ANHUI GUJING DISTILLERY COMPANY LIMITED

INTERIM REPORT 2026

August 2026

Part I Important Notes, Table of Contents and Definitions

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

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

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

The forward-looking statements in this Report, including those concerning future plans, do not constitute substantive commitments by the Company to investors. Investors and other relevant parties should be fully aware of the associated risks and understand the differences between plans, forecasts and commitments. Investors are advised to exercise caution with respect to investment risks.

The Company has provided a detailed description of the risk factors that may adversely affect the implementation of its future development strategies and the achievement of its business objectives, together with the proposed countermeasures, in "X Risks Facing the Company and Countermeasures" under "Part III Management Discussion and Analysis" of this Report. Investors are advised to pay close attention to the relevant information.

The Company has no dividend plan, either in the form of cash or stock, and does not increase the share capital by converting the reserve fund.

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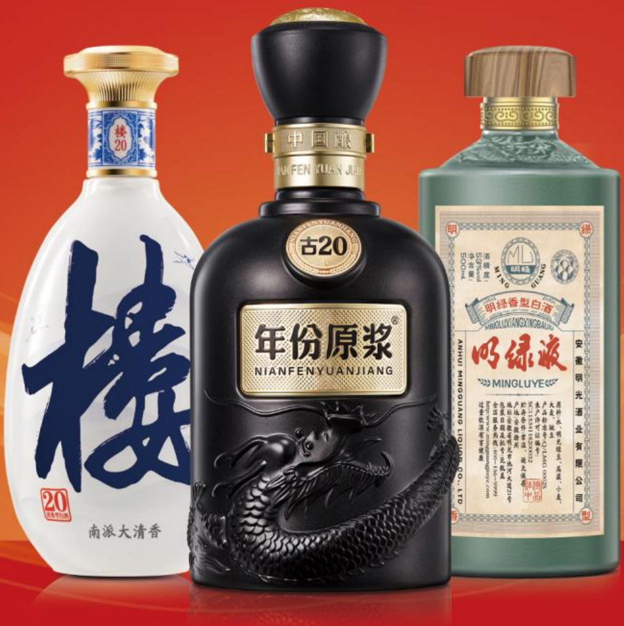
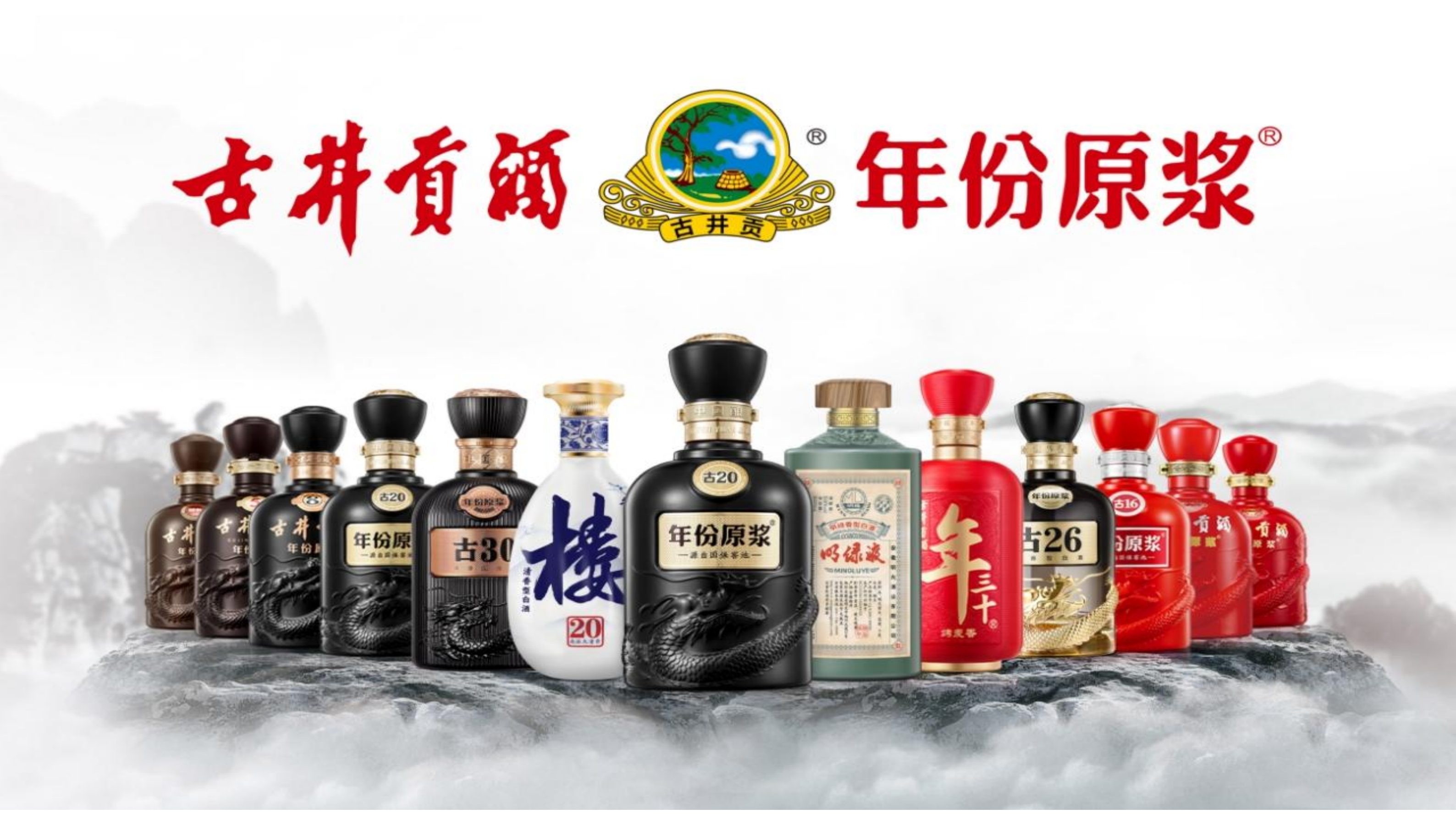


Documents Available for Reference

(I) Financial statements signed and sealed by the Company's legal representative, as well as Deputy Chief Accountant and Board Secretary;

(II) All originals of the Company's documents and announcements that have been publicly disclosed in the Reporting Period on the media designated by the China Securities Regulatory Commission (CSRC); and

(III) The interim report disclosed in other securities markets.



Definitions

Term	Definition
The “Company”, “Gu Jing” or “we”	Anhui Gujing Distillery Co., Ltd.
Gujing Group	Anhui Gujing Group Co., Ltd.
Gujing Sales	Bozhou Gujing Sales Co., Ltd.
Yellow Crane Tower Distillery	Yellow Crane Tower Distillery Co., Ltd.
Mingguang Distillery	Anhui Mingguang Distillery Co., Ltd.
Longrui Glass	Anhui Longrui Glass Co., Ltd.
Intelligent Park	Baijiu Production Intelligent Transformation Project

Part II Corporate Information and Key Financial Information

I Corporate Information

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

II Contact Information

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

III Other Information

1. Contact Information of the Company

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

□ Applicable ☑ Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2025 Annual Report.

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

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

□ Applicable ☑ Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the

Company's interim reports and the place for keeping such reports did not change in the Reporting Period. The said information can be found in the 2025 Annual Report.

3. Other Information

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

□ Applicable ☑ Not applicable

IV Key Accounting Data and Financial Indicators

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

□ Applicable ☑ Not applicable

	H1 2026	H1 2025	Change (%)
Operating revenue (RMB)	10,131,395,927.11	13,879,852,202.75	-27.01%
Net profit attributable to the listed Company's shareholders (RMB)	2,164,379,928.17	3,661,585,785.94	-40.89%
Net profit attributable to the listed Company's shareholders before exceptional gains and losses (RMB)	2,150,029,442.57	3,626,388,994.00	-40.71%
Net cash generated from/used in operating activities (RMB)	1,542,535,137.60	4,154,552,054.60	-62.87%
Basic earnings per share (RMB/share)	4.09	6.93	-40.98%
Diluted earnings per share (RMB/share)	4.09	6.93	-40.98%
Weighted average return on equity (%)	8.42%	13.82%	-5.40%
	June 30, 2026	December 31, 2025	Change (%)
Total assets (RMB)	38,438,419,469.81	38,197,033,001.78	0.63%
Equity attributable to the listed Company's shareholders (RMB)	24,890,862,933.69	25,050,216,942.36	-0.64%

V Accounting Data Differences under Domestic and Overseas Accounting Standards

1. Net Profit and Equity Differences under the International Financial Reporting Standards (IFRS) and the Chinese Accounting Standards (CAS)

□ Applicable ☑ Not applicable

No such differences for the Reporting Period.

2. Net Profit and Equity Differences under Overseas Accounting Standards and the CAS

□ Applicable ☑ Not applicable

No such differences for the Reporting Period.

XI Exceptional Gains and Losses

☑ Applicable □ Not applicable

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-3,196,292.95	
Government grants recognized in profit or loss (exclusive of those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with government policies, and have a continuing impact on the Company's profit or loss)	3,811,624.84	
Gain or loss on fair-value changes in financial assets and liabilities held by non-financial enterprises & disposal of financial assets and liabilities, exclusive of effective portion of hedges that arise in the Company's ordinary course of business	4,725,821.88	
Non-operating income and expense other than the above	15,330,854.80	
Less: Income tax effects	5,089,326.72	
Non-controlling interests effects (net of tax)	1,232,196.25	
Total	14,350,485.60	--

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

□ Applicable ☑ Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items

□ Applicable ☑ Not applicable

No such cases for the Reporting Period.

Part III Management Discussion and Analysis

I Principal Activity of the Company in the Reporting Period

(I) Principal Activity of the Company

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

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

1.Status of the Baijiu Industry

In the first half of 2026, the baijiu industry remained in a period of deep adjustment, shifting from accelerated clearing to a bottoming-out phase. Industry divergence intensified further.

On the demand side, baijiu consumption scenarios continued to be reshaped. Demand for business banquets and gift-giving contracted significantly, while mass-market consumption scenarios such as everyday personal consumption, gatherings with friends and relatives, and family banquets accounted for a growing share. Consumer demand became concentrated in the pivotal RMB100–300 price range, and companies with core flagship products in this price range demonstrated greater resilience. Driven by the peak Chinese New Year season, personal dining and banquet scenarios gradually recovered, while business scenarios remained at a low level. Overall demand still fell short of the level recorded in the same period of the previous year.

In terms of the competitive landscape, the high-end baijiu segment was the first to stabilize and rebound. Sub-high-end and regional baijiu producers generally remained under pressure. Most companies continued to report double-digit declines in operating revenue, although the declines narrowed sequentially, demonstrating a tiered recovery characterized by earlier stabilization among those that had adjusted earlier.

Changes in distribution channels and pricing systems became the main theme of the industry in the first half of the year. Leading baijiu producers generally strengthened shipment controls, and a consensus was reached on prioritizing price over volume. They proactively controlled shipments, supported prices, and reduced distributor inventories.

Overall, the baijiu industry remained in an adjustment cycle in the first half of 2026, but there were clear signs of marginal improvement: The core base of high-end demand remained solid, distributor inventories were reduced in an orderly manner, pricing systems became more market-oriented, and industry concentration increased further. Companies with strong brands, effective control over distribution channels, and a reasonable presence across price ranges will be the first to emerge from the cycle. In the second half of the year, the industry is expected to continue experiencing a weak recovery alongside pronounced divergence, with the pace of demand recovery and progress in inventory reduction remaining the key variables.

2.Position of the Company in the Industry

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

As one of China's traditional top eight liquor brands, the Company is the first listed baijiu company with both A and B stocks. It is located in Bozhou City, Anhui Province in China, the hometown of historic figures Cao and Hua Tuo, as well as one of the world's top 10 liquor-producing areas. No changes have occurred to the main business of the Company in the Reporting Period. As the main product of the Company, the Gujing spirit originated as a "JiuYunChun Spirit", together with its making secrets, being presented as a hometown specialty by Cao, a famous warlord in China's history, to Emperor Han Xiandi (name: Liu Xie) in A.D. 196, and was continually presented to the royal house since then. With crystalline liquid, rich aroma, a fine flavor and a lingering aftertaste, the Gujing spirit has helped the Company win four national baijiu golden awards, a golden award at the 13th SIAL Paris, the title of China's "Geographical Indication Product", the recognition as a "Key Cultural Relics Site under the State Protection", the recognition with a "National Intangible Cultural Heritage Protection Project", a Quality Award from the Anhui provincial government, a title of "National Quality Benchmark", among other honors.

