</b>	<b>735,786,765.82</b>

## (3) Defined contribution plans

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic endowment insurance	208,648.28	59,619,935.96	59,621,156.56	207,427.68
2. Unemployment insurance	0.00	2,006,194.30	2,006,194.30	0.00
<b>Total</b>	<b>208,648.28</b>	<b>61,626,130.26</b>	<b>61,627,350.86</b>	<b>207,427.68</b>

## 5.25 Taxes Payable

Item	Ending balance	Beginning balance
VAT	145,673,136.60	154,597,583.14
Consumption tax	302,009,359.14	406,331,487.38
Enterprise income tax	415,380,422.84	255,882,481.65
Individual income tax	2,452,254.07	2,674,057.91

Item	Ending balance	Beginning balance
Urban maintenance and construction tax	25,382,340.74	20,431,543.35
Stamp duty	3,165,739.64	2,882,861.65
Educational surcharge	22,312,116.57	18,506,770.12
Other	11,228,549.96	11,964,201.51
Total	927,603,919.56	873,270,986.71

## 5.26 Other Payables

### (1) Listed by category

Item	Ending balance	Beginning balance
Other payables	2,512,044,376.53	2,280,937,078.12
Total	2,512,044,376.53	2,280,937,078.12

### (2) Other payables

#### ① Listed by nature

Item	Ending balance	Beginning balance
Security deposit and guarantee	2,080,003,170.95	1,845,795,843.02
Warranty	43,565,423.05	48,556,830.53
Personal housing fund paid by company	5,386,711.90	4,722,066.45
Other	383,089,070.63	381,862,338.12
Total	2,512,044,376.53	2,280,937,078.12

#### ② Significant other payables aging over one year

Other payables balance aging over one year are mainly security deposit and warranty not yet matured.

## 5.27 Non-current Liabilities due within one year

Item	Ending balance	Beginning balance
Lease liabilities due within one year	12,619,612.87	13,190,399.32
Long-term borrowings due within one year	30,030,833.33	
Total	42,650,446.20	13,190,399.32

## 5.28 Other Current Liabilities

Item	Ending balance	Beginning balance
Accrued expenses	1,183,621,837.78	562,547,100.62
The VAT tax liability has not yet occurred and	445,369,074.08	236,975,461.98

Item	Ending balance	Beginning balance
needs to be recognized as the value-added tax of the output tax in the subsequent periods		
Total	1,628,990,911.86	799,522,562.60

### 5.29 Long-term Borrowings

Item	Ending balance	Beginning balance
Credit Loan	0.00	60,000,000.00
Accrued interest	84,917.22	176,255.83
Guarantee loan	79,790,000.00	112,180,000.00
Total	79,874,917.22	172,356,255.83

### 5.30 Lease Liabilities

Item	Ending balance	Beginning balance
Lease liabilities	21,151,463.30	28,107,223.18
Total	21,151,463.30	28,107,223.18

### 5.31 Deferred Income

#### (1) General information of deferred income

Item	Beginning balance	Increase	Decrease	Ending balance	Reason
Government grants	91,101,512.05	12,350,000.00	3,128,898.51	100,322,613.54	Grants received from government
Total	91,101,512.05	12,350,000.00	3,128,898.51	100,322,613.54	--

#### (2) Items involved with government grants:

Item	Beginning balance	Increase during the Reporting Period	Recognized in other income during the Reporting Period	Other changes	Ending balance	Related to assets/related to income
Subsidy for Suizhou new factory infrastructure	35,338,000.00		373,947.06		34,964,052.94	Related to assets
Refund of Land payment	42,700,310.29		489,459.12		42,210,851.17	Related to assets
Funds for strategic emerging industry agglomeration development base	1,752,640.06		311,359.98		1,441,280.08	Related to assets
Comprehensive subsidy	2,085,104.67		147,182.40		1,937,922.27	Related to assets



fund for air pollution prevention and control						
Instrument subsidy	1,279,705.79		160,133.94		1,119,571.85	Related to assets
Subsidy funds for strong manufacturing province and private economy development projects in 2019	1,250,183.41		154,327.14		1,095,856.27	Related to assets
Anhui province subsidy of innovative province construction capacity for independent innovation	487,030.00		365,272.50		121,757.50	Related to assets
Subsidy for technical transformation of No.2 boiler	759,259.24		111,111.12		648,148.12	Related to assets
Equipment subsidy	668,907.24		104,104.56		564,802.68	Related to assets
Gujing Zhangji wine cellar optimization and reconstruction project	740,208.51		23,749.98		716,458.53	Related to assets
Subsidy for food safety improvement project	413,793.25		68,965.50		344,827.75	Related to assets
Anhui province development of direct funds of service industry	209,756.36		146,341.44		63,414.92	Related to assets
Specific funds for side management of power demand	228,000.00		72,000.00		156,000.00	Related to assets
Automation of check and storage, on-line monitoring of product quality	78,125.32		46,875.32		31,250.00	Related to assets
Wine production system technical transformation	2,180,720.63		145,786.08		2,034,934.55	Related to assets
Intelligent solid brewing technology innovation project	57,291.45		15,625.02		41,666.43	Related to assets
Specific funds for transformation of gas-fired boilers	197,500.00		15,000.00		182,500.00	Related to assets

Recognition awards for Industrial enterprise technical transformation investments	552,622.31		34,821.86		517,800.45	Related to assets
Government grants from Technology and Quality Department	122,353.52		10,274.26		112,079.26	Related to assets
Provincial special Fund for high-quality development of manufacturing industry		2,850,000.00			2,850,000.00	Related to assets
Deep treatment project of VOCSs		1,050,000.00	267,407.61		782,592.39	Related to assets
Liquor industry Internet Platform		7,000,000.00	-		7,000,000.00	Related to assets
Project of Robot Development		450,000.00	15,153.64		434,846.36	Related to assets
Upgrading project of intelligent and automatic liquor production		1,000,000.00	49,999.98		950,000.02	Related to assets
<b>Total</b>	<b>91,101,512.05</b>	<b>12,350,000.00</b>	<b>3,128,898.51</b>		<b>100,322,613.54</b>	<b>--</b>

### 5.32 Share Capital

Item	Beginning balance	Changes during the Reporting Period (+,-)					Ending balance
		New issues	Bonus issues	Capitalization of reserves	Others	Subtotal	
The sum of shares	528,600,000.00						528,600,000.00

### 5.33 Capital Reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (share premium)	6,191,894,530.90			6,191,894,530.90
Other capital reserves	32,853,136.20			32,853,136.20

Item	Beginning balance	Increase	Decrease	Ending balance
Total	6,224,747,667.10			6,224,747,667.10

### 5.34 Other Comprehensive Income

Item	Beginning balance	Reporting Period						Ending balance
		Income before taxation in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred to profit or loss in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred to retained earnings in the Current Period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
I. Other comprehensive income that may not subsequently be reclassified to profit or loss	312,174.31	2,026,305.65			506,576.41	911,837.54	607,891.70	1,224,011.85
Of which: Changes caused by remeasurements on defined benefit schemes								
Other comprehensive income that will not be reclassified to profit or loss under the equity method								
Changes in fair value of other equity instrument investment	312,174.31	2,026,305.65			506,576.41	911,837.54	607,891.70	1,224,011.85
Changes in the fair value arising from changes in own credit risk								
II. Other comprehensive income that may subsequently be reclassified to profit or loss	-3,047,232.50	945,453.08			236,363.27	924,296.63	-215,206.82	-2,122,935.87
Of which: Other comprehensive income that will be reclassified to profit or loss under the equity method								
Changes in the fair value of investments in other debt obligations								

Other comprehensive income arising from the reclassification of financial assets	-3,047,232.50	945,453.08			236,363.27	924,296.63	-215,206.82	-2,122,935.87
Credit impairment allowance for investments in other debt obligations								
Reserve for cash flow hedges								
Differences arising from translation of foreign currency-denominated financial statements								
Total of other comprehensive income	-2,735,058.19	2,971,758.73			742,939.68	1,836,134.17	392,684.88	-898,924.02

### 5.35 Surplus Reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserve	269,402,260.27			269,402,260.27
Total	269,402,260.27			269,402,260.27

Note: In accordance with provisions of *Company Law* and *Articles of Association*, the statutory surplus reserve shall be withdrawn at 10% of net profits by the Company. The accumulated amount of statutory surplus reserve can no longer be withdrawn when it is more than 50% of the Company's registered capital.

