# ANHUI GUJING DISTILLERY COMPANY LIMITED

# SEMI-ANNUAL FINANCIAL REPORT 2022

**August 2022**

# 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 | 131,378,962.32 | 72,689,006.99 |

| | | |
|---|---|---|
| income | | |
| 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 subsidiaries and other business units | 0.00 | 3,123,346.37 |
| 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 | 592,574,549.94 | 203,961,053.06 |

| | | |
|---|---|---|
| long-lived assets | | |
| 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 | 528,600,000.00 | | | | 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 |
| 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 Appropriatio | | | | | | | | | | | -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 |

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 |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | | | | | | | | | | | | | | 98,552,841.29 | 98,552,841.29 |
| 3.3 Profit distribution | | | | | | | | | | | -755,400,000.00 | | -755,400,000.00 | | -755,400,000.00 |
| 3.3.1 Appropriation to surplus reserves | | | | | | | | | | | | | | | |
| 3.3.2 Appropriation to general reserve | | | | | | | | | | | | | | | |
| 3.3.3 | | | | | | | | | | | -755,400,000.0 | | -755,400,000.00 | | -755,400,000.00 |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | 528,600,000.00 | | | | 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 | | | | | | | | | | | | | | | |

## 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 | 528,600,000.00 | | | | 6,176,504,182.20 | | -1,275,460.64 | | 264,300,000.00 | 8,825,307,571.88 | | 15,793,436,293.44 |

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 |

# 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 reocgnised 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 reocgnised 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 presentd 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 form 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 resouces 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 obtained 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 cappted 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 decreased 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 recgonised 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

*Unsused 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.

*Unsused 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 polices**

□ 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 onsales 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%<br>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, Jiuan 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

①Ending 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 |

②Beginning 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 derecogised.

(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 |

①On 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

①Disclosure 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 |

②Disclosure 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 |

③Disclosure 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 | -- |

④Changes 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 |

⑤Top 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 |
|---|---|---|---|

| | 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

①General 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 |

②Idle 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 | |

③Fixed assets without certificate of title

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

④Fixed 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

①General 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 |

②Changes 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 | | | | |
| Total | 709,671,787.74 | 1,670,955,275.50 | 1,644,632,869.74 | 735,994,193.50 |

(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 |
| Total | 709,463,139.46 | 1,609,106,174.64 | 1,582,782,548.28 | 735,786,765.82 |

(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 |
| Total | 208,648.28 | 61,626,130.26 | 61,627,350.86 | 207,427.68 |

**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

①Listed 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 |

②Significant 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 VOCSc | | 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 |
| Total | 91,101,512.05 | 12,350,000.00 | 3,128,898.51 | | 100,322,613.54 | -- |

### 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 |
|---|---|---|

| | 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 |
| Gujinggong 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 |
| Total | 1,276,738,897.80 | 1,069,811,252.05 |

### 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 |
| Total | 2,595,105,420.46 | 2,028,265,595.93 |

### 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 |
| Total | 559,320,542.66 | 467,727,393.70 |

### 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 |
| Total | -17,449,121.42 | -5,122,111.50 |

### 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 |
| Total | 318,569.02 | 5,237,242.40 |

### 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 |
| Total | -1,258,781.36 | 1,945,965.69 |

### 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 | | |
| Total | 4,343,131.74 | 2,464,519.26 |

### 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 |
| Total | 191,652.74 | 1,014,902.90 |

### 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-deductable costs, expenses and losses | 358,495.84 |
| Influence of deductable losses of unrecognized deferred income tax at the beginning of the Reporting Period | 0.00 |
| Influence of deductable temporary difference or deductable 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 subsidies 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 |
| Governmant 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 VOCSc | 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 |
|---|---|---|---|---|---|---|
| | | | | 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

①Disclosure by aging

| Aging | Ending balance | Beginning balance |
|---|---|---|

| 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 |

②Disclosure 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 |

③Disclosure 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 | | | |
|---|---|---|---|---|
| | 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 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 | -- |

④Changes 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 Jinyunnlai 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 Jiuhao 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 |
| Total | -17,430,120.00 | -3,772,871.47 |

## 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 | |
| Total | 29,794,452.69 | -- |

### 15.2 Return on Net Assets and Earnings Per Share

| Profit as of Reporting Period | Weighted average ROE | EPS (Yuan/share) |
|---|---|---|

| | (%) | 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