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

In January 2021, Gujing Distillery and Mingguang signed a strategic cooperation agreement. The unique mung bean flavor adds to the famous liquor family of Gu Jing. The Company had five China Well-known Trademarks—"Gu Jing", "Gujinggong", "Original Vintage", "Yellow Crane Tower", and "Laomingguang" till then.

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

Brand operation

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

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

Main sales model

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

Distribution model:

☑ Applicable □ Not applicable

1. Operating performance by distribution channel and product category

Unit: RMB

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

						(%)
Channel						
Online	658,087,417.84	180,594,321.35	72.56%	14.92%	17.63%	-0.63%
Offline	9,473,308,509.27	1,812,258,008.37	80.87%	-28.81%	-31.35%	0.71%
Total	10,131,395,927.11	1,992,852,329.72	80.33%	-27.01%	-28.66%	0.46%
By	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Product series						
Original Vintage	7,965,299,212.68	1,192,163,260.93	85.03%	-27.32%	-26.80%	-0.11%
Gujinggong Liquor	1,052,154,074.33	466,067,546.93	55.70%	-11.14%	-17.94%	3.66%
Yellow Crane Tower and others	979,335,025.25	277,974,790.72	71.62%	-34.57%	-36.80%	1.00%
Total	9,996,788,312.26	1,936,205,598.58	80.63%	-26.71%	-26.56%	-0.04%

2. Distributors

Region	Ending number	Increase or decrease in quantity during the Reporting Period
North China	1,288	-37
South China	668	12
Central China	2,762	-94
Overseas	22	-6
Total	4,740	-125

3. Principal methods of settlement and distribution with distributors

The Company's principal method of settlement with its distributors is on a pay-as-you-go basis, and the method of distribution is authorized distribution.

4. Top five distributors

Total sales to top five distributors (RMB)	1,461,349,195.37
Total sales to top five distributors as % of total sales of the Reporting Period (%)	14.42%
Total sales to related parties among top five distributors as % of total sales of the Reporting Period (%)	0.00

The Company had no accounts receivable from the top five distributors at the end of the Reporting Period.

Proportion of store sales terminal exceeds 10%

□ Applicable ☑ Not applicable

Online direct sales

☑ Applicable □ Not applicable

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

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

□ Applicable ☑ Not applicable

Model and contents of purchase

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

Purchase contents

Purchase contents		Purchase model	Amount (RMB'0,000)
1	Raw materials and fuels	Strategic purchasing	33,055.43
		Tendering purchasing	49,908.95
2	Packaging materials	Tendering purchasing	104,498.80
Total			187,463.18

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

□ Applicable ☑ Not applicable

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

□ Applicable ☑ Not applicable

Main production model

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

Commissioned production

□ Applicable ☑ Not applicable

Breakdown of cost of sales

Item	H1 2026		H1 2025		Change (%)
	Cost of sales (RMB)	As % of total cost of sales	Cost of sales (RMB)	As % of total cost of sales	
Direct materials	1,533,436,126.61	76.95%	2,225,614,933.02	79.67%	-31.10%
Direct labor cost	216,488,831.89	10.86%	232,060,010.49	8.31%	-6.71%
Manufacturing expenses	131,360,378.96	6.59%	118,160,275.49	4.23%	11.17%
Fuels	54,920,261.12	2.76%	60,477,475.81	2.16%	-9.19%
Total	1,936,205,598.58	97.16%	2,636,312,694.81	94.37%	-26.56%

Output and inventory

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

Unit: ton

Main product	Output	Sales volume	inventory	YoY changes of output	YoY changes of sales volume	YoY changes of inventory
Original Vintage Series	33,732.27	38,826.65	10,255.85	8.55%	-16.66%	10.73%
Gujinggong Liquor Series	18,246.83	19,340.35	1,649.35	9.93%	-1.56%	-22.80%
Yellow Crane Tower Liquor Series and other	9,524.51	11,023.48	2,863.05	-29.30%	-27.50%	10.71%

2. Ending inventory of finished liquor and semi-product

Category	Ending quantity (ton)
Finished liquor	14,768.25
Semi-product	410,854.42

3. Capacity of the main product

Unit: ton

Main product	Designed capacity (annual)	Actual capacity (H1)	Capacity in progress (annual)
Finished liquor	180,000	61,504	0.00

II Core Competitiveness Analysis

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

III Analysis of Core Businesses

Overview

Indicate whether it is the same with the contents disclosed under the heading "Principal Activity of the Company in the Reporting Period" above

☑ Yes □ No

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

Year-on-year changes in key financial data

Unit: RMB

	H1 2026	H1 2025	Change (%)	Main reason for change
Operating revenue	10,131,395,927.11	13,879,852,202.75	-27.01%	
Cost of sales	1,992,852,329.72	2,793,535,258.54	-28.66%	
Selling expense	3,072,505,534.43	3,511,408,555.96	-12.50%	
Administrative expense	631,017,032.54	671,417,776.78	-6.02%	
Finance costs	-232,980,659.91	-315,707,816.32	26.20%	
Income tax expense	753,932,840.70	1,286,677,231.21	-41.40%	Mainly due to the decrease in total profit.
Net cash generated	1,542,535,137.60	4,154,552,054.60	-62.87%	Mainly due to the

from/used in operating activities				decrease in cash received from the sale of goods.
Net cash generated from/used in investing activities	-1,401,723,590.26	-1,218,716,061.05	-15.02%	
Net cash generated from/used in financing activities	-596,788,401.09	-3,052,443,154.10	80.45%	Mainly due to the distribution of the 2025 dividend in July 2026.
Net increase in cash and cash equivalents	-455,976,853.75	-116,607,160.55	-291.04%	Mainly due to the decrease in cash received from the sale of goods.

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

□ Applicable ☑ Not applicable

No such changes in the Reporting Period.

Breakdown of operating revenue

Unit: RMB

	H1 2026		H1 2025		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	10,131,395,927.11	100%	13,879,852,202.75	100%	-27.01%
By operating division					
Manufacturing	10,131,395,927.11	100%	13,879,852,202.75	100%	-27.01%
By product category					
Baijiu	9,996,788,312.26	98.67%	13,639,596,262.27	98.27%	-26.71%
Hotel services	33,538,337.39	0.33%	45,775,898.86	0.33%	-26.73%
Other	101,069,277.46	1.00%	194,480,041.62	1.40%	-48.03%
By operating segment					
North China	398,918,435.26	3.94%	809,341,217.22	5.83%	-50.71%
Central China	9,125,205,701.57	90.07%	12,297,380,470.09	88.60%	-25.80%
South China	603,328,414.66	5.95%	768,186,540.95	5.53%	-21.46%
Overseas	3,943,375.62	0.04%	4,943,974.49	0.04%	-20.24%

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

☑ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Manufacturing	10,131,395,927.11	1,992,852,329.72	80.33%	-27.01%	-28.66%	0.46%
By product category						
Baijiu	9,996,788,312.26	1,936,205,598.58	80.63%	-26.71%	-26.56%	-0.04%
Hotel services	33,538,337.39	14,634,661.89	56.36%	-26.73%	-39.21%	8.95%
Other	101,069,277.46	42,012,069.25	58.43%	-48.03%	-68.45%	26.89%
By operating segment						
North China	398,918,435.26	118,850,703.25	70.21%	-50.71%	-43.53%	-3.79%
Central China	9,125,205,701.57	1,755,683,018.30	80.76%	-25.80%	-27.79%	0.53%
South China	603,328,414.66	116,714,281.95	80.65%	-21.46%	-22.18%	0.17%
Overseas	3,943,375.62	1,604,326.22	59.32%	-20.24%	-8.07%	-5.38%

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

□ Applicable ☑ Not applicable

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

Breakdown of selling expense

Unit: RMB

Item	H1 2026	H1 2025	Change (%)	Reason
Employment benefits	588,772,275.16	664,068,763.31	-11.34%	
Travel fees	126,095,272.65	134,242,942.14	-6.07%	
Advertisement fees	729,372,049.18	715,108,133.20	1.99%	
Comprehensive promotion costs	1,198,947,459.25	1,545,750,834.47	-22.44%	
Service fees	357,789,020.82	391,207,359.74	-8.54%	
Others	71,529,457.37	61,030,523.10	17.20%	
Total	3,072,505,534.43	3,511,408,555.96	-12.50%	

Details about advertisement

No.	Main way	Amount (RMB'0,000)
1	TV	24,780.89
2	Offline	31,931.19
3	Online	16,225.12

Total	72,937.20

IV Analysis of Non-Core Businesses

□ Applicable ☑ Not applicable

V Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	June 30, 2026		December 31, 2025		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	13,301,559,595.01	34.60%	14,187,463,729.81	37.14%	-2.54%	
Accounts receivable	39,606,536.91	0.10%	53,996,692.68	0.14%	-0.04%	
Inventories	10,795,173,106.25	28.08%	10,739,794,676.82	28.12%	-0.04%	
Investment property	15,143,626.21	0.04%	16,036,411.82	0.04%	0.00%	
Long-term equity investments	14,318,896.10	0.04%	11,574,463.54	0.03%	0.01%	
Fixed assets	8,951,160,974.66	23.29%	9,121,969,040.94	23.88%	-0.59%	
Construction in progress	158,710,163.85	0.41%	160,290,473.75	0.42%	-0.01%	
Right-of-use assets	82,568,459.19	0.21%	92,161,801.76	0.24%	-0.03%	
Short-term borrowings	129,105,400.43	0.34%	184,830,263.45	0.48%	-0.14%	
Contract liabilities	833,610,499.57	2.17%	1,519,882,489.70	3.98%	-1.81%	
Long-term borrowings	234,479,589.94	0.61%	260,199,589.94	0.68%	-0.07%	
Lease liabilities	63,585,545.09	0.17%	76,138,828.43	0.20%	-0.03%	

2. Major Assets Overseas

☐ Applicable ☑ Not applicable

3. Assets and Liabilities at Fair Value

☑ Applicable □ Not applicable

Unit: RMB

Item	Beginning amount	Gain/Loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
1.Held-for-trading financial assets (excluding derivative financial assets)	0.00	2,753,738.33	0.00	0.00	700,000,000.00	100,058,395.87		602,695,342.46
2. Investments in other equity instruments	73,526,017.72	0.00	2,847,194.40	0.00	0.00	0.00		76,373,212.12
Subtotal of financial assets	73,526,017.72	2,753,738.33	2,847,194.40	0.00	700,000,000.00	100,058,395.87		679,068,554.58
Total of the above	73,526,017.72	2,753,738.33	2,847,194.40	0.00	700,000,000.00	100,058,395.87		679,068,554.58
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00		0.00

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

☐ Yes ☑ No

4. Restricted Asset Rights as at the Period-End

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	1,263,284,630.19	Amount in pledge for issuing bank acceptance bills and guarantee letters, and other security deposits, etc.
Intangible assets	16,358,197.88	Pledged for loans.
Total	1,279,642,828.07	--

VI Investments Made

1. Total Investments Made

□ Applicable ☑ Not applicable

2. Significant Equity Investments Made in the Reporting Period

□ Applicable ☑ Not applicable

3. Major Non-Equity Investments Ongoing in the Reporting Period

☐ Applicable ☑ Not applicable

4. Financial Investments

(1) Securities Investments

□ Applicable ☑ Not applicable

(2) Investments in Derivative Financial Instruments

1) Investments in derivative financial instruments for the purpose of hedging during the Reporting Period

□ Applicable ☑ Not applicable

No such cases in the Reporting Period.

2) Investments in derivative financial instruments for the purpose of speculation during the Reporting Period

☑ Applicable □ Not applicable

Unit: RMB’0,000

Operator	Relationship with the Company	Connected transaction	Type of derivative	Initial investment amount	Starting date	Ending date	Beginning investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment provision (if any)	Ending investment amount	Proportion of closing investment amount in the Company's ending net assets	Actual gain/loss in the Reporting Period
Reverse repurchase of national debt	Naught	No	Reverse repurchase of national debt		December 24, 2025	October 7, 2026	15,793.00	333,649.10	293,926.30		55,515.80	2.14%	197.21
Total					--	--	15,793.00	333,649.10	293,926.30		55,515.80	2.14%	197.21

Capital source for derivative investment	Company's own funds
Lawsuits involved (if applicable)	N/A
Disclosure date of board announcement approving derivative investment (if any)	April 28, 2026
Disclosure date of shareholders' meeting announcement approving derivative investment (if any)	N/A
Analysis of risks and control measures associated with derivative investments held in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	The Company had controlled the relevant risks strictly according to the Securities Investment Management System.
Changes in market prices or fair value of derivative investments during the Reporting Period (fair value analysis should include measurement method and	N/A

related assumptions and parameters)	
Significant changes in accounting policies and specific accounting principles adopted for derivative investments in the Reporting Period compared to previous reporting period	N/A

5. Use of Funds Raised

☐ Applicable ☑ Not applicable

There was no use of funds raised during the Reporting Period.