### 5.36 Retained Earnings

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	9,517,374,574.46	7,987,380,161.21
Total beginning balance of retained earnings before adjustment (increase+, decrease-)		
Beginning balance of retained earnings after adjustments	9,517,374,574.46	7,987,380,161.21
Add: Net profit attributable to owners of the Company as the parent	1,918,821,503.75	2,297,894,413.25
Less: withdrawal of statutory surplus reserve		12,500,000.00
Dividend of ordinary shares payable	1,162,920,000.00	755,400,000.00
Ending retained earnings	10,273,276,078.21	9,517,374,574.46

### 5.37 Operating Revenue and Cost of Sales

Item	Reporting Period	Same period of last year
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	Operating revenue	Costs of sales	Operating revenue	Costs of sales
Main operations	8,962,507,998.25	2,007,802,802.77	6,962,693,789.52	1,637,770,675.38
Other operations	39,497,925.17	15,201,058.59	44,802,678.22	16,047,671.93
Total	9,002,005,923.42	2,023,003,861.36	7,007,496,467.74	1,653,818,347.31

## Information on operating revenue:

Contract category	Liquor sales	Total
Commodity type	8,696,974,044.24	8,696,974,044.24
Including:		
Original Vintage	6,704,950,952.54	6,704,950,952.54
Gujingong Liquor	901,386,716.35	901,386,716.35
Yellow Crane Tower	630,980,727.47	630,980,727.47
Other	459,655,647.88	459,655,647.88
By operating segment	8,696,974,044.24	8,696,974,044.24
Including:		
North China	608,718,399.33	608,718,399.33
Central China	7,600,428,712.12	7,600,428,712.12
Southern China	480,154,959.01	480,154,959.01
Overseas	7,671,973.78	7,671,973.78
Contract type	8,696,974,044.24	8,696,974,044.24
Including:		
Commodity sales contract	8,696,974,044.24	8,696,974,044.24
By sales channel	8,696,974,044.24	8,696,974,044.24
Including:		
Online	279,538,527.37	279,538,527.37
Offline	8,417,435,516.87	8,417,435,516.87
Total	8,696,974,044.24	8,696,974,044.24

## 5.38 Taxes and Surcharges

Item	Reporting Period	Same period of last year
Consumption tax	1,047,706,042.57	879,116,923.82
Urban maintenance and construction tax and educational surcharge	191,118,110.88	159,895,059.56
Urban land use tax	10,644,741.02	9,091,340.70
Property tax	8,962,556.19	9,172,552.52

Item	Reporting Period	Same period of last year
Stamp duty	9,277,618.92	5,877,488.03
Other	9,029,828.22	6,657,887.42
<b>Total</b>	<b>1,276,738,897.80</b>	<b>1,069,811,252.05</b>

### 5.39 Selling Expense

Item	Reporting Period	Same period of last year
Employment benefits	499,313,896.40	385,703,329.21
Travel fees	77,211,414.12	79,727,177.78
Advertisement fees	557,349,666.49	467,467,773.39
Comprehensive promotion costs	1,057,068,152.23	685,618,164.57
Service fees	352,084,304.93	359,748,787.06
Other	52,077,986.29	50,000,363.92
<b>Total</b>	<b>2,595,105,420.46</b>	<b>2,028,265,595.93</b>

### 5.40 Administrative Expenses

Item	Reporting Period	Same period of last year
Employee benefits	332,926,047.23	284,582,789.99
Office fees	21,699,298.12	25,800,540.36
Maintenance expenses	88,287,928.43	33,180,815.29
Depreciation	34,878,234.93	41,487,748.11
Amortization of intangible assets	17,052,302.25	17,277,135.76
Pollution discharge	12,080,582.54	10,238,085.66
Travel expenses	4,611,573.45	5,959,737.83
Water and electricity charges	5,701,410.83	3,949,046.33
Other	42,083,164.88	45,251,494.37
<b>Total</b>	<b>559,320,542.66</b>	<b>467,727,393.70</b>

### 5.41 Development Costs

Item	Reporting Period	Same period of last year
Labor cost	17,578,443.61	13,713,853.14
Direct input costs	4,038,177.88	2,156,217.53
Depreciation expense	1,250,539.87	1,666,681.97
Other	4,970,204.58	2,424,593.62

Item	Reporting Period	Same period of last year
Total	27,837,365.94	19,961,346.26

#### 5.42 Finance Costs

Item	Reporting Period	Same period of last year
Interest expenses	2,498,008.94	4,457,905.49
Less: Interest income	131,378,962.32	72,689,006.99
Net interest expenses	-128,880,953.38	-68,231,101.50
Net foreign exchange losses	-429,484.32	-171,646.25
Bank charges and others	-313,522.29	-287,369.98
Total	-129,623,959.99	-68,690,117.73

#### 5.43 Other Income

Item	Reporting Period	Same period of last year	Related to assets /income
I. Government grants recorded to other income			
Of which: Government grant related to deferred income	3,128,898.51	2,839,284.13	Related to assets
Government grant recorded to current profit or loss	23,080,182.64	31,862,128.69	Related to income
Total	26,209,081.15	34,701,412.82	--

#### 5.44 Investment Income

Item	Reporting Period	Same period of last year
Investment income from long-term equity investments under equity method	144,074.52	60,287.04
Investment income from disposal of financial assets at fair value through profit or loss		
Investment income from holding of debt obligations		
Investment income from holding of other equity instrument investments	957,949.08	809,860.62
Investment income from disposal of financial assets at fair value through other comprehensive income	-18,654,353.22	-6,415,106.49
Investment income from holding of trading financial assets		1,625.42

Other	103,208.20	421,221.91
<b>Total</b>	<b>-17,449,121.42</b>	<b>-5,122,111.50</b>

#### 5.45 Gains on Changes in Fair Values

Sources	Reporting Period	Same period of last year
Financial assets at fair value through profit or loss	318,569.02	5,237,242.40
Of which: gains on changes in fair value of derivatives	0.00	0.00
<b>Total</b>	<b>318,569.02</b>	<b>5,237,242.40</b>

#### 5.46 Credit Impairment Loss

Item	Reporting Period	Same period of last year
Bad debt of notes receivable		
Bad debt of accounts receivable	-167,126.54	34,837.84
Bad debt of other receivables	-1,091,654.82	1,911,127.85
<b>Total</b>	<b>-1,258,781.36</b>	<b>1,945,965.69</b>