VII Sale of Major Assets and Equity Interests

1. Sale of Major Assets

□ Applicable ☑ Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

□ Applicable ☑ Not applicable

VIII Main Controlled and Joint Stock Companies

☑ Applicable □ Not applicable

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

Unit: RMB

Company	Relationship	Main	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit

name	with the Company	business scope						
Bozhou Gujing Sales Co., Ltd	Subsidiary	Wholesale of baijiu, building materials, feed, raw materials, and auxiliary materials; tourism project services (tourism projects within the Gujing Tourist Attraction)	84,864,497.89	7,821,797,542.28	2,220,861,799.27	10,174,145,696.70	434,716,729.17	332,696,364.37

Subsidiaries obtained or disposed in the Reporting Period

☐ Applicable ☑ Not applicable

Notes to main controlled and joint stock companies

Not applicable.

IX Structured Bodies Controlled by the Company

□ Applicable ☑ Not applicable

X Risks Facing the Company and Countermeasures

(I) Risks Facing the Company

1. Uncertainty in the external environment;

2. Industry competition has intensified, entering a period of deep adjustment;

3. Consumption scenarios have changed, consumer demand remains sluggish, and sales turnover has further slowed.

(II) Operating Measures

1.Brand Leadership: Anchoring the "Four Transformations" Trend, and Building a Lifestyle Brand

The Company will adhere to high-end leadership, and deepen cooperation with mainstream media. It will keep pace with changing consumer trends, innovate consumption scenarios around lower alcohol content, health, individuality, and youthfulness. On the product side, the Company will promote "Mild Gu 20" to target the younger customer segment, rely on the "Gujing Shenli Baijiu" series to establish a presence in the health track, and use the "Han, Tang, Song, Ming" Chinese trendy product line to advance internationalization. On the channel side, it will build the "Gujing Light Wellness Club" experiential scenario, strengthen instant retail, and drive the leap from "selling products" to "leading lifestyles."

2.Deep Marketing Cultivation: Deeply Advancing the Dual Strategy of "Nationwide Expansion + Sub-high-end"

The Company will firmly implement the strategy of "national expansion, sub-high-end, Gu 20+, strong foundation", and coordinate the baijiu and "baijiu+" businesses. With the core focus of "boosting sell-through, reducing inventory, expanding channels, stabilizing prices", the Company will strengthen terminal execution. It will also build a three-dimensional framework of "consolidating Anhui, leading the Yangtze River Delta, and achieving breakthroughs in border areas and economic, cultural, and tourism zones", while simultaneously advancing internationalization and e-commerce deployment, forming a dual-engine drive of "stable domestic performance and overseas growth".

3.Building a Quality Foundation: Systematically Upgrading Product Strength and Strengthening the Food Safety Defense Line

The Company will comprehensively optimize product quality, taste, and sensory experience, creating a cost-effective product matrix. It will improve the dual mechanisms of quality accountability and market information feedback, and strengthen research on quality and safety risks and support for production technology. It will also use big data to continuously optimize processes, scientifically plan production capacity, and dynamically optimize production cycles and shifts.

4.Digital-Intelligence Empowerment: Four-in-One Operations and Maintenance, with AI Transformation across All Businesses

The Company will build a four-in-one collaborative innovation service digital operations and maintenance model integrating "requirements review, agile development, platform operations and maintenance, and intelligent services", with "proactive embrace, deep application, and comprehensive integration" as the strategic orientation for AI. It will promote the deep integration of AI with business, reconstruct distinctive AI application scenarios suited to the Company's needs, and comprehensively empower business development through intelligent transformation.

5.Governance Upgrade: Three-in-One Risk Control, with Deepening Talent Mechanism Reform

The Company will improve and fully cover the integrated compliance, internal control, and risk "three-in-one" collaborative supervision mechanism across all businesses and the entire process, and strengthen supervision, auditing, and disciplinary inspection efforts in key areas. It will deepen the reform of talent systems and mechanisms, build a scientific and standardized talent development system, create a strategic talent team of appropriate scale, rational structure, and excellent quality, and ensure the standardized, transparent, and efficient operation of the enterprise.

6.Safety and Environmental Protection as a Strong Foundation: Company-wide and End-to-end Control, with Green and Low-Carbon Development

The Company will build a safety management system involving all personnel, the entire process, and all aspects, and promote the implementation of safety responsibilities at every level. It will strengthen the food safety risk control system and achieve closed-loop management throughout the entire process, strengthen industrial host security protection and cybersecurity, strictly uphold the environmental protection baseline, and promote the iterative upgrading of the development model toward green and low-carbon development.

7.Forging the Soul with Culture: Innovative Dissemination of Baijiu Culture and Telling the Brand Story

The Company will deepen the construction of the Gujing Distillery Original Vintage Culture Research Institute, cultivate younger consumer groups, and reconstruct drinking culture for the new era. It will jointly develop cultural and creative products, advance innovation in the expression of the new national trends, innovate dissemination methods such as short videos and livestreaming, and vividly tell the story of Chinese baijiu.

The year 2026 is Gujing's "Year of Forging Ahead and Navigating the Cycle". We must put down deep roots and grow upward, consolidate our foundation through meticulous efforts, and respond to change with perseverance and determination. Strategically, we must remain steadfast; in quality, we must pursue excellence without relenting; in the market, we must press ahead vigorously to capture new ground; and in management, we must replace the old with the new and maintain our vitality. We will navigate the cycle by forging ahead, build momentum through innovation, remain focused on value, achieve breakthroughs despite adverse conditions, and secure the Company's steady and healthy development.

On this new journey, the Company will closely unite around the CPC Central Committee with Comrade Xi Jinping at its core. Under the leadership of the CPC Bozhou Municipal Committee and the Bozhou Municipal People's Government, the Company will act with greater determination, more pragmatic measures, and more innovative thinking to seize opportunities amid industry transformation and achieve steady and sustained progress, generate greater returns for shareholders, and contribute Gujing's strength to the high-quality development of the baijiu industry.

XI Formulation and Implementation of Market Cap Management Systems and Valuation Enhancement Plans

Whether the Company has formulated a market cap management system

☑ Yes ☐ No

Whether the Company has disclosed a valuation enhancement plan

☐ Yes ☑ No

The Company held the Tenth Meeting of the Tenth Session of the Board of Directors on April 25, 2025, at which the Proposal on Formulating a Market Cap Management System of the Company was considered and passed. In order to strengthen market cap management, further standardize its market cap management behavior, and effectively enhance its investment value and return to shareholders, the Company formulated the Market Cap Management Policy of Anhui Gujing Distillery Co., Ltd., in accordance with laws, regulations, and normative documents, such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Several Opinions of the State Council on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market, and Guidelines No. 10 for the Regulation of Listed Companies—Market Value Management, as well as internal provisions such as the Articles of Association. See the Market Cap Management Policy disclosed on the website of Cninfo by the Company for details.

XII Implementation of the Action Plan for "Dual Enhancement of Quality and Profitability"

Indicate whether the Company has disclosed its Action Plan for "Dual Enhancement of Quality and Profitability".

☑ Yes □ No

In order to implement the guiding ideology of "to activate the capital market and boost investor confidence" proposed by the meeting of the Political Bureau of the CPC Central Committee and "to vigorously improve the quality and investment value of listed companies, and to take more effective and effective measures to stabilize the market and stabilize confidence" proposed by the National Standing Committee, combined with the Company's development strategy, operating conditions and financial conditions, in order to safeguard the interests of all shareholders of the company, To enhance investor confidence and promote the long-term healthy and sustainable development of the company, the company has formulated a “quality return double improvement” action plan. For details, see the Announcement on Promoting the Double Improvement of Quality Return “Action Plan” disclosed by the company on March 7, 2024 (Announcement Number: 2024-001).

In line with the relevant regulations related to profit distribution policies, such as the Company Law and the Articles of Association and the Company’s actual situation and development needs, and in order to earnestly return to shareholders, the Company’s 2025 profit distribution plan is as follows: Based on the total share capital of 528,600,000 shares, the Company will distribute a cash dividend of RMB34.00 (including tax) to all shareholders for every 10 shares. The Company proposed to distribute a total cash dividend of RMB1,797,240,000.00 (including tax). In combination of the interim dividend plan for 2025, the Company’s total dividend for 2025 accounted for 65.53% of the net profit attributable to the listed Company’s shareholders in the consolidated statement of this year, representing an increase of 8.04 percentage points from 57.49% in 2024, fully sharing the Company’s development results with investors. The Company’s 2025 profit distribution plan was approved at its 2025 Annual General Meeting of Shareholders and implemented in July 2026.

Part IV Corporate Governance, and Environmental and Social Responsibility

I Change of Directors and Senior Management

☑ Applicable □ Not applicable

Name	Position	Type	Date	Reason
Luo Biao	Independent director	Elected	June 26, 2026	Election of a new Board
Chen Senlin	Employee director	Elected	June 26, 2026	Election of a new Board
Xu Zhihao	Independent director	Retired upon expiration of term of office	June 26, 2026	Election of a new Board
Ye Changqing	Director	Retired upon expiration of term of office	June 26, 2026	Election of a new Board

II Profit Distribution and Increase in the Share Capital by Converting the Reserve Fund during the Reporting Period

□ Applicable ☑ Not applicable

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

□ Applicable ☑ Not applicable

No such cases in the Reporting Period.

IV Disclosure of Environmental Information

Indicate whether the listed company and its main subsidiaries are included in the list of enterprises that disclose environmental information by law

☑ Yes □ No

Number of enterprises included in the list of enterprises that disclose environmental information by law		7
No.	Enterprise	Query index for reports on environmental information disclosure by law
1	Anhui Gujing Distillery Company Limited (Gujing plant)	Enterprise Environmental Information Legal Disclosure System (Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home

2	Anhui Gujing Distillery Company Limited (Zhangji plant)	Enterprise Environmental Information Legal Disclosure System (Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
3	Anhui Gujing Distillery Company Limited (Headquarter plant)	Enterprise Environmental Information Legal Disclosure System (Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
4	Anhui Longrui Glass Co., Ltd.	Enterprise Environmental Information Legal Disclosure System (Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
5	Anhui Mingguang Distillery Co., Ltd.	Enterprise Environmental Information Legal Disclosure System (Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
6	Yellow Crane Tower Distillery (Xianning) Co., Ltd.	Enterprise Environmental Information Disclosure System According to Law (Hubei) http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/index
7	Yellow Crane Tower Distillery (Suizhou) Co., Ltd.	Enterprise Environmental Information Disclosure System According to Law (Hubei) http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/index

V Social Responsibility

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

The Company continued to strengthen its quality management system and improve its customer service response mechanisms. While strictly adhering to its environmental requirements for green production and ensuring that all discharges met the applicable standards, the Company further advanced the development of green products and the innovative application of energy-saving and carbon-reduction technologies. The Company remained committed to talent-driven development and building a dynamic workforce. It effectively protected employees’ lawful rights and interests, strengthened its talent pipeline, and supported employees in pursuing diverse development paths. It also continued to reinforce workplace safety management and the prevention and control of occupational health risks, endeavoring to create an open, inclusive, safe, healthy and harmonious working environment in which employees could progress together.

Part V Significant Events

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

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

III Irregularities in the Provision of Guarantees

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

IV Engagement and Disengagement of Independent Auditor

Are the interim financial statements audited

☐ Yes ☑ No

The interim financial statements have not been audited.

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

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

VII Insolvency and Reorganization

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant lawsuits and arbitrations

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

Other legal matters

☐ Applicable ☑ Not applicable

IX Punishments and Rectifications

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

XI Major Related-Party Transactions

1. Continuing Related-Party Transactions

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

4. Amounts Due to and from Related Parties

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☑ Not applicable

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

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

☐ Applicable ☑ Not applicable

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

7. Other Major Related-Party Transactions

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

XII Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

(2) Contracting

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

(3) Leases

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

2. Major Guarantees

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

3. Cash Entrusted for Wealth Management

☐ Applicable ☑ Not applicable

4. Other Significant Contracts

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

XIII Record of Research Visits, Communications, Interviews and Other Activities during the Reporting Period

☐ Applicable ☑ Not applicable

During the Reporting Period, the Company did not receive any research visits or conduct any communications, interviews or other such activities.