#### 5.47 Asset Impairment Loss

Item	Reporting Period	Same period of last year
I. Inventory falling price loss	4,343,131.74	2,464,519.26
II. Impairment loss of fixed assets		
<b>Total</b>	<b>4,343,131.74</b>	<b>2,464,519.26</b>

#### 5.48 Gains on Disposal of Assets

Item	Reporting Period	Same period of last year
Gains/losses from disposal of fixed assets, construction in progress, productive biological assets and intangible assets not classified as held for sale	191,652.74	1,014,902.90
Of which: Fixed assets	191,652.74	1,014,902.90
<b>Total</b>	<b>191,652.74</b>	<b>1,014,902.90</b>

#### 5.49 Non-operating Income

##### (1) Details of non-operating income

Item	Reporting Period	Same period of last year	Recognized in current non-recurring profit or loss
Gains from damage or scrapping of non-current asset	368,223.18	0.00	368,223.18
Government grants irrelevant to daily	0.00	14,857.64	0.00



Item	Reporting Period	Same period of last year	Recognized in current non-recurring profit or loss
operation activities			
Income from penalties and compensation	18,655,281.74	17,701,583.38	18,655,281.74
Sales of wastes	2,007,451.66	3,289,554.24	2,007,451.66
Other	3,957,979.77	4,701,120.05	3,957,979.77
Total	24,988,936.35	25,707,115.31	24,988,936.35

## (2) Government grants irrelevant to daily operation activities

Item	Reporting Period	Same period of last year	Related to assets/related to income
Other rewards	0.00	14,857.64	Related to income
Total	0.00	14,857.64	--

## 5.50 Non-operating Expenses

Item	Reporting Period	Same period of last year	Recognized in current non-recurring profit or loss
Loss from damage or scrapping of non-current assets	516,064.41	3,132,257.94	516,064.41
Donations	5,480,000.00	0.00	5,480,000.00
Other	2,355,398.76	122,820.97	2,355,398.76
Total	8,351,463.17	3,255,078.91	8,351,463.17

## 5.51 Income Tax Expenses

## (1) Details of income tax expenses

Item	Reporting Period	Same period of last year
Current tax expenses	866,229,611.46	464,320,327.02
Deferred tax expenses	-160,176,427.85	14,410,399.64
Total	706,053,183.61	478,730,726.66

## (2) Reconciliation of accounting profit and income tax expenses

Item	Reporting Period
Profit before taxation	2,678,615,800.24
Current income tax expense accounted at applicable tax rate of the Company as the parent	669,653,950.06
Influence of applying different tax rates by subsidiaries	-6,170,014.49

Influence of income tax before adjustment	48,451,759.72
Influence of non-taxable income	
Influence of non-deductible costs, expenses and losses	358,495.84
Influence of deductible losses of unrecognized deferred income tax at the beginning of the Reporting Period	0.00
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	0.00
Influence of development expense deduction	-6,241,007.52
Tax rate adjustment to the beginning balance of deferred income tax assets/liabilities	0.00
Income tax credits	0.00
Total	706,053,183.61

## 5.52 Notes to the Statement of Cash Flows

### (1) Other cash received relating to operating activities

Item	Reporting Period	Same period of last year
Security deposit, guarantee and warranty	210,649,471.58	101,445,152.98
Government grants	35,430,182.64	51,606,278.86
Interest income	100,343,028.34	81,668,119.12
Release of restricted monetary assets	0.00	1,331,277,878.92
Other	70,451,751.06	32,873,232.20
Total	416,874,433.62	1,598,870,662.08

### (2) Other cash payments relating to operating activities

Item	Reporting Period	Same period of last year
Cash paid in sales and distribution expenses and general and administrative expense	614,584,443.16	856,443,548.71
Security deposit, guarantee and warranty	73,317,371.12	90,125,562.91
Time deposits or deposits pledged for the issuance of notes payable	0.00	884,394.71
Structured time deposits that cannot be withdrawn in advance	0.00	3,498,000,000.00
Others	84,256,242.29	70,912,886.51
Total	772,158,056.57	4,516,366,392.84

### (3) Other cash payments relating to financing activities

Item	Reporting Period	Same period of last year
Rental fee	9,257,885.61	8,235,784.88
Total	9,257,885.61	8,235,784.88

### 5.53 Supplementary Information to the Statement of Cash Flows

#### (1) Supplementary information to the statement of cash flows

Supplementary information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities:	--	--
Net profit	1,972,562,616.63	1,420,565,891.53
Add: Provisions for impairment of assets	-3,084,350.38	-4,410,484.95
Depreciation of fixed assets, oil and gas assets and productive biological assets	114,197,513.54	116,285,870.21
Depreciation of right-of-use assets	7,290,438.15	7,221,332.24
Amortization of intangible assets	21,260,439.42	21,521,021.91
Amortization of long-term deferred expenses	15,659,432.46	15,623,953.64
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-191,652.74	-1,014,902.90
Losses on scrapping of fixed assets (gains: negative)	147,841.23	3,132,257.94
Losses on changes in fair value (gains: negative)	-318,569.02	-5,237,242.40
Finance costs (gains: negative)	-429,484.32	-171,646.25
Investment losses (gains: negative)	17,449,121.42	5,122,111.50
Decreases in deferred tax assets (increase: negative)	-153,080,744.31	-29,849,019.59
Increases in deferred tax liabilities (decrease: negative)	-6,352,743.86	44,524,958.97
Decreases in inventories (increase: negative)	-344,209,016.09	-553,051,541.47
Decreases in operating receivables (increase: negative)	-111,211,423.56	-437,729,347.99
Increases in operating payables (decrease: negative)	2,661,557,381.22	1,829,040,435.66

Other*1		-2,167,606,515.79
Net cash flows from operating activities	4,191,246,799.79	263,967,132.26
2. Significant investing and financing activities without involvement of cash receipts and payments		
Conversion of debt into capital		
Current portion of convertible corporate bonds		
Fixed assets acquired under finance leases		
3. Net increase/decrease of cash and cash equivalents:		
Ending balance of cash	11,409,624,162.43	9,642,389,098.14
Less: Beginning balance of cash	6,057,550,178.60	5,636,903,693.74
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	5,352,073,983.83	4,005,485,404.40

\*1: Refer to impact of restricted funds on net cash flow generated from operating activities of the reporting period.

## (2) The components of cash and cash equivalents

Item	Reporting Period	Same period of last year
I. Cash	11,409,624,162.43	9,642,389,098.14
Including: Cash on hand	97,411.12	175,509.59
Bank deposit on demand	11,409,370,669.26	9,641,953,541.32
Other monetary assets on demand	156,082.05	260,047.23
II. Cash equivalents		
Of which: Bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	11,409,624,162.43	9,642,389,098.14
Of which: cash and cash equivalents with restriction to use in the subsidiaries of the Company as the parent or Group		

## 5.54 Assets with Restricted Ownership or Right of Use

Item	Ending carrying value	Reason
Cash and cash equivalents	5,267,163,293.12	Structured deposits which cannot be withdrawn in advance, time deposits pledged for opening bank acceptance bills and security deposit

Fixed assets	3,689,425.06	Mortgaged for guarantee loans
Intangible assets	2,740,344.98	Mortgaged for guarantee loans
Total	5,273,593,063.16	--

## 5.55 Government Grants

### (1) Government grants related to assets

Item	Amount	Item presented in the statement of financial position	Recognized in current profit or loss or as deduct of related cost		Presented item recorded to current profit or loss or as deduct of related cost
			Reporting Period	Same period of last year	
Suizhou new plant infrastructure subsidy	34,964,052.94	Deferred income	373,947.06	0.00	Other income
Refund for land payment	42,210,851.17	Deferred income	489,459.12	265,135.86	Other income
Funds for strategic emerging industry agglomeration development base	1,441,280.08	Deferred income	311,359.98	311,359.98	Other income
Comprehensive subsidy fund for air pollution prevention and control	1,937,922.27	Deferred income	147,182.40	145,928.39	Other income
Equipment subsidy	1,119,571.85	Deferred income	160,133.94	119,531.68	Other income
Subsidy funds for strong manufacturing province and private economy development projects in 2019	1,095,856.27	Deferred income	154,327.14	155,581.14	Other income
Subsidy for the construction of independent innovation capacity of Anhui Province	121,757.50	Deferred income	365,272.50	365,272.50	Other income
Subsidy for technical transformation of No.2 boiler	648,148.12	Deferred income	111,111.12	111,111.12	Other income
Equipment subsidy	564,802.68	Deferred income	104,104.56	144,706.83	Other income
Optimization and reconstruction project of Gujing Zhangji liquor store	716,458.53	Deferred income	23,749.98	23,749.98	Other income
Subsidy for key technology cooperation project of important food isotope authenticity	0.00	Deferred income	0.00	600,000.00	Other income

Item	Amount	Item presented in the statement of financial position	Recognized in current profit or loss or as deduct of related cost		Presented item recorded to current profit or loss or as deduct of related cost
			Reporting Period	Same period of last year	
Subsidy for food safety improvement project	344,827.75	Deferred income	68,965.50	68,965.50	Other income
Anhui province development of direct funds of service industry	63,414.92	Deferred income	146,341.44	146,341.44	Other income
Specific funds for side management of power demand	156,000.00	Deferred income	72,000.00	72,000.00	Other income
Whole process online monitoring of hook and store automation and product quality	31,250.00	Deferred income	46,875.32	46,875.00	Other income
Electric motor and boiler energy saving technology transformation project	0.00	Deferred income	0.00	68,749.98	Other income
Wine production system technical transformation	2,034,934.55	Deferred income	145,786.08	114,743.94	Other income
Intelligent solid brewing technology innovation project	41,666.43	Deferred income	15,625.02	15,625.02	Other income
Specific fund for transformation of gas-fired boilers	182,500.00	Deferred income	15,000.00	20,000.00	Other income
Recognition awards for industrial enterprise technical transformation investments	517,800.45	Deferred income	34,821.86	43,605.77	Other income
Government grants from Technology and Quality Department	112,079.26	Deferred income	10,274.26		Other income
Provincial special Fund for high-quality development of manufacturing industry	2,850,000.00	Deferred income			Other income
Deep treatment project of VOCS	782,592.39	Deferred income	267,407.61		Other income
Liquor industry Internet Platform	7,000,000.00	Deferred income			Other income
Project of Robot Development	434,846.36	Deferred income	15,153.64		Other income

Item	Amount	Item presented in the statement of financial position	Recognized in current profit or loss or as deduct of related cost		Presented item recorded to current profit or loss or as deduct of related cost
			Reporting Period	Same period of last year	
Upgrading project of intelligent and automatic liquor production	950,000.02	Deferred income	49,999.98		Other income
Total	100,322,613.54	--	3,128,898.51	2,839,284.13	--

(2) Government grants related to income

Item	Amount	Item presented in the statement of financial position	Recognized in current profit or loss or as deduct of related cost		Presented item recorded to current profit or loss or as deduct of related cost
			Reporting Period	Same period of last year	
Tax refund	4,798,088.43	Other income	4,798,088.43	4,775,517.47	Other income
Rewards for supporting high-quality development of intellectual property rights	720,000.00	Other income	720,000.00		Other income
Subsidy for commending industry	7,437,183.00	Other income	7,437,183.00		Other income
Municipal rewards and subsidies for supporting technological innovation	800,000.00	Other income	800,000.00		Other income
Manufacturing Power Province Subsidies for Intelligent and Automatic Liquor Production	1,140,000.00	Other income	1,140,000.00		Other income
The third special fund from Bureau for Promoting Economy and Technology of High-tech Zone of Xianning for carriers with characteristics of	558,760.00	Other income	558,760.00		Other income

Item	Amount	Item presented in the statement of financial position	Recognized in current profit or loss or as deduct of related cost		Presented item recorded to current profit or loss or as deduct of related cost
			Reporting Period	Same period of last year	
innovation and entrepreneurship					
VAT add-on deduction	2,650,735.41	Other income	2,650,735.41	2,615,664.17	Other income
Others	4,975,415.80	Other income	4,975,415.80	4,019,147.05	Other income
Hubei University of Science and Technology Industrialization Funds		Other income		9,541,000.00	Other income
Manufacturing Power Province Construction Fund and Digital Economy Development Policy Incentives		Other income		1,000,000.00	Other income
2020 Provincial Manufacturing High-Quality Development Projects Special Fund of Suizhou		Other income		1,000,000.00	Other income
Relocation Project Tax Incentives of State Treasury Section of Finance Bureau of the High-tech Industrial Park of Suizhou		Other income		6,946,300.00	Other income
Wuhan Financial Special Fund to Work for Training Subsidies		Other income		664,500.00	Other income
Financial Contribution Progress Award		Other income		500,000.00	Other income
2021 Standardization Incentives of Bozhou Municipal Market Supervision and Administration Bureau		Other income		400,000.00	Other income



Item	Amount	Item presented in the statement of financial position	Recognized in current profit or loss or as deduct of related cost		Presented item recorded to current profit or loss or as deduct of related cost
			Reporting Period	Same period of last year	
Wuhan 2021 Special Funds for Technological Transformation of Science and Technology and Economic Information Bureau of Hanyang District		Other income		400,000.00	Other income
Other not related to daily operation		Non operating income		14,857.64	Non operating income
Discounted loans	9,666.66	Finance expense	9,666.66	94,491.13	Finance expense
Total	23,089,849.30	--	23,089,849.30	31,971,477.46	--

## 6. Changes of Consolidation Scope

### 6.1 Changes in Combination Scope for Other Reasons

Compared with the previous period, the Company added subsidiaries Huanggang Junya Trading Co., Ltd. and Anhui Anjie Technology Co., Ltd.

## 7. Equity in Other Entities

### 7.1 Equity in Subsidiaries

(1) Composition of corporate group

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Bozhou Gujing Sales Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Commercial trade	100.00		Investment establishment
Anhui Longrui Glass Co., Ltd	Anhui Bozhou	Anhui Bozhou	Manufacture	100.00		Investment establishment
Anhui Jiuan Mechanical Electrical Equipment Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Equipment manufacturing	100.00		Investment establishment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Anhui Jinyunlai Culture & Media Co., Ltd.	Anhui Hefei	Anhui Hefei	Advertisement marketing	100.00		Investment establishment
Anhui Ruisiweier Technology Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Technical research	100.00		Investment establishment
Shanghai Gujing Jinhao Hotel Management Co., Ltd.	Shanghai	Shanghai	Hotel management	100.00		Business combination under common control
Bozhou Gujing Hotel Co., Ltd	Anhui Bozhou	Anhui Bozhou	Hotel operating	100.00		Business combination under common control
Anhui Yuanqing Environmental Protection Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Sewage treatment	100.00		Investment establishment
Anhui Gujing Yunshang E-commerce Co., Ltd	Anhui Hefei	Anhui Hefei	Electronic commerce	100.00		Investment establishment
Anhui RunAnXinKe Testing Technology Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Food testing	100.00		Investment establishment
Anhui Anjie Technology Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Technology research		70.00	Investment establishment
Anhui Jiudao Culture Media Co., Ltd.	Anhui Hefei	Anhui Hefei	Advertisement marketing	100.00		Investment establishment
Yellow Crane Tower Distillery Co., Ltd.	Hubei Wuhan	Hubei Wuhan	Manufacture	51.00		Business combination not under common control
Yellow Crane Tower Distillery (Xianning) Co., Ltd.	Hubei Xianning	Hubei Xianning	Manufacture		51.00	Business combination not under common control
Yellow Crane Tower Distillery (Suizhou) Co., Ltd.	Hubei Suizhou	Hubei Suizhou	Manufacture		51.00	Business combination not under common control
Hubei Junlou Cultural Tourism Co., Ltd.	Hubei Wuhan	Hubei Wuhan	Advertising marketing		51.00	Business combination not under common