XIV Other Significant Events

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

XV Significant Events of Subsidiaries

☐ Applicable ☑ Not applicable

Part VI Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/Decrease (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend	Shares as dividend	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares									
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Shares held by other domestic investors									
Among which: Shares held by domestic corporations									
Shares held by domestic individuals									
4. Shares held by foreign investors									
Among which: Shares held by foreign corporations									
Shares held by foreign individuals									
II. Non-restricted shares	528,600,000	100.00%						528,600,000	100.00%
1. RMB ordinary shares	408,600,000	77.30%						408,600,000	77.30%
2. Domestically listed foreign shares	120,000,000	22.70%						120,000,000	22.70%
3. Overseas listed foreign shares									
4. Other									
III. Total shares	528,600,000	100.00%						528,600,000	100.00%

Reasons for share changes

☐ Applicable ☑ Not applicable

Approval of share changes

☐ Applicable ☑ Not applicable

Transfer of share ownership

☐ Applicable ☑ Not applicable

Progress on any share repurchase

☐ Applicable ☑ Not applicable

Progress on reducing the repurchased shares by means of centralized bidding

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

2. Changes in Restricted Shares

☐ Applicable ☑ Not applicable

II Issuance and Listing of Securities

☐ Applicable ☑ Not applicable

III Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders		57,500		Number of preferred shareholders with resumed voting rights (if any)			0	
5% or greater ordinary shareholders or the top 10 ordinary shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total ordinary shares held at the period-end	Increase/Decrease in the Reporting Period	Restricted ordinary shares held	Non-restricted ordinary shares held	Shares in pledge, marked or frozen	
							Status	Shares
ANHUI GUJING GROUP COMPANY LIMITED	State-owned legal person	51.34%	271,404,022			271,404,022	Pledge	30,000,000
BANK OF CHINA-CHINA MERCHANTS CHINA SECURITIES BAIJIU INDEX CLASSIFICATION SECURITIES INVESTMENT FUND	Other	3.61%	19,057,628	2,303,161		19,057,628	N/A	
CHINA INTERNATIONAL	Foreign legal person	1.65%	8,726,940	-77,645		8,726,940	N/A	

CAPITAL CORPORATION HONG KONG SECURITIES LTD.								
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Foreign legal person	1.17%	6,205,385	1,291,280		6,205,385	N/A	
GREENWOODS CHINA ALPHA MASTER FUND	Foreign legal person	1.14%	6,049,760			6,049,760	N/A	
UBS (LUX) EQUITY FUND - CHINA OPPORTUNITY (USD)	Foreign legal person	1.11%	5,874,345	-649,000		5,874,345	N/A	
CHINA CONSTRUCTION BANK CORPORATION - PENGHUA LOFEXCHANGE TRADED OPEN-ENDED INDEX SECURITIES INVESTMENT FUND	Other	1.03%	5,461,851	-147,609		5,461,851	N/A	
AGRICULTURAL BANK OF CHINA - E FUND CONSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND	Other	1.02%	5,411,046	-1,117,647		5,411,046	N/A	
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - INVESCO GREAT WALL EMERGING GROWTH HYBRID SECURITIES INVESTMENT FUND	Other	0.98%	5,180,000	-220,000		5,180,000	N/A	
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED	Foreign legal person	0.86%	4,547,714	1,572,026		4,547,714	N/A	
Strategic investor or general legal person becoming a top-10 shareholder due to rights issue (if any)	N/A							
Related or	Among the shareholders above, the Company's controlling shareholder—Anhui Gujing Group Company							

acting-in-concert parties among the shareholders above	Limited—is not a related party of other shareholders; nor are they parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies. As for the other shareholders, the Company does not know whether they are related parties or whether they belong to parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.		
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	N/A		
Special account for share repurchases (if any) among the top 10 shareholders	N/A		
Shareholding by top 10 non-restricted shareholders (excluding refinancing shares lending and lock-up shares of senior management)			
Name of shareholder	Non-restricted shares held at the period-end	Shares by type	
		Type	Shares
ANHUI GUJING GROUP COMPANY LIMITED	271,404,022	RMB-denominated ordinary share	271,404,022
BANK OF CHINA-CHINA MERCHANTS CHINA SECURITIES BAIJIU INDEX CLASSIFICATION SECURITIES INVESTMENT FUND	19,057,628	RMB-denominated ordinary share	19,057,628
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD.	8,726,940	Domestically listed foreign share	8,726,940
HONG KONG SECURITIES CLEARING COMPANY LIMITED	6,205,385	RMB-denominated ordinary share	6,205,385
GREENWOODS CHINA ALPHA MASTER FUND	6,049,760	Domestically listed foreign share	6,049,760
UBS (LUX) EQUITY FUND - CHINA OPPORTUNITY (USD)	5,874,345	Domestically listed foreign share	5,874,345
CHINA CONSTRUCTION BANK CORPORATION - PENGHUA LOFEXCHANGE TRADED OPEN-ENDED INDEX SECURITIES INVESTMENT FUND	5,461,851	RMB-denominated ordinary share	5,461,851
AGRICULTURAL BANK OF CHINA —E FUND CONSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND	5,411,046	RMB-denominated ordinary share	5,411,046
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - INVESCO GREAT WALL EMERGING GROWTH HYBRID SECURITIES INVESTMENT FUND	5,180,000	RMB-denominated ordinary share	5,180,000
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED	4,547,714	Domestically listed foreign share	4,547,714

Related or acting-in-concert parties among top 10 unrestricted shareholders, as well as between top 10 unrestricted shareholders and top 10 shareholders	Among the shareholders above, the Company's controlling shareholder—Anhui Gujing Group Company Limited—is not a related party of other shareholders; nor are they parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies. As for the other shareholders, the Company does not know whether they are related parties or whether they belong to parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.
Top 10 ordinary shareholders involved in securities margin trading (if any)	N/A

5% or greater shareholders, top 10 shareholders and top 10 unrestricted shareholders involved in refinancing shares lending

☐ Applicable ☑ Not applicable

Changes in top 10 shareholders and top 10 unrestricted shareholders due to refinancing shares lending/return compared with the prior period

☐ Applicable ☑ Not applicable

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

☐ Yes ☑ No

No such cases in the Reporting Period.

IV Change in Shareholdings of Directors and Senior Management

☐ Applicable ☑ Not applicable

No changes occurred to the shareholdings of the directors and senior management in the Reporting Period. See the 2025 Annual Report for more details.

V Change of the Controlling Shareholder or the De Facto Controller

Where the Company has previously disclosed that its de facto controller was planning a change in control that has not yet been completed, please provide an update on its progress

☐ Applicable ☑ Not applicable

Change of the controlling shareholder in the Reporting Period.

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

Change of the de facto controller in the Reporting Period

☐ Applicable ☑ Not applicable

No such cases in the Reporting Period.

VI Information on Preference Shares

☐ Applicable ☑ Not applicable

No preference shares in the Reporting Period.

Part VII Bonds

☐ Applicable ☑ Not applicable

Part VIII Financial Statements

I Independent Auditor’s Report

Are these interim financial statements audited by an independent auditor

☐ Yes ☑ No

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

II Financial Statements

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

1. Consolidated Balance Sheet

Prepared by Anhui Gujing Distillery Company Limited

June 30, 2026

Unit: RMB

Item	June 30, 2026	January 1, 2026
Current assets:		
Monetary assets	13,301,559,595.01	14,187,463,729.81
Settlement reserve		
Loans to other banks and financial institutions		
Held-for-trading financial assets	602,695,342.46	0.00
Derivative financial assets		
Notes receivable		
Accounts receivable	39,606,536.91	53,996,692.68
Receivables financing	1,127,971,458.45	895,658,760.56
Prepayments	160,819,979.90	115,292,227.12
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	53,893,174.72	45,651,277.81
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		

Inventories	10,795,173,106.25	10,739,794,676.82
Including: Data resource		
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	709,195,293.93	392,926,614.98
Total current assets	26,790,914,487.63	26,430,783,979.78
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	14,318,896.10	11,574,463.54
Investments in other equity instruments	76,373,212.12	73,526,017.72
Other non-current financial assets		
Investment property	15,143,626.21	16,036,411.82
Fixed assets	8,951,160,974.66	9,121,969,040.94
Construction in progress	158,710,163.85	160,290,473.75
Productive living assets		
Oil and gas assets		
Right-of-use assets	82,568,459.19	92,161,801.76
Intangible assets	1,115,874,448.27	1,133,507,983.04
Including: Data resource		
Development costs		
Including: Data resource		
Goodwill	246,753,998.67	246,753,998.67
Long-term prepaid expense	404,943,550.38	417,315,747.85
Deferred income tax assets	580,369,453.46	487,647,921.96
Other non-current assets	1,288,199.27	5,465,160.95
Total non-current assets	11,647,504,982.18	11,766,249,022.00
Total assets	38,438,419,469.81	38,197,033,001.78
Current liabilities:		
Short-term borrowings	129,105,400.43	184,830,263.45
Borrowings from the central bank		
Loans from other banks and financial institutions		
Held-for-trading financial liabilities		

Derivative financial liabilities		
Notes payable	924,418,345.49	1,472,240,813.01
Accounts payable	1,926,566,202.22	2,302,888,169.15
Advances from customers		
Contract liabilities	833,610,499.57	1,519,882,489.70
Financial assets sold under repurchase agreements		
Customer deposits and deposits from other banks and financial institutions		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	1,058,992,999.03	1,276,935,454.81
Taxes and levies payable	828,690,378.09	605,968,561.52
Other payables	4,918,070,602.92	2,816,680,849.01
Including: Interest payable		
Dividends payable	1,797,240,000.00	0.00
Fees and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	94,357,313.69	61,253,882.81
Other current liabilities	976,076,077.37	1,043,957,560.69
Total current liabilities	11,689,887,818.81	11,284,638,044.15
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	234,479,589.94	260,199,589.94
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	63,585,545.09	76,138,828.43
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	155,316,559.89	162,588,721.38
Deferred income tax liabilities	303,469,069.11	309,468,453.80
Other non-current liabilities		
Total non-current liabilities	756,850,764.03	808,395,593.55

Total liabilities	12,446,738,582.84	12,093,033,637.70
Owners' equity:		
Share capital	528,600,000.00	528,600,000.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	6,229,111,206.22	6,229,111,206.22
Less: Treasury stock		
Other comprehensive income	8,186,576.25	6,080,513.09
Specific reserve		
Surplus reserves	269,402,260.27	269,402,260.27
General reserve		
Retained earnings	17,855,562,890.95	18,017,022,962.78
Total equity attributable to owners of the Company as the parent	24,890,862,933.69	25,050,216,942.36
Non-controlling interests	1,100,817,953.28	1,053,782,421.72
Total owners' equity	25,991,680,886.97	26,103,999,364.08
Total liabilities and owners' equity	38,438,419,469.81	38,197,033,001.78

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	June 30, 2026	January 1, 2026
Current assets:		
Monetary assets	8,903,011,335.75	7,979,883,062.94
Held-for-trading financial assets	401,536,986.30	0.00
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts receivable financing	1,190,509,246.30	632,125,262.72
Prepayments	93,324,222.69	4,065,495.42
Other receivables	497,204,844.52	464,796,849.41
Including: Interest receivable		
Dividends receivable		
Inventories	8,332,055,269.64	8,366,144,014.46
Including: Data resource		
Contract assets		

Assets held for sale		
Current portion of non-current assets		
Other current assets	600,154,677.98	248,702,382.76
Total current assets	20,017,796,583.18	17,695,717,067.71
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	1,702,884,489.97	1,700,140,064.98
Investments in other equity instruments		
Other non-current financial assets		
Investment property	10,200,238.63	10,645,751.19
Fixed assets	6,909,256,912.26	7,185,826,793.21
Construction in progress	47,019,319.64	44,553,565.47
Productive living assets		
Oil and gas assets		
Right-of-use assets	74,729,568.76	83,282,060.85
Intangible assets	487,112,624.96	497,663,089.70
Including: Data resource		
Development costs		
Including: Data resource		
Goodwill		
Long-term prepaid expense	343,588,417.14	351,903,723.39
Deferred income tax assets		
Other non-current assets		
Total non-current assets	9,574,791,571.36	9,874,015,048.79
Total assets	29,592,588,154.54	27,569,732,116.50
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	1,213,160,490.51	1,621,073,084.29
Advances from customers		
Contract liabilities	2,612,574,658.01	1,578,437,253.01
Employee benefits payable	342,773,413.33	482,418,372.32

Taxes payable	534,902,190.93	423,719,386.37
Other payables	2,854,999,873.18	901,711,126.03
Including: Interest payable		
Dividends payable	1,797,240,000.00	0.00
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	15,241,859.93	15,522,863.94
Other current liabilities	341,536,624.25	214,184,954.21
Total current liabilities	7,915,189,110.14	5,237,067,040.17
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	58,468,354.08	69,519,331.58
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	96,372,726.96	102,101,500.46
Deferred income tax liabilities	80,024,619.27	84,088,864.24
Other non-current liabilities		
Total non-current liabilities	234,865,700.31	255,709,696.28
Total liabilities	8,150,054,810.45	5,492,776,736.45
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	-612,861.76	-1,758,632.61
Specific reserve		
Surplus reserves	264,300,000.00	264,300,000.00
Retained earnings	14,473,742,023.65	15,109,309,830.46
Total owners' equity	21,442,533,344.09	22,076,955,380.05
Total liabilities and owners' equity	29,592,588,154.54	27,569,732,116.50

3. Consolidated Income Statement

Unit: RMB

Item	H1 2026	H1 2025
1. Revenue	10,131,395,927.11	13,879,852,202.75
Including: Operating revenue	10,131,395,927.11	13,879,852,202.75
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	7,191,740,453.37	8,876,949,244.49
Including: Cost of sales	1,992,852,329.72	2,793,535,258.54
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	1,693,426,159.08	2,175,977,722.16
Selling expense	3,072,505,534.43	3,511,408,555.96
Administrative expense	631,017,032.54	671,417,776.78
R&D expense	34,920,057.51	40,317,747.37
Finance costs	-232,980,659.91	-315,707,816.32
Including: Interest expense	7,391,788.69	5,553,600.24
Interest income	240,740,851.52	324,132,039.22
Add: Other income	20,019,519.36	50,136,522.40
Return on investment ("-" for loss)	-11,084,485.12	-17,291,463.64
Including: Share of profit or loss of joint ventures and associates	2,744,432.56	194,023.79
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)	2,753,738.33	528,360.62
Credit impairment loss ("-" for loss)	-271,998.21	579,017.02
Asset impairment loss ("-" for loss)	1,330,835.11	954,415.89
Asset disposal income ("-" for loss)	204,877.54	37,146.67
3. Operating profit ("-" for loss)	2,952,607,960.75	5,037,846,957.22
Add: Non-operating income	16,975,362.58	28,399,359.59
Less: Non-operating expense	5,045,678.27	2,028,341.63
4. Profit before tax ("-" for loss)	2,964,537,645.06	5,064,217,975.18
Less: Income tax expense	753,932,840.70	1,286,677,231.21
5. Net profit ("-" for net loss)	2,210,604,804.36	3,777,540,743.97
5.1 By operating continuity		
5.1.1 Net profit from continuing operations ("-" for net loss)	2,210,604,804.36	3,777,540,743.97
5.1.2 Net profit from discontinued operations ("-" for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent ("-" for net loss)	2,164,379,928.17	3,661,585,785.94
5.2.2 Net profit attributable to non-controlling interests ("-" for net loss)	46,224,876.19	115,954,958.03
6. Other comprehensive income, net of tax	2,916,718.53	17,285,058.30
Attributable to owners of the Company as the parent	2,106,063.16	16,050,514.24
6.1 Items that will not be reclassified to profit or loss	1,281,237.47	1,878,495.39
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	1,281,237.47	1,878,495.39
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	824,825.69	14,172,018.85
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	824,825.69	14,172,018.85
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	810,655.37	1,234,544.06
7. Total comprehensive income	2,213,521,522.89	3,794,825,802.27
Attributable to owners of the Company as the parent	2,166,485,991.33	3,677,636,300.18
Attributable to non-controlling interests	47,035,531.56	117,189,502.09
8. Earnings per share		
8.1 Basic earnings per share	4.09	6.93
8.2 Diluted earnings per share	4.09	6.93

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 2026	H1 2025
1. Operating revenue	6,471,141,336.31	8,145,509,078.76
Less: Cost of sales	2,339,649,340.49	2,663,998,964.46
Taxes and surcharges	1,455,953,620.21	1,987,809,121.67

Selling expense	162,089,744.85	19,234,473.34
Administrative expense	405,618,220.87	409,334,828.58
R&D expense	14,176,456.49	14,651,229.03
Finance costs	-125,555,308.03	-67,812,658.15
Including: Interest expense	1,654,068.09	2,009,637.65
Interest income	126,741,175.36	72,175,217.81
Add: Other income	8,326,033.26	9,816,414.10
Return on investment ("-" for loss)	13,248,579.70	17,259,846.39
Including: Share of profit or loss of joint ventures and associates	2,744,424.99	193,638.56
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)	1,555,078.83	0.00
Credit impairment loss ("-" for loss)	80,269.23	704,942.28
Asset impairment loss ("-" for loss)	3,020,918.44	3,810,447.09
Asset disposal income ("-" for loss)	178,672.57	0.00
2. Operating profit ("-" for loss)	2,245,618,813.46	3,149,884,769.69
Add: Non-operating income	13,171,437.78	20,905,592.33
Less: Non-operating expense	3,073,767.55	1,210,216.12
3. Profit before tax ("-" for loss)	2,255,716,483.69	3,169,580,145.90
Less: Income tax expense	565,444,290.50	743,483,778.48
4. Net profit ("-" for net loss)	1,690,272,193.19	2,426,096,367.42
4.1 Net profit from continuing operations ("-" for net loss)	1,690,272,193.19	2,426,096,367.42
4.2 Net profit from discontinued operations ("-" for net loss)		
5. Other comprehensive income, net of tax	1,145,770.85	5,085,975.46
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	1,145,770.85	5,085,975.46
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	1,145,770.85	5,085,975.46
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	1,691,417,964.04	2,431,182,342.88
7. Earnings per share		
7.1 Basic earnings per share	3.20	4.59
7.2 Diluted earnings per share	3.20	4.59

5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2026	H1 2025
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	10,420,559,190.96	15,211,152,103.88
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	49,390,492.88	2,632,282.72
Cash generated from other operating activities	871,098,884.92	846,829,734.88
Subtotal of cash generated from operating activities	11,341,048,568.76	16,060,614,121.48
Payments for commodities and services	2,460,816,965.96	2,473,268,445.21
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	2,190,375,219.88	2,196,285,230.62
Taxes paid	3,751,294,928.05	5,170,737,863.61
Cash used in other operating activities	1,396,026,317.27	2,065,770,527.44
Subtotal of cash used in operating activities	9,798,513,431.16	11,906,062,066.88
Net cash generated from/used in operating activities	1,542,535,137.60	4,154,552,054.60
2. Cash flows from investing activities:		
Proceeds from disinvestment	3,039,263,000.00	1,335,393,000.00

Return on investment	2,836,598.17	2,302,680.87
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	253,136.00	3,558.00
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	3,042,352,734.17	1,337,699,238.87
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	407,585,324.43	943,666,299.92
Payments for investments	4,036,491,000.00	1,612,749,000.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	4,444,076,324.43	2,556,415,299.92
Net cash generated from/used in investing activities	-1,401,723,590.26	-1,218,716,061.05
3. Cash flows from financing activities:		
Capital contributions received		18,000,000.00
Including: Capital contributions by non-controlling interests to subsidiaries		18,000,000.00
Borrowings raised	99,300,000.00	230,200,000.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	99,300,000.00	248,200,000.00
Repayment of borrowings	147,350,000.00	86,690,000.00
Interest and dividends paid	534,483,701.83	3,202,120,302.70
Including: Dividends paid by subsidiaries to non-controlling interests	0.00	24,246,617.06
Cash used in other financing activities	14,254,699.26	11,832,851.40
Subtotal of cash used in financing activities	696,088,401.09	3,300,643,154.10
Net cash generated from/used in financing activities	-596,788,401.09	-3,052,443,154.10
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash	-455,976,853.75	-116,607,160.55

equivalents		
Add: Cash and cash equivalents, beginning of the period	12,494,251,818.57	15,193,134,694.19
6. Cash and cash equivalents, end of the period	12,038,274,964.82	15,076,527,533.64

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	H1 2026	H1 2025
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	7,056,081,044.61	17,601,027,626.84
Tax rebates	9,277,774.00	0.00
Cash generated from other operating activities	805,410,268.99	922,856,861.57
Subtotal of cash generated from operating activities	7,870,769,087.60	18,523,884,488.41
Payments for commodities and services	1,198,834,866.40	2,030,287,590.75
Cash paid to and for employees	829,279,783.91	721,681,300.58
Taxes paid	2,665,018,578.34	3,424,241,358.45
Cash used in other operating activities	602,776,425.87	7,025,981,610.03
Subtotal of cash used in operating activities	5,295,909,654.52	13,202,191,859.81
Net cash generated from/used in operating activities	2,574,859,433.08	5,321,692,628.60
2. Cash flows from investing activities:		
Proceeds from disinvestment	2,080,237,000.00	543,296,000.00
Return on investment	26,742,139.07	62,106,882.46
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	201,900.00	571,340.27
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	2,107,181,039.07	605,974,222.73
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	327,587,248.63	857,181,157.31

Payments for investments	2,890,472,000.00	752,609,000.00
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	3,218,059,248.63	1,609,790,157.31
Net cash generated from/used in investing activities	-1,110,878,209.56	-1,003,815,934.58
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Interest and dividends paid	528,130,411.45	3,174,991,314.12
Cash used in other financing activities	12,722,539.26	11,832,851.40
Subtotal of cash used in financing activities	540,852,950.71	3,186,824,165.52
Net cash generated from/used in financing activities	-540,852,950.71	-3,186,824,165.52
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	923,128,272.81	1,131,052,528.50
Add: Cash and cash equivalents, beginning of the period	7,979,883,062.94	7,578,634,079.50
6. Cash and cash equivalents, end of the period	8,903,011,335.75	8,709,686,608.00

7. Consolidated Statements of Changes in Owners' Equity

Amount in H1 2026

Unit: RMB

Item	H1 2026														
	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 prior year	528,600,000.00				6,229,111,206.22		6,080,513.09		269,402,260.27		18,017,022,962.78		25,050,216,942.36	1,053,782,421.72	26,103,999,364.08
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Other adjustments															
2. Balance as at the beginning of the year	528,600,000.00				6,229,111,206.22		6,080,513.09		269,402,260.27		18,017,022,962.78		25,050,216,942.36	1,053,782,421.72	26,103,999,364.08
3. Increase/Decrease in the period ("-" for decrease)							2,106,063.16				-161,460,071.83		-159,354,008.67	47,035,531.56	-112,318,477.11
3.1 Total comprehensive income							2,106,063.16				2,164,379,928.17		2,166,485,991.33	47,035,531.56	2,213,521,522.89
3.2 Capital increased and reduced by owners															
3.2.1 Ordinary shares increased by owners1. Ordinary share increase 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											-2,325,840,000.00		-2,325,840,000.00		-2,325,840,000.00
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)											-2,325,840,000.00		-2,325,840,000.00		-2,325,840,000.00
3.2.4 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 period	528,600,000.00				6,229,111,206.22		8,186,576.25		269,402,260.27		17,855,562,890.95		24,890,862,933.69	1,100,817,953.28	25,991,680,886.97

Amount in H1 2025

Unit: RMB

Item	H1 2025														
	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				6,229,111,206.22		-9,604,119.74		269,402,260.27		17,639,514,432.44		24,657,023,779.19	1,036,762,944.14	25,693,786,723.33
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	528,600,000.00				6,229,111,206.22		-9,604,119.74		269,402,260.27		17,639,514,432.44		24,657,023,779.19	1,036,762,944.14	25,693,786,723.33
3. Increase/Decrease in the period ("-" for decrease)							16,050,514.24				489,985,785.94		506,036,300.18	110,942,885.03	616,979,185.21
3.1 Total comprehensive income							16,050,514.24				3,661,585,785.94		3,677,636,300.18	117,189,502.09	3,794,825,802.27
3.2 Capital increased and reduced by owners														18,000,000.00	18,000,000.00
3.2.1 Ordinary shares increased by owners														18,000,000.00	18,000,000.00
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											-3,171,600,000.00		-3,171,600,000.00	-24,246,617.06	-3,195,846,617.06
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)											-3,171,600,000.00		-3,171,600,000.00	-24,246,617.06	-3,195,846,617.06
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 Reporting Period	528,600,000.00				6,229,111,206.22		6,446,394.50		269,402,260.27		18,129,500,218.38		25,163,060,079.37	1,147,705,829.17	26,310,765,908.54