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining control
				Directly	Indirectly	
						control
Hubei Yellow Crane Tower Beverage Co., Ltd	Hubei Xianning	Hubei Xianning	Manufacture		51.00	Investment establishment
Wuhan Yashibo Technology Co., Ltd.	Hubei Wuhan	Hubei Wuhan	Technology development		51.00	Investment establishment
Hubei Xinjia Testing Technology Co., Ltd.	Hubei Xianning	Hubei Xianning	Food testing		51.00	Investment establishment
Wuhan Tianlong Jindi Technology Development Co., Ltd	Hubei Wuhan	Hubei Wuhan	Commercial trade		51.00	Business combination not under common control
Xianning Junhe Sales Co., Ltd	Hubei Xianning	Hubei Xianning	Commercial trade		51.00	Business combination not under common control
Wuhan Junya Sales Co., Ltd	Hubei Wuhan	Hubei Wuhan	Commercial trade		51.00	Investment establishment
Suizhou Junhe Commercial Co., Ltd.	Hubei Suizhou	Hubei Suizhou	Commercial trade		51.00	Investment establishment
Huanggang Junya Trading Co., Ltd.	Huanggang Hubei	Huanggang Hubei	Commercial trade		51.00	Investment establishment
Anhui Mingguang Distillery Co., Ltd.	Anhui Chuzhou	Anhui Mingguang	Manufacture	60.00		Business combination not under common control
Mingguang Tiancheng Ming Wine Sales Co., Ltd.	Anhui Chuzhou	Anhui Mingguang	Commercial trade		60.00	Business combination not under common control
Fengyang Xiaogang Village Ming Wine Distillery Co., Ltd.	Anhui Chuzhou	Anhui Chuzhou	Manufacture		42.00	Business combination not under common control
Anhui Jiuhao China Railway Construction Engineering Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Construction	52.00		Investment establishment
Anhui Zhenrui Construction Engineering Co., Ltd	Anhui Bozhou	Anhui Bozhou	Construction		52.00	Investment establishment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Renhuai Maotai Town Zhencang Winery Industry Co., Ltd.	Renhuai Guizhou	Renhuai Guizhou	Manufacture	60.00		Business combination not under common control

(2) Significant non-wholly owned subsidiaries

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Yellow Crane Tower Distillery Co., Ltd.	49.00	50,060,747.14	0.00	536,571,863.08

(3) Main financial information of significant non-wholly owned subsidiaries

Name	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Yellow Crane Tower Distillery Co., Ltd.	1,037,357,103.48	1,085,933,308.23	2,123,290,411.71	795,415,410.06	232,830,383.12	1,028,245,793.18

(Continued)

Name	Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Yellow Crane Tower Distillery Co., Ltd.	1,106,087,761.34	1,004,277,608.57	2,110,365,369.91	792,402,887.81	324,643,456.05	1,117,046,343.86

(Continued)

Name	Reporting Period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Yellow Crane Tower Distillery Co., Ltd.	886,104,927.21	102,164,790.08	101,725,592.48	-32,042,974.64

(Continued)

Name	Same period of last year
------	--------------------------

	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Yellow Crane Tower Distillery Co., Ltd.	690,959,858.06	90,586,663.75	90,586,663.75	196,719,144.40

## 7.2 Equity in joint ventures or associated enterprises

There was no significant joint venture or associated enterprise.

## 8. The Risk Related to Financial Instruments

Risks related to the financial instruments of the Company arise from the recognition of various financial assets and financial liabilities during its operation, including credit risk, liquidity risk and market risk.

Management of the Company is responsible for determining risk management objectives and policies related to financial instruments. Operational management is responsible for the daily risk management through functional departments. Internal audit department is responsible for the daily supervision of implementation of the risk management policies and procedures, and report their findings to the audit committee in a timely manner.

Overall risk management objective of the Company is to establish risk management policies to minimize the risks without unduly affecting the competitiveness and resilience of the Company.

### 8.1 Credit Risk

Credit risk is the risk of one party of the financial instrument face to a financial loss because the other party of the financial instrument fails to fulfill its obligation. The credit risk of the Company is related to cash and equivalent, notes receivable, accounts receivables, other receivables, and long-term receivables. Credit risk of these financial assets is derived from the counterparty's breach of contract. The maximum risk exposure is equal to the carrying amount of these financial instruments.

Cash and cash equivalent of the Company has lower credit risk, as they are mainly deposited in such financial institutions as commercial bank, of which the Company thinks with higher reputation and financial position. Notes receivable held by the Company are mainly bank acceptance bills, which have strong liquidity. The Company has formulated corresponding bill management and control procedures and has been effectively implemented, which greatly ensures the safety of bill storage and use to ensure the low credit risks. The Company only conducts business with customers with good credit rating, and will continue to monitor the balance of accounts receivable to ensure that the Company avoids the risk of major bad debt losses. The company's largest credit risk exposure is the book value of each financial asset (including derivative financial instruments) in the balance sheet, and the overall credit risk evaluation is low.

## 8.2 Liquidity Risk

Liquidity risk is the risk of shortage of funds when fulfilling the obligation of settlement by delivering cash or other financial assets. The Company is responsible for the capital management of all of its subsidiaries, including short-term investment of cash surplus and dealing with forecasted cash demand by raising loans. The Company's policy is to monitor the demand for short-term and long-term floating capital and whether the requirement of loan contracts is satisfied so as to ensure to maintain adequate cash and cash equivalents.

## 8.3 Market Risk

The market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks mainly include foreign exchange risk and interest rate risk.

### (1) Foreign currency risk

Foreign exchange risk refers to the risk of loss due to exchange rate fluctuations generally. The core business of the Company is on the mainland of China and trading with CNY. Foreign exchange risk is minimal.

### (2) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market interest rates. The Company's interest rate risk mainly comes from long-term and short-term bank borrowings. As of 30 June 2022, the Company has no liabilities calculated with floating interest rates.

### (3) Other price risk

The Held-for-trading financial assets of the Company are measured by fair value. As a result of that, the Company bears the risk of the change of security market. To decrease the risk, the management decided that the Company held a combination of several equities and securities.

## 9. The Disclosure of Fair Value

The inputs used in the fair value measurement in its entirety are to be classified in the level of the hierarchy in which the lowest level input that is significant to the measurement is classified:

Level 1: Inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Inputs for the assets or liabilities (other than those included in Level 1) that are either directly or indirectly observable.