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

Amount in H1 2026

Item	H1 2026											
	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		-1,758,632.61		264,300,000.00	15,109,309,830.46		22,076,955,380.05
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	528,600,000.00				6,176,504,182.20		-1,758,632.61		264,300,000.00	15,109,309,830.46		22,076,955,380.05
3. Increase/Decrease in the period ("-" for decrease)							1,145,770.85			-635,567,806.81		-634,422,035.96
3.1 Total comprehensive income							1,145,770.85			1,690,272,193.19		1,691,417,964.04
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										-2,325,840,000.00		-2,325,840,000.00
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-2,325,840,000.00		-2,325,840,000.00
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		-612,861.76		264,300,000.00	14,473,742,023.65		21,442,533,344.09

Amount in H1 2025

Unit: RMB

Item	H1 2025											
	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		-7,249,242.08		264,300,000.00	14,654,488,838.59		21,616,643,778.71
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	528,600,000.00				6,176,504,182.20		-7,249,242.08		264,300,000.00	14,654,488,838.59		21,616,643,778.71
3. Increase/Decrease in the period (“-” for decrease)							5,085,975.46			-745,503,632.58		-740,417,657.12
3.1 Total							5,085,975.46			2,426,096,367.42		2,431,182,342.88

comprehensive income												
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										-3,171,600,000.00		-3,171,600,000.00
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-3,171,600,000.00		-3,171,600,000.00
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		-2,163,266.62		264,300,000.00	13,908,985,206.01		20,876,226,121.59

Anhui Gujing Distillery Company Limited
Notes to Financial Statements for H1 2026
(Currency Unit is RMB Unless Otherwise Stated)

I Basic Information about the Company

The Anhui State-owned Asset Management Bureau approved through WanGuoZiGongZi (1996) No. 053 the incorporation of Anhui Gujing Distillery Company Limited (the Company and GJ Distillery) by Anhui Gujing Group Company Limited (GJ Group), as the sole founder, by the operating assets of Anhui Bozhou Gujing Distillery Factory (GJ Distillery Factory), which is the core operating unit of GJ Group. The incorporation was further approved by the Anhui People's Government through WanZhengMi (1996) 42 on March 5, 1996. The incorporation General Meeting was held on May 28, 1996 and the incorporation was registered with the Anhui Administration Bureau for Commerce and Industry on May 30, 1996 with the registered address at Bozhou, Anhui, the People's Republic of China (the PRC). At incorporation, the Company's total number of shares stood at 155 million with a valuation of RMB377.17 million, which was the fair value of the operating assets of GJ Distillery Factory upon appraisal.

The Company initiated public offering of 60 million domestic listed shares held by foreign investors (known as "B share(s)") in June 1996 and 20 million domestic listed RMB ordinary shares (known as "A share(s)") in September 1996. The par value of both the B share and A share is RMB1.00 per share. The B shares and A shares issued were listed on the Shenzhen Stock Exchange.

As of the public listing, the Company has 235 million shares in total with the share capital at RMB235 million. The Company's at public listing comprised 155 million state-owned shares, 60 million B shares and 20 million A shares. Each of the Company's shares has a par value at RMB1.00 per share.

In accordance with the resolution of the General Meeting held on May 29, 2006, the Company exercised the share reorganization plan in June 2006. Immediately after the implementation of the share reorganization plan, the Company had in total 235 million shares, comprising 147 million shares with restriction of disposal (equal to 62.55% of total shares) and 88 million free-floating shares (equal to 37.45% of total shares).

Upon the Company's publication of the *Notice of Lifting Restriction of Shares* on June 27, 2007, the restriction on disposal on 11.75 million shares was lifted on June 29, 2007. Immediately after the lifting, the Company had in total 235 million shares, comprising 135.25 million shares with restriction of disposal (equal to 57.55% of total shares) and 99.75 million free-floating shares (equal to 42.45% of total shares).

Upon the Company's publication of the *Notice of Lifting Restriction of Shares* on July 17, 2008, the restriction on disposal on 11.75 million shares was lifted on July 18, 2008. Immediately after the lifting, the Company had in total 235 million shares, comprising 123.5 million shares with restriction of disposal (equal to 52.55% of total shares) and 111.5 million free-floating shares (equal to 47.45% of total shares).

Upon the Company's publication of the *Notice of Lifting Restriction of Shares* on July 24, 2009, the restriction on disposal on 123.5 million shares was lifted on July 29, 2009. Immediately after the lifting, the Company had in total 235 million shares, comprising 235 million free-floating shares (equal to 100% of total shares).

Upon approval by the China Securities Regulatory Commission (CSRC) through ZhengJianXuKe [2011] 943, the Company issued on July 15, 2011 through private offering of 16.8 million A shares with the par value at RMB1.00 to designated investors. The shares were issued at RMB75.00 per share. Gross proceeds from this issuance was RMB1,260 million and the respective net proceeds after deduction of the cost of issuance (RMB32.5 million) was RMB1,227.5 million. The subscription for the issuance was verified by Reanda CPAs Co., Ltd. through Reanda YanZi [2011] No. 1065. Immediately after this private offering, the share capital of the Company increased to RMB251.8 million.

In accordance with the resolution of the Company's 2011 General Meeting, a bonus issue of 10 shares for every 10 shares held at December 31, 2011 through utilization of capital reserves was exercised in 2012. 251.8 bonus shares were issued in total. Immediately after the exercise of the bonus issue, the Company's share capital increased to RMB503.6 million.

Upon approval by the CSRC through ZhengJianXuKe [2021] 1422, the Company issued on July 22, 2021 through private offering of 25 million A shares with the par value at RMB1.00 to designated investors. The shares were issued at RMB200.00 per share. Gross proceeds from this issuance was RMB5,000 million and the respective net proceeds after deduction of the cost of issuance (RMB45.66 million) was RMB4,954.34 million. The subscription for the issuance was verified by RSM China CPAs LLP through RSM Yan [2021] No. 518Z0050. Immediately after this private offering, the share capital of the Company increased to RMB528.6 million.

As of June 30, 2026, total number of the Company's shares stood at 528.6 million. See Note 5.32 for further details.

The Company's headquarters is located in Gujing town, Bozhou City, Anhui Province. Legal representative of the company is Liang Jinhui.

The Company is mainly engaged in the production and sales of baijiu, which belongs to the food manufacturing industry.

These financial statements are approved on August 28, 2026 by the Company's Board of Directors for publication.

II Basis of Preparation of the Financial Statements

1. Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as "Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC"). In addition, the Company discloses the relevant financial information in accordance with *Rules No.15 for the Information Disclosure and Reporting of Companies Offering Securities to the Public - General Requirements for Financial Reporting* (2023 Revision) issued by CSRC.

2. Going Concern

The Company has assessed its ability to continually operate for the next 12 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.

III Significant Accounting Policies and Accounting Estimates

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

Notes to specific accounting policies and accounting estimates: The disclosures below cover the specific accounting policies and accounting estimates formulated by the Company based on the characteristics of its actual production and operations.

1. Statement of Compliance with the Accounting Standards for Business Enterprises

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the Company's financial position, operating results, changes in shareholders' equity, cash flows and other related information.

2. Accounting Period

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

3. Operating Cycle

The normal operating cycle of the Company is one year.

4. Functional Currency

The Company takes Renminbi Yuan ("RMB") as the functional currency. The Company's overseas subsidiaries choose the currency of the primary economic environment in which the subsidiaries operate as the functional currency.

5. Determining Factor and Basis of Selection of Materiality

Item	Factor and basis of materiality
Significant write-off of other receivables	Amount greater than RMB5 million
Significant individual provision for bad debt of accounts receivable	Amount greater than RMB5 million
Significant other payables with aging of over one year	More than 0.03% of the total assets
Significant accounts payable with aging of over one year	More than 0.03% of the total assets
Significant non-wholly owned subsidiaries	Net profit or net assets account for more than 5% of the corresponding item in the consolidated financial statements
Significant goodwill	Individual amount more than RMB50 million
Significant construction in progress	Individual amount more than RMB20 million

6. Accounting Treatment of Business Combinations under and not under Common Control

(1) 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 policies or accounting periods adopted by the acquired entity before the business combination differ from those adopted by the acquiring entity, they are aligned on the basis of materiality. Specifically, the carrying amounts of the acquired entity's assets and liabilities are adjusted in accordance with the acquiring entity's accounting policies and accounting periods. 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 3.7 (6).

(2) 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 policies or accounting periods adopted by the acquired entity before the business combination differ from those adopted by the acquiring entity, they are aligned on the basis of materiality. Specifically, the carrying amounts of the acquired entity's assets and liabilities are adjusted in accordance with the acquiring entity's accounting policies and accounting periods. The acquiring entity shall recognize 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 recognized 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 3.7 (6).

(3) 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.

7. Judgment of Control and Method of Preparing the Consolidated Financial Statements

(1) Judgment of control and consolidation decision

Control exists when the Company has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. The definition of control contains there elements: - 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. The

Company controls an investee if and only if the Company has all the above three elements.

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

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.

(2) 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:

(i) Obtains funds from one or more investors for the purpose of providing those investors with investment management services;

(ii) Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

(iii) 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.

(3) 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 recognized in full.

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

(4) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the Reporting Period

(i) Acquisition of subsidiaries or business

A. Subsidiaries or business acquired through business combination under common control

(a) 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.

(b) 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.

(c) 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.

B. Subsidiaries or business acquired through business combination not under common control

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

(b) 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.

(c) 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

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

B. 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.

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

(5) Special consideration in consolidation elimination

(i) Long-term equity investment held by the subsidiaries to the Company shall be recognized 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 recognized, 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 recognized in owner's equity or business combination.

(iv) Unrealized 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.

(6) 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

A. 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 differences in accounting policies and accounting periods. 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, related profit or loss, other comprehensive income and other changes in equity which have been recognized 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 or current profit and loss at the comparative financial statements period respectively.

B. 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. For the financial assets designated to be measured at fair value through other comprehensive income, among the acquiree's equity held prior to the acquisition date, the difference between the fair value and the book value shall be recognized as retained earnings. The cumulative changes in fair value of the equity, which is recognized as other comprehensive income, shall be transferred out to retained earnings. For the financial assets measured at fair value through current profit and loss among the acquiree's equity held prior to the acquisition date, or long-term equity investment under the equity method, the difference between the fair value of the equity interest and its book value is recognized as investment income of the current period. In case of changes in the acquiree's equity held prior to the acquisition date that involves other comprehensive income under the equity method and other owner's equity under the equity method excluding net profit and loss, other comprehensive income, and profit distribution, the relevant other comprehensive income shall go through accounting treatment on the acquisition date on the same basis as the relevant assets or liabilities directly treated by investors; changes in the relevant other owner's equity shall be converted into the investment income of the current period on the acquisition date.

(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

A. 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 plus goodwill or combination date according to the original proportion of equity interest, shall be recognized in current investment income when control is lost.

Moreover, other comprehensive income related to the equity investment in the former subsidiary shall go through accounting treatment on the same basis as the direct treatment of relevant assets or liabilities in the former subsidiary, when control is lost. Other changes in owner's equity under the equity method related to the former subsidiary shall be transferred into current profit and loss, when control is lost.

B. 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 recognized 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 recognized 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.

8. 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.

(1) 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 recognize 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.

(2) 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.

9. 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.

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.

(1) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognized 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 derecognized 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 derecognized only when the liability is extinguished—i.e., when the obligation specified in the contract is discharged or canceled 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 recognized and derecognized 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.

(2) 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 amortized 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 recognized 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 amortized cost

The financial asset at amortized 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 amortized 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 recognized 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 recognized in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognized in current profit or loss. At derecognition, cumulative gain or loss previously recognized 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 recognized in other comprehensive income except for dividend income recognized 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 amortized 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.

(3) 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 amortized 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 recognized 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 recognized 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 recognized 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 recognized according to the impairment principles of financial instruments; and the amount initially recognized less the cumulative amount of income recognized in accordance with the revenue principles.

(iii) Financial liabilities at amortized cost

After initial recognition, the Company measured other financial liabilities at amortized 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 (such as interest rate, price of some kind of goods or some kind of financial instrument).

(4) 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 recognized as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognized directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognized 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 recognized 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.

(5) Impairment of financial instrument

The Company shall recognize a loss allowance based on expected credit losses on a financial asset that is measured at amortized 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 (i.e. all cash shortfalls), 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 (i.e. impairment loss not been deducted). For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortized 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.

A. Receivables/Contract assets

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 recognize 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: Related parties within the scope of consolidation

Group 2: Receivables due from third parties

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: Related parties within the scope of consolidation

Group 2: Receivables due from third parties

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.

Determination basis of accounts receivable financing 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 contract assets is as following:

Group 1: Project construction

Group 2: Undue warranty

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 long-term receivables financing is as following:

Group 1: Project receivables, lease receivables

Group 2: Others

For group 1, 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.

For group 2, 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.

The Company's aging calculation method of credit risk characteristic combination based on aging is as follows:

Aging	Accounts receivable provision ratio	Other receivables provision ratio
Within 6 months	1%	1%
7 months to 1 years	5%	5%
1-2 years	10%	10%
2-3 years	50%	50%
Over 3 years	100%	100%

B. 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:

A. Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception

B. 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;

C. 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;

D. 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 influence the probability of a default occurring;

E. Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;

F. 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;

G. Significant changes in the expected performance and behavior of the borrower;

H. 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 amortized 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 reorganization; 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 recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortized 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 recognized 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 recognized in profit or loss as reversal of impairment loss.

(6) Transfer of financial assets

Transfer of financial assets refers to following two situations:

A. Transfers the contractual rights to receive the cash flows of the financial asset;

B. 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 derecognized.

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 recognized in profit or loss:

A. The carrying amount of transferred financial asset;

B. The sum of consideration received and the part derecognized of the cumulative changes in fair value previously recognized 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 recognized (For this purpose, a retained servicing asset shall be treated as a part that continues to be recognized) and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognized in profit or loss:

A. The carrying amount (measured at the date of derecognition) allocated to the part derecognized;

B. The sum of the consideration received for the part derecognized and part derecognized of the cumulative changes in fair value previously recognized 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 recognize the transferred asset to the extent of its continuing involvement and also recognize 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 recognize 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 recognize the transferred asset in its entirety and the consideration received shall be recognized as a financial liability.

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

(7) 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 recognized amounts;

The Company intends either to settle on a net basis, or to realize 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.

(8) Determination of fair value of financial instruments

Determination of fair value of financial assets and financial liabilities please refer to Note 3.11.

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.

(i) 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.

(ii) Fair value hierarchy

To Company establishes a fair value hierarchy that categorizes 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.

12. Inventories

(1) 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.

(2) Measurement method of cost of inventories sold or used

Inventories are measured at actual cost at recognition. The actual cost of an item of inventories comprises the purchase cost, cost of processing and other costs. The cost of inventories used or sold is determined on the weighted average basis.

(3) 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.

(4) Recognition criteria and 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 recognized as provision for impairment of inventory, and recognized 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 realizable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. If the net realizable 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 realizable value, the materials are measured at net realizable value and differences shall be recognized 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 group 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.

(5) Amortization method of low-value consumables

(i) Low-value consumables: One-off writing off method is adopted.

(ii) Package material: One-off writing off method is adopted.

13. Contract Assets and Contract Liabilities

The Company shall present contract assets or contract liabilities in the statement of financial position, depending on the relationship between the Company's satisfying a performance obligation and the customer's payment. A contract asset shall be presented if the Company has the right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability shall be presented if the Company has the obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer.

Method of determination and accounting for expected credit loss for contract assets please refer to Note 3.10.

Contract assets and contract liabilities shall be presented separately in the statement of financial position. The contract asset and contract liability for the same contract shall be presented on a net basis. A net balance shall be listed in the item of "Contract assets" or "Other non-current assets" according to its liquidity; a credit balance shall be listed in the item of "Contract liabilities" or "Other non-current liabilities" according to its liquidity. Contract assets and contract liabilities for different contracts cannot be offset.

14. Contract Costs

Contract costs include costs to fulfill a contract and the costs to obtain a contract.

The Company shall recognize an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

(i) The costs relate directly to a contract or to an anticipated contract, including: direct labor, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because an entity entered into the contract;

(ii) The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and

(iii) The costs are expected to be recovered.

The incremental costs of obtaining a contract shall be recognized as an asset if the Company expects to recover them.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with the revenue recognition of the goods or services to which the asset relates. The Company recognizes the contract acquisition costs as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

The Company shall accrue the provision for impairment, recognize an impairment loss in profit or loss to the extent that the carrying amount of an asset related to the contract cost exceeds the difference of below two items, and further consider whether the estimated liability related to the onerous contract needs to be accrued:

(i) The remaining amount of consideration that the Company expects to receive 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 recognized as expenses.

The Company shall recognize in profit or loss a reversal of some or all of an impairment loss previously recognized when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortization) if no impairment loss had been recognized previously.

Providing that the costs to fulfill a contract satisfy the requirement to be recognized as an asset, the Company shall present them in the account “Inventory” if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account “Other non-current assets” if the contract has an original expected duration of more than one year (or a normal operating cycle).

Providing that the costs to obtain a contract satisfy the requirement to be recognized as an asset, the Company shall present them in the account “Other current asset” if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account “Other non-current assets” if the contract has an original expected duration of more than one year (or a normal operating cycle).

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.

(1) 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.

(2) Determination of initial investment cost

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

(A) 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 recognized 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.

(B) 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 recognized as the initial cost of the long-term equity investment on the combination date. The total par value of the shares issued is recognized 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.

(C) 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 recognized 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 recognized 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:

(A) 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;

(B) For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities;

(C) 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 recognized as the initial investment cost;

(D) 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.

(3) 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 recognizes its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(ii) Equity method

The general accounting treatment for long-term equity investments accounted for using the equity method is as follows:

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 recognizes 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 recognized in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The Company recognizes 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 recognized. Any losses resulting from inter-company transactions between the investor and the investee, which belong to asset impairment, shall be recognized 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 other equity investment, difference between its fair value and the carrying value, in addition to the cumulative changes in fair value previously recorded in other comprehensive income, shall be recognized into retained earnings of the period of 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 recognized in profit or loss. When the Company discontinues the use of the equity method, the Company shall account for all amounts previously recognized 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.

(4) 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.

(5) Impairment testing and provision for impairment loss

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

16. Investment Properties

(1) 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

(2) 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. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives and estimated net residual rates are listed as followings:

Category	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	10.00-30.00	3.00-5.00	3.17-9.70
Land use right	40.00-50.00	0.00	2.00-2.50

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.

(1) Recognition criteria of fixed assets

Fixed assets will only be recognized 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.

(2) 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	2.71-12.13
Machinery equipment	straight-line-method	8.00-10.00	3.00-5.00	9.50-12.13
Transportation vehicles	straight-line-method	4.00	3.00	24.25
Administrative and other devices	straight-line-method	3.00-20.00	3.00	4.85-32.33

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.

18. Construction in Progress

(1) Classification of construction in progress

(2) 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.

The specific criteria and timing of transfer to fixed assets for the Company’s different categories of construction in progress items:

category	The specific criteria and timing of transfer to fixed assets
Houses and buildings	(1) The main construction project and supporting projects have been substantially completed; (2) After the construction project meets the predetermined design requirements, it shall be inspected and accepted by the survey, design, construction, supervision and other units, and inspected and accepted by the local construction authorities and other relevant units; (3) If the construction project has reached the predetermined serviceability state but has not yet completed the final accounts, it shall be transferred to the fixed assets at the estimated value according to the actual cost of the project from the date of reaching the predetermined serviceability state.
Equipment to be installed and debugged	(1) Relevant equipment and other supporting facilities have been installed; (2) After debugging, the equipment can maintain normal and stable operation for a period of time, and the production equipment can produce qualified products stably in a period of time; (3) The equipment management department shall conduct joint inspection with the asset use department, safety management Department, emergency Department, environmental Protection Department and other departments.

19. Right-of-use Assets

At the lease commencement date, a right-of-use asset is measured at cost. The cost of a right-of-use asset comprise:

(1) The amount of the initial measurement of the lease liability;

(2) Any lease payments made at or before the commencement date, less any lease incentives received;

(3) Any initial direct costs incurred by the Group; and

(4) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A right-of-use asset is subsequently measured at cost. If it is reasonably certain that ownership of the lease item will transfer to the Group upon expiration of the lease, the leased item is depreciated over its useful life; if, however, transfer of ownership of the leased item upon expiration of the lease to the Group cannot be reasonably expected, the leased item is depreciated over the shorter of its useful life and the lease term. Where a leased item has recorded impairment, its residual value after deducting the impairment allowance is depreciated in accordance the principle described in this paragraph.

20. Borrowing Costs

(1) 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 recognized as expenses when incurred.

(2) 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 capitalization 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.

21. Intangible Assets

(1) Measurement method of intangible assets

Intangible assets are recognized at actual cost at acquisition.

(2) The useful life and amortization 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	40-50 years	Legal life
Patents	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
Trademarks	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 amortization method are reviewed annually at the end of each reporting period and adjusted when necessary. No change has incurred in current year in the estimated useful life and amortization 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) Amortization of the intangible assets
For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition and systematically amortized on a straight-line basis [units of production method] over the useful life. The amortization amount shall be recognized into current profit or loss or the relevant asset cost according to the beneficial items. The amount to be amortized 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 amortized. 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 amortized systematically and reasonably within the estimated useful lives.

(3) Scope of research and development expenditures

The Company classifies the expenses directly related to research and development activities as research and development expenditures, including remuneration of research and development staff, direct material, depreciation cost and long-term amortized expense, design fee, equipment commissioning fee, intangible assets amortization cost, outsourcing research and development cost, and other expenses, etc.

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

(i) 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 recognized in profit or loss when incurred.
(ii) Development activities after the research phase of the Company shall be treated as development phase.

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

Expenditures arising from development phase on internal research and development projects shall be recognized as intangible assets only if all of the following conditions have been met:
A. Technical feasibility of completing the intangible assets so that they will be available for use or sale;
B. Its intention to complete the intangible asset and use or sell it;
C. 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;
D. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
E. Its ability to measure reliably the expenditure attributable to the intangible asset.

22. Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, associates and joint ventures, investment properties, fixed assets, constructions in progress, and intangible assets subsequently measured at cost 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 a 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 recognized 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 the recoverable amount shall be then calculated and the impairment loss shall be recognized accordingly. 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 recognize the impairment loss.

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

23. Long-term Deferred Expenses

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

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”.

(1) Short-term employee benefits

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

The Company recognizes, 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 recognized as capital expenditure based on the requirement of accounting standards.

(ii) Employee welfare

The Company shall recognize 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 benefits.

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

Payments made by the Company of social insurance for employees, such as medical insurance, work injury insurance and maternity 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 recognized in current profit or loss or the cost of relevant asset.

(iv) Short-term paid absences

The company shall recognize 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 recognize relevant employee benefit of non-accumulating paid absences when the absences actually occurred.

(v) Short-term profit-sharing plan

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

A. The Company has a present legal or constructive obligation to make such payments as a result of past events; and

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

(2) Post-employment benefits

(i) Defined contribution plans

The Company shall recognize, 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

A. 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.

B. The net defined benefit liability or asset

The net defined benefit liability (asset) is the deficit or surplus recognized 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.

C. The amount recognized 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 recognized 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.

D. The amount recognized in other comprehensive income

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

(a) 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;

(b) Return on plan assets, excluding amounts included in net interest on the net defined benefit liability or asset;

(c) 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) recognized in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the Company may transfer in full the portion originally recognized in other comprehensive income within equity to undistributed profit, when the original defined benefit terminates.

(3) Termination benefits

The Company providing termination benefits to employees shall recognize 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 recognizes 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.

(4) 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 recognized the cost of employee benefit from other long-term employee benefits as the following components:

A. Service costs;

B. Net interest cost for net liability or asset of other long-term employee benefits

C. 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 recognized in profit or loss or relevant cost of assets.

25. Lease Liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments comprise:

(1) Fixed payments, or in-substance fixed payments, less any lease incentives receivable;

(2) Variable lease payments that depend on an index or a rate;

(3) The exercise price of a purchase option if the Group is reasonably certain to exercise that option;

(4) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an

option to terminate the lease; and

(5) Amounts expected to be payable by the Group under residual value guarantees.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. The excess of the lease payments over its present value is amortized over the lease term as interest expenses using the discount rate. A variable lease payment which is not included in the initial measurement of the lease liability is recognized in profit or loss when incurred.

26. Provisions

(1) Recognition

A provision is recognized for an obligation associated with a contingent event when the following conditions are satisfied:

(i) The obligation is a present obligation assumed by the entity;

(ii) It is probable that fulfillment of the obligation will result in outflows of economic benefits from the entity;

(iii) The amount of the obligation can be reliably measured.

(2) Measurement

A provision is 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 provision 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 provision, the carrying amount shall be adjusted based on the updated best estimate.

27. Revenue

(1) General principle

Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the Company when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The Company shall recognize revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good or service. Control of a good or service refers to the ability to direct the use of, and obtain substantially all of the remaining economic benefits from, the good or service.

When the contract has two or more obligation performances, the Company shall allocate the transaction price to each performance obligation in proportion to a relative stand-alone selling price at contract inception of the promised good or service underlying each performance obligation in the contract and recognize revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of the contract, if the contract includes a variable consideration, the Company shall determine the best estimate of the variable consideration based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If the contract contains a significant financing component, the Company shall determine the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the promised consideration shall be amortized using the effective interest method within the contract period. The Company need not consider the effects of a significant financing component if the period between when the Company transfers control of a good or service to a customer and when the customer pays for that good or service will be one year or less.

The Company satisfies a performance obligation over time, if one of the following criteria is met; otherwise a performance obligation is satisfied at a point in time:

(i) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

(ii) The Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;

(iii) The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless those progress cannot be reasonably measured. The Company measures the progress of a performance obligation for the service rendered using input methods (or output methods). In some circumstances, the Company cannot be able to reasonably measure the progress of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company shall recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

The Company shall recognize revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the Company shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

(i) The Company has a present right to payment for the good or service – a customer is presently obliged to pay for the good or service;

(ii) The Company has transferred legal title of an asset to a customer - the customer has legal title to the asset;

(iii) The Company has transferred physical possession of an asset to a customer - the customer has physical possession of the asset;

(iv) The Company has transferred the significant risks and rewards of ownership of the asset to a customer - the customer has the significant risks and rewards of ownership of the asset;

(v) The customer has accepted the asset.

(vi) Other indication that the customer has obtained control over the asset.

(2) Specific method

Revenue recognition methods of the Company are as follows:

Revenue from sales of goods

According to the contract of sales of goods between the Company and the customer, the Company satisfies a performance obligation by transferring goods to the customer, which is a performance obligation satisfied at a point in time.

Revenue from domestic sales of goods can only be recognized when the following conditions are satisfied: the Company has transferred the promised goods to the customer according to the contract and the customer has accepted the goods; the payment has been received or the receipt voucher has been obtained and it is highly probable that the consideration will be received; the significant risks and rewards of ownership of the asset has been transferred; legal title of the asset has been transferred.

Revenue from rendering services

The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs, Company satisfies a performance obligation by rendering of services to the customer, which is a performance obligation satisfied over time. For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The customer can't simultaneously receive and consumes the benefits provided by the Company's performance as the Company performs, the Company's performance does not create an asset with an alternative use and the Company has no enforceable right to payment for performance completed to date at all times throughout the duration of the contract, Revenue from rendering of services is a performance obligation satisfied at a point in time. The company recognizes revenue when the company completes technical services in accordance with the contractual agreement

Revenue from usage of assets

Revenue from usage of the Group's assets is recognized if the revenue can be reliably measured and it is probable that the associated economic benefits will flow to the Group. Revenue from usage of assets mainly includes the income from the leasing of premises and houses. Revenue measured in accordance with the method determined by the respective contracts.

28. Government Grants

(1) Recognition of government grants

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

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

(ii) The grants will be received.

(2) 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 RMB1.00 when reliable fair value is not available.

(3) 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 recognized as deferred income, and should be recognized 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 recognized 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 recognized as deferred income and included into profit or loss (or write down related expenses) in the same period as the relevant expenses or losses are recognized;

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognized into current profit or loss (or write down related expenses).

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 recognized in other income (or write down related expenses) in accordance with the nature of the activities, and government grants irrelevant to daily operation activities are recognized 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 recognized 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 recognized 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 recognized into current profit or loss; or directly recognized into current profit or loss for other circumstances.

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 recognize 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.

(1) Recognition of deferred tax assets

For deductible temporary differences, deductible losses and tax credits that can be carried forward to subsequent years, the related income tax effects are calculated at the income tax rate expected to apply during the reversal period and recognized as deferred income tax assets, but only to the extent that it is probable that the Company will obtain future taxable income against which the deductible temporary differences, deductible losses and tax credits can be utilized.

The income tax effects of deductible temporary differences arising from the initial recognition of assets or liabilities in transactions or events that have both of the following characteristics are not recognized as deferred tax assets:

A. Is not a business combination; and

B. At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

However, the exemption from initial recognition of deferred tax liabilities and deferred tax assets does not apply to a single transaction that meets both of the above conditions and results in the initial recognition of assets and liabilities that give rise to deductible temporary differences and deductible temporary differences in equal amounts. The Company recognizes deferred tax liabilities and deferred tax assets for deductible temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities, respectively, at the time of the transaction.

The Company shall recognize 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:

A. The temporary difference will reverse in the foreseeable future; and

B. Taxable profit will be available against which the deductible temporary difference can be utilized.

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 recognizes a previously unrecognized 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 utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(2) Recognition of deferred tax liabilities

A deferred tax liability shall be recognized 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 recognized for taxable temporary differences arising from:

A. The initial recognition of goodwill; or

B. 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 recognize 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:

A. The Company is able to control the timing of the reversal of the temporary difference; and

B. It is probable that the temporary difference will not reverse in the foreseeable future.

(3) 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 recognized, and simultaneously, goodwill recognized in the business combination shall be adjusted based on relevant deferred tax expense (income).

(ii) Items directly recognized in equity

Current tax and deferred tax related to items that are recognized directly in equity shall be recognized in equity. Such items include: other comprehensive income generated from fair value fluctuation of other debt investments; 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

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

Deductible loss refers to the loss calculated and permitted according to the requirement of tax law that can be offset against taxable income in future periods. The criteria for recognizing deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. The Company recognizes 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 utilized by the Company. Income taxes in current profit or loss shall be deducted as well.

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

Under a business combination, the acquiree's deductible temporary differences which do not satisfy the criteria at the acquisition date for recognition of deferred tax asset shall not be recognized. 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 realized, the Company shall recognize 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 recognized in profit or loss. All other acquired deferred tax benefits realized shall be recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized according to the accounting standards, the tax effect of the excess amount shall be recognized directly in equity.

(vi) Dividends related to financial instruments classified as equity instruments

For financial instruments classified as equity instruments in which the Company is the issuer and the related dividend expense is deductible for corporate income tax purposes in accordance with the relevant provisions of the tax policy, the Company recognizes the income tax effect related to the dividend at the time of dividend payable recognition. The income tax effect of the dividend is recognized in the current profit or loss in which the dividend arises from a transaction or event that previously resulted in profit or loss. The income tax effect of the dividend is recognized in owner's equity in which the dividend arises from a transaction or event that previously resulted in profit or loss.

(4) Basis for deferred income tax assets and deferred income tax liabilities presented on a net basis

The Company presents deferred tax assets and deferred tax liabilities on a net basis when both of the following conditions are met:

The Company has a legally enforceable right to settle current income tax assets and current income tax liabilities on a net basis; and

The deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend, in each future period in which significant amounts of deferred income tax assets and deferred income tax liabilities are expected to be reversed, to settle current income tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

30. Leases

(1) Identifying a lease

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

(2) Identifying a separate lease component

When a contract includes more than one separate lease components, the Company shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

(3) The Company as a lessee

At the commencement date, the Company identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all the short-term leases or leases for which the underlying asset is of low value, the Company shall recognize the lease payments associated with those leases as cost of relevant asset or expenses in current profit or loss on a straight-line basis over the lease term.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the Company shall recognize a right-of-use asset and a lease liability.

(i) Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the Company shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company recognizes and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to Notes 3.26. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight - line method. If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of- use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The depreciation method, estimated useful life, residual rates and annual depreciation rates which are determined according to the categories of right-of-use asset are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	Straight—line method	3.00-10.00	0.00	10.00-33.33
Land use rights	Straight—line method	5.00	0.00	20.00

(ii) Lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

- fixed payments and in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the Company shall use the incremental borrowing rate. The difference between the lease payments and its present value shall be recognized as unrecognized financing charges, calculated bases on the discount rate of the present value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognized in current profit or loss when incurred.

After the commencement date, the Company shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

(4) The Company as a lessor

At the commencement date, the Company shall classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it shall be classified as an operating lease.

(i) Operating leases

The Company shall recognize lease payments from operating leases as income on a straight-line basis (or other systematic and reasonable approaches) over the term of the relevant lease and the initial direct costs incurred in obtaining an operating lease shall be capitalized and recognized as an expense over the lease term on the same basis as the lease income. The Company shall recognize the variable lease payments relating to the operating lease but not included in the measurement of the lease receivables into current profit or loss when incurred.

(ii) Finance leases

At the commencement date, the Company shall recognize the lease receivables at an account equal to the net investment in the lease (the sum of the present value of the unguaranteed residual values and the lease payment that are not received at the commencement date discounted at the interest rate implicit in the lease) and derecognize the asset relating to the finance lease. The Company shall recognize interest income using the interest rate implicit in the lease over the lease term.

The Company shall recognize the variable lease payments relating to the finance lease but not included in the measurement of the net investment in the lease into current profit or loss when incurred.

(5) Lease modifications

(i) A lease modification accounted for as a separate lease

The Company shall account for a modification to a lease as a separate lease, if both: A. The modification increases the scope of the lease by adding the right to use one or more underlying assets; B. The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

(ii) A lease modification not accounted for as a separate lease

A. The Company as a lessee

At the effective date of the lease modification, the Company shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The Company shall account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term.

The Company shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

- Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

B. The Company as a lessor

The Company shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For a modification to a finance lease that is not accounted for as a separate lease, the Company shall account for the modification as follows:

- if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Company shall account for the lease modification as a new lease from the effective date of the modification and measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification;
- if the lease would have been classified as a finance lease had the modification been in effect at the inception date, the Company shall account for the lease modification according to the requirements in the modification or renegotiation of the contract.

(6) Sale and leaseback

The Company shall determine whether the transfer of an asset under the sale and leaseback transaction is a sale of that asset according to the policies in Note 3.27.

The Company as a seller (lessee)

If the transfer of the asset is not a sale, the Company shall continue to recognize the transferred asset and shall recognize a financial liability equal to the transfer proceeds. It shall account for the financial liability according to Note 3.10. If the transfer of the asset is a sale, the Company shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

The Company as a buyer (lessor)

If the transfer of the asset is not a sale, the Company shall not recognize the transferred asset and shall recognize a financial asset equal to the transfer proceeds. It shall account for the financial asset according to Note 3.10. If the transfer of the asset is a sale, the Company shall account for the purchase of the asset applying applicable Accounting Standards of Business Enterprises, and for the lease applying the lessor accounting requirements.

31. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in accounting polices

☐ Applicable ☑ Not applicable

(2) Significant changes in accounting estimates

☐ Applicable ☑ Not applicable

(3) Adjustments to financial statement items at the beginning of the year of the first implementation of the new accounting standards implemented since 2026

☐ Applicable ☑ Not applicable

IV Taxation

1. Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate
Value added tax (VAT)	Value added in the course of sales of goods and rendering of services	13%, 9%, 6%
Consumption duty	Taxable revenue	Tax by quantity: RMB1.00 per kilogram or liter of distilled wine sold; Tax by revenue: 20% on taxable revenue from sale of distilled wine
Urban maintenance and construction tax	Transaction tax payable	7%, 5%
Education surcharge	Transaction tax payable	3%
Local education	Transaction tax payable	2%
Corporate income tax	Taxable income	25%

The basic income tax rate of the company is 25%, and the actual income tax rate of some subsidiaries is shown in the following table:

Name of taxpayer	Rate of income tax
Anhui Longrui Glass Co., Ltd.	15.00%
Anhui Ruisiweier Technology Co., Ltd.	15.00%
Anhui RunAnXinKe Testing Technology Co., Ltd.	15.00%
Anhui Gujing Health Technology Co., Ltd.	15.00%
Huanggang Junya Trading Co., Ltd.	20.00%

Wuhan Gulou Juntai Trading Co., Ltd.	20.00%
Wuhan Juntai Trading Co., Ltd.	20.00%
Ezhou Junya Trading Co., Ltd.	20.00%
Bozhou Gujing Hotel Co., Ltd.	20.00%
Anhui Jiuan Mechanical Electrical Equipment Co., Ltd.	20.00%
Anhui Jiuhao Construction Engineering Co., Ltd.	20.00%
Anhui Gujing Light Wellness Club Supply Chain Management Co., Ltd.	20.00%
Anhui Gujinggong Liquor Original Vintage Theme Hotel