Level 3: Inputs are unobservable inputs for the assets or liabilities

### 9.1. Assets and liabilities measured at fair value on 30 June 2022

Item	Fair value on 30 June 2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) Held-for-trading financial assets		203,857,213.38		203,857,213.38
(i) Financial assets at fair value through profit or loss		203,857,213.38		203,857,213.38
Debt instruments				-
Bank financial products				-
Fund investment		203,857,213.38		203,857,213.38
(ii) Financial assets measured at fair value through other comprehensive income		56,568,724.15	693,605,704.99	750,174,429.14
Accounts receivable financing			693,605,704.99	693,605,704.99
Investments in other equity instrument		56,568,724.15		56,568,724.15
Total assets measured at fair value on a recurring basis		260,425,937.53	693,605,704.99	954,031,642.52

The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date. The fair value of financial instruments not traded in an active market is determined by using valuation techniques. Specific valuation techniques used to value the above financial instruments include discounted cash flow and market approach to comparable company model. Inputs in the valuation technique include risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, discount for lack of liquidity.

## 9.2 Valuation Technique(s), Qualitative and Quantitative Information about the Significant Inputs Used for Fair Value Measurement in Level 2 on a Recurring or Nonrecurring Basis

The items of fair value measurement in Level 2 of the Company are mainly about fund investments and other equity instrument investments. For fund investment, the Company shall determine the gains or losses arising from changes in fair value and the value of held-for-trading financial assets according to the valuation table of securities investment fund provided by the asset management company. For other equity instrument investments, the Company shall determine the fair value thereof according to the carrying net assets provided by investees.

## 9.3 Valuation Technique(s), Qualitative and Quantitative Information about the Significant Inputs Used for Fair Value Measurement in Level 3 on a Recurring or Nonrecurring Basis

The items of fair value measurement in Level 3 of the Company are mainly about received bank acceptance bills

with high credit rating. We shall account the recoverable amount thereof according to the prevailing discounting rate on the balance sheet date and determine the fair value thereof.

## 10. Related Party and Related-party Transactions

Recognition of related parties: The Company has control or joint control of, or exercise significant influence over another party; or the Company is controlled or jointly controlled, or significant influenced by another party.

### 10.1 General Information of the Parent Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company (%)	Proportion of voting rights owned by the Company as the parent against the Company (%)
Anhui Gujing Group Co., Ltd.	Anhui Bozhou	Beverages, construction materials, manufacturing plastic production	1,000,000,000.00	51.34	51.34

The ultimate controller of the Company: The ultimate controller is State-owned Assets Supervision and Administration Commission of the Government of Bozhou City, Anhui Province.

### 10.2 General Information of Subsidiaries

Refer to Note 7.1 Equity in joint ventures or associated enterprises for details.

### 10.3 Joint ventures and associated enterprises of the Company

(1) General information of significant joint ventures and associates

Refer to Note 7.2 Equity in joint ventures or associated enterprises for details.

### 10.4 Other Related Parties of the Company

Name	Relationship with the Company
Anhui Haochidian Catering Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Ruijing Business Travel (Group) Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Bozhou Hotel Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Dongfang Ruijing Business Investment Development Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Hengxin Pawn Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Hefei Gujing Holiday Hotel Co., Ltd.	An affiliate of the actual controller and controlling



	shareholder
Anhui Gujing Hotel Development Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Ruixin Pawn Co. Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Zhongxin Finance Leasing Co. Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Huixin Finance Investment Group Co., Ltd	An affiliate of the actual controller and controlling shareholder
Hefei Longxin Business Management Consulting Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Bozhou Anxin Micro Finance Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Youxin Financing Guarantee Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Gujing Huishenglou Catering Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Gujing Health Industry Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Lejiu Home Tourism Management Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Shenglong Commercial Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Gujing International Development Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Jiuan Engineering Management Consulting Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Nanjing Suning Real Estate Development Co., Ltd.	Enterprise controlled by Zhang Guiping, who is an independent director of the Company

## 10.5 Related Party Transactions

### (1) Purchases or sales of goods, rendering or receiving of services

#### Purchases of goods, receiving of services:

Related party	Content	Reporting Period	Same period of last year
Anhui Gujing Hotel Development Co., Ltd.	Catering and accommodation service	93,310.05	526,809.78
Anhui Haochidian Catering Co., Ltd.	Purchase of materials	0.00	13,998,153.74
Anhui Haochidian Catering Co., Ltd.	Purchase of assets	0.00	135,398.23
Anhui Haochidian Catering Co., Ltd.	Catering and accommodation service	1,507,790.81	1,524,737.60
Anhui Jiuan Engineering Management Consulting	Consultation and assurance	4,012,244.33	1,762,765.33

Related party	Content	Reporting Period	Same period of last year
Co., Ltd.			
Anhui Ruijing Business Travel (Group) Co., Ltd.	Catering and accommodation service	138,089.91	251,426.22
Anhui Ruijing Business Travel (Group) Co., Ltd.	Purchase of materials	101,061.95	46,390.00
Bozhou Hotel Co., Ltd.	Catering and accommodation service	298,619.87	2,767,466.43
Bozhou Gujing Huishenglou Catering Co., Ltd.	Catering and accommodation service	54,578.00	1,016,638.00
Hefei Gujing Holiday Hotel Co., Ltd.	Purchase of materials	288,237.40	511,520.21
Hefei Gujing Holiday Hotel Co., Ltd.	Catering and accommodation service	33,214.85	79,499.36
Total	--	6,527,147.17	22,620,804.90

Sales of goods and rendering of services:

Related party	Content	Reporting Period	Same period of last year
Anhui Gujing Group Co., Ltd.	Catering and accommodation service	66,730.00	64,573.00
Anhui Gujing Group Co., Ltd.	Sales of small materials	17,907.56	17,892.09
Anhui Gujing Health Industry Co., Ltd.	Sales of liquor	0.00	-690,974.69
Anhui Gujing Hotel Development Co., Ltd.	Sales of liquor	0.00	104,830.09
Anhui Gujing Hotel Development Co., Ltd.	Utilities	67,699.91	117,827.75
Anhui Haochidian Catering Co., Ltd.	Sales of liquor	0.00	19,115.04
Anhui Hengxin Pawn Co., Ltd.	Sales of liquor	15,440.71	5,925.67
Anhui Huixin Finance Investment Group Co., Ltd.	Sales of liquor	42,022.13	20,692.03
Anhui Jiuan Engineering Management Consulting Co., Ltd.	Catering and accommodation service	7,190.00	630.00
Anhui Jiuan Engineering Management Consulting Co., Ltd.	Sales of liquor	60,220.35	3,568.14
Anhui Lejiu Home Tourism Management Co., Ltd.	Utilities	3,404.52	3,433.85
Anhui Lejiu Home Tourism Management Co., Ltd.	Sales of liquor	11,155.76	4,890.26
Anhui Ruijing Business Travel (Group) Co., Ltd.	Catering and accommodation service	7,061.78	38,145.75
Anhui Ruijing Business Travel (Group) Co., Ltd.	Sales of liquor	0.00	587,517.41
Anhui Ruixin Pawn Co. Ltd.	Sales of liquor	7,720.35	3,703.54

Related party	Content	Reporting Period	Same period of last year
Anhui Shenglong Commercial Co., Ltd.	Catering and accommodation service	1,940.00	2,470.00
Anhui Shenglong Commercial Co., Ltd.	Sales of liquor	1,243,492.90	624,187.6
Anhui Youxin Financing Guarantee Co., Ltd.	Sales of liquor	3,010.63	1,712.39
Anhui Zhongxin Finance Leasing Co. Ltd.	Sales of liquor	9,650.45	8,147.79
Bozhou Anxin Micro Finance Co., Ltd.	Sales of liquor	40,457.53	7,407.08
Bozhou Hotel Co., Ltd.	Sales of liquor	0.00	32,973.46
Bozhou Gujing Huishenglou Catering Co., Ltd.	Sales of liquor	0.00	30,106.20
Hefei Gujing Holiday Hotel Co., Ltd.	Sales of liquor	0.00	44,442.47
Hefei Longxin Business Management Consulting Co., Ltd	Sales of liquor	1,930.09	509.73
Anhui Gujing Hotel Development Co., Ltd.	Catering and accommodation service	14,266.98	0.00
Dongfang Ruijing Business Investment Development Co., Ltd.	Catering and accommodation service	82,528.93	0.00
Total	--	1,703,830.58	1,053,726.65

## (2) Related-party leases

The Company as lessor:

Name of lessee	Category of leased assets	The lease income confirmed in the Reporting Period	The lease income confirmed in the same period of last year
Anhui Gujing Hotel Development Co., Ltd.	Houses and buildings	420,957.38	543,941.93
Total	--	420,957.38	543,941.93

The Company as lessee:

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the same period of last year
Anhui Gujing Group Co., Ltd.	Houses and buildings	523,451.01	594,333.78
Nanjing Suning Real Estate Development Co., Ltd.	Houses and buildings	1,050,000.00	1,290,102.21
Total	--	1,573,451.01	1,884,435.99

**10.6 Receivables and Payables with Related Parties**

## (1) Payables

Item	Related party	Ending balance	Beginning balance
Contract	Anhui Gujing Health Industry Co., Ltd.	0.00	617,959.73

Item	Related party	Ending balance	Beginning balance
liabilities			
Contract liabilities	Anhui Ruijing Business Travel (Group) Co., Ltd.	221.13	92.04
Contract liabilities	Anhui Gujing International Development Co., Ltd.	58,849.56	164,675.75
Other payables	Anhui Gujing Group Co., Ltd.	90,517.88	0.00
Other payables	Anhui Ruijing Business Travel (Group) Co., Ltd.	115,533.60	115,533.60
Other payables	Anhui Gujing Hotel Development Co., Ltd.	100,000.00	50,000.00
Other payables	Bozhou Gujing Huishenglou Catering Co., Ltd.	79,712.00	0.00

## 11. Commitments and Contingency

### 11.1 Significant Commitments

As of 30 June 2022, the Company has no significant commitments need to be disclosed.

### 11.2 Contingencies

As of 30 June 2022, The Company has no contingencies need to be disclosed.

## 12. Events after Balance Sheet Date

As 30 June 2022, except as aforesaid, the Company has no other events after balance sheet date need to be disclosed.

## 13. Other Significant Events

The Company did not determine the operating segment in accordance with the internal organizational structure, management requirements, and internal reporting system, so there was no need to disclose segment information report based on the operating segments.

## 14. Notes of Main Items in the Financial Statements of the Company as the Parent

### 14.1 Other Receivables

(1) Listed by category

Item	Ending balance	Beginning balance
Other receivables	264,237,544.48	290,480,736.49
Total	264,237,544.48	290,480,736.49

(2) Other receivables

① Disclosure by aging

Aging	Ending balance	Beginning balance
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Aging	Ending balance	Beginning balance
Within one year	263,942,601.97	289,632,069.08
Of which: 1-6 months	262,565,669.48	289,213,314.37
7-12 months	1,376,932.49	418,754.71
1-2 years	743,888.35	763,921.03
2-3 years	167,431.14	797,227.20
Over 3 years	39,645,419.08	39,383,584.88
Subtotal	304,499,340.54	330,576,802.19
Less: Bad debt provision	40,261,796.06	40,096,065.70
Total	264,237,544.48	290,480,736.49

## ② Disclosure by nature

Nature	Ending balance	Beginning balance
Related parties within the scope of consolidation	223,623,075.63	267,559,576.83
Security investment	38,469,339.88	38,857,584.88
Security deposit and guarantee	2,227,658.09	3,330,794.09
Rent, water, electricity and gas	652,653.00	472,547.89
Other	39,526,613.94	20,356,298.50
Total	304,499,340.54	330,576,802.19

## ③ Disclosure by withdrawal method of bad debt provision

A. As of 30 June 2022, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	266,030,000.66	1,792,456.18	264,237,544.48
Stage 2			
Stage 3	38,469,339.88	38,469,339.88	
Total	304,499,340.54	40,261,796.06	264,237,544.48

A1. As of 30 June 2022, bad debt provision at stage 1:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately				
Bad debt provision withdrawn	266,030,000.66	0.67	1,792,456.18	264,237,544.48

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
by group-				
Of which: Group 1	223,623,075.63			223,623,075.63
Group 2	42,406,925.03	4.23	1,792,456.18	40,614,468.85
Total	266,030,000.66	0.67	1,792,456.18	264,237,544.48

On 30 June 2022, other receivables with bad debt provision withdrawn by group 2

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	40,319,526.34	458,272.57	1.14
Of which: 1-6 months	38,942,593.85	389,425.94	1.00
7-12 months	1,376,932.49	68,846.63	5.00
1-2 years	743,888.35	74,388.84	10.00
2-3 years	167,431.14	83,715.57	50.00
Over 3 years	1,176,079.20	1,176,079.20	100.00
Total	42,406,925.03	1,792,456.18	4.23

A2. As of 30 June 2022, bad debt provision at stage 3:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately	38,469,339.88	100.00	38,469,339.88	
Bad debt provision withdrawn by group				
Of which: Group 1				
Group 2				
Total	38,469,339.88	100.00	38,469,339.88	-

On 30 June 2022, other receivables with bad debt provision withdrawn separately:

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason
Hengxin Securities Co., Ltd.	28,733,899.24	28,733,899.24	100.00	The enterprise has gone bankrupt and liquidated
Jianqiao Securities Co., Ltd.	9,735,440.64	9,735,440.64	100.00	The enterprise has gone bankrupt and liquidated
Total	38,469,339.88	38,469,339.88	100.00	--

## B. As of 31 December 2021, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	291,719,217.31	1,238,480.82	290,480,736.49
Stage 2			
Stage 3	38,857,584.88	38,857,584.88	0.00
Total	330,576,802.19	40,096,065.70	290,480,736.49

## B1. On 31 December 2021, bad debt provision at stage 1:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately				
Bad debt provision withdrawn by group	291,719,217.31	0.42	1,238,480.82	290,480,736.49
Of which: Group 1	267,559,576.83	0.00	0.00	267,559,576.83
Group 2	24,159,640.48	5.13	1,238,480.82	22,921,159.66
Total	291,719,217.31	0.42	1,238,480.82	290,480,736.49

## On 31 December 2021, other receivables with bad debt provision withdrawn by group 2

Aging	Beginning balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	22,072,492.25	237,475.12	1.08
Of which: 1-6 months	21,653,737.54	216,537.38	1.00
7-12 months	418,754.71	20,937.74	5.00

Aging	Beginning balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
1-2 years	763,921.03	76,392.10	10.00
2-3 years	797,227.20	398,613.60	50.00
Over 3 years	526,000.00	526,000.00	100.00
Total	24,159,640.48	1,238,480.82	5.13

B2. As of 31 December 2021, bad debt provision at stage 3:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately	38,857,584.88	100.00	38,857,584.88	0.00
Bad debt provision withdrawn by group				
Of which: Group 1				
Group 2				
Total	38,857,584.88	100.00	38,857,584.88	0.00

On 31 December 2021, other receivables with bad debt provision withdrawn separately:

Name	Beginning balance			Withdrawal reason
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	
Hengxin Securities Co., Ltd.	28,966,894.41	28,966,894.41	100.00	The enterprise has gone bankrupt and liquidated
Jianqiao Securities Co., Ltd.	9,890,690.47	9,890,690.47	100.00	The enterprise has gone bankrupt and liquidated
Total	38,857,584.88	38,857,584.88	100.00	--

④ Changes of bad debt provision during the Reporting Period

Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Write-off	
Bad debt provision withdrawn separately	38,857,584.88	0.00	388,245.00		38,469,339.88
Bad debt provision withdrawn by	1,238,480.82	553,975.36	0.00		1,792,456.18



Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Write-off	
group					
Total	40,096,065.70	553,975.36	388,245.00		40,261,796.06

## ⑤ On 30 June 2022, top five ending balance by entity

No.	Nature	Ending balance	Aging	Proportion of the balance to the total other receivables (%)	Bad debt provision
No. 1	Current accounts within the scope of consolidation	90,000,000.00	1-2 years	29.56	0.00
No. 2	Current accounts within the scope of consolidation	81,471,561.36	Within 6 months	26.76	0.00
No. 3	Current accounts within the scope of consolidation	51,207,352.12	Within 6 months	16.82	0.00
No. 4	Other	37,240,944.00	Within 6 months	12.23	372,409.44
No. 5	Securities Investment	28,733,899.24	Over 3 years	9.44	28,733,899.24
Total	--	288,653,756.72		94.81	29,106,308.68

## 14.2 Long-term Equity Investments

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment in subsidiaries	1,547,415,641.38		1,547,415,641.38	1,547,415,641.38		1,547,415,641.38
Investment in associates	3,900,000.00		3,900,000.00	0.00		0.00
Total	1,551,315,641.38		1,551,315,641.38	1,547,415,641.38		1,547,415,641.38

## (1) Investments in subsidiaries

Investees	Beginning balance	Increase during the Reporting Period	Decrease during the Reporting Period	Ending balance	Impairment provision during the Reporting Period	Provision for impairment at 30 June 2022

Investees	Beginning balance	Increase during the Reporting Period	Decrease during the Reporting Period	Ending balance	Impairment provision during the Reporting Period	Provision for impairment at 30 June 2022
Bozhou Gujing Sales Co., Ltd.	68,949,286.89			68,949,286.89		
Anhui Longrui Glass Co., Ltd.	85,267,453.06			85,267,453.06		
Shanghai Gujing Jinhao Hotel Management Co., Ltd.	49,906,854.63			49,906,854.63		
BozhouGujing Hotel Co., Ltd.	648,646.80			648,646.80		
Anhui Ruisiweier Technology Co., Ltd.	40,000,000.00			40,000,000.00		
Anhui Yuanqing Environmental Protection Co., Ltd.	16,000,000.00			16,000,000.00		
Anhui Gujing Yunshang E-commerce Co., Ltd.	5,000,000.00			5,000,000.00		
Yellow Crane Tower Distillery Co., Ltd.	816,000,000.00			816,000,000.00		
Anhui Jinyunlai Cultural Media Co., Ltd.	15,000,000.00			15,000,000.00		
Anhui RunanXinke Testing Technology Co., Ltd.	10,000,000.00			10,000,000.00		
Anhui Jiuan Mechanical Electrical Equipment Co., Ltd.	10,000,000.00			10,000,000.00		
Anhui Mingguang Distillery Co., Ltd.	200,200,000.00			200,200,000.00		
Renhuai Maotai Town Zhencang Winery Industry Co., Ltd.	224,723,400.00			224,723,400.00		

Investees	Beginning balance	Increase during the Reporting Period	Decrease during the Reporting Period	Ending balance	Impairment provision during the Reporting Period	Provision for impairment at 30 June 2022
Anhui Jiuha China Railway Construction Engineering Co., Ltd.	5,720,000.00			5,720,000.00		
Total	1,547,415,641.38			1,547,415,641.38		

## (2) Investment in associates and joint ventures

Investor	Beginning balance (Carrying value)	Increase / decrease in the current period								Ending balance (Carrying value)	Ending balance of impairment provision
		make an additional investment	Reduce investment	Investment profit and loss recognized under equity method	Other comprehensive income adjustment	Other equity changes	Declaration of cash dividends or profits	Provision for impairment	Other		
一、Joint venture											
二、Consortium											
Anhui Xunfei Jiuzhi Technology Co., Ltd	0.00	3,900,000.00								3,900,000.00	0.00
Subtotal	0.00	3,900,000.00								3,900,000.00	0.00
Total	0.00	3,900,000.00								3,900,000.00	0.00

## 14.3 Operating Revenue and Cost of Sales

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	4,421,424,122.12	1,580,664,788.57	3,545,448,721.46	1,360,995,592.21
Other operations	51,432,771.67	32,535,174.94	50,784,414.00	27,316,859.36
Total	4,472,856,893.79	1,613,199,963.51	3,596,233,135.46	1,388,312,451.57

## 14.4 Investment Income

Item	Reporting Period	Same period of last year
Investment income from long-term equity investments under cost		2,228,838.58

Item	Reporting Period	Same period of last year
method		
Gains on disposal of financial assets at fair value through other comprehensive income	-17,533,328.20	-6,415,106.49
Investment income from trading financial assets during the holding period		1,625.42
Other investment income	103,208.20	411,771.02
<b>Total</b>	<b>-17,430,120.00</b>	<b>-3,772,871.47</b>

## 15. Supplementary Materials

### 15.1 Items and Amounts of Non-recurring Profit or Loss

Unit: RMB

Item	Amount	Note
Gains/losses on the disposal of non-current assets	43,811.51	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	26,209,081.15	
Gain/loss from change of fair value of trading financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities as well as available-for-sale financial assets, other than valid hedging related to the Company's common businesses	1,379,726.30	
Depreciation reserves returns of receivables with separate depreciation test	388,245.00	
Other non-operating income and expense other than the above	16,785,314.41	
Other gains and losses that meet definition of exceptional gains and losses		
Less: Income tax effects	10,758,647.04	
Non-controlling interests effects	4,253,078.64	
<b>Total</b>	<b>29,794,452.69</b>	<b>--</b>

### 15.2 Return on Net Assets and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE	EPS (Yuan/share)
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	(%)	EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	10.97	3.63	3.63
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit and loss	10.80	3.57	3.57

### 15.3 Differences between Accounting Data under Domestic and Overseas Accounting Standards

(1) Differences of Net Profit and Net Assets Disclosed in Financial Reports Prepared under International and Chinese Accounting Standards

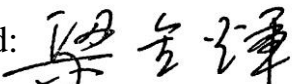
Applicable  Not applicable

(2) Differences of Net profit and Net assets Disclosed in Financial Reports Prepared under Overseas and Chinese Accounting Standards

Applicable  Not applicable

(3) Explain Reasons for the Differences between Accounting Data under Domestic and Overseas Accounting Standards; for any Adjustment Made to the Difference Existing in the Data Audited by the Foreign Auditing Agent, Such Foreign Auditing Agent's Name Shall Be Clearly Stated

### 15.4 Other

Chairman of the Board:  (Liang Jinhui)

Anhui Gujing Distillery Company Limited



30 August 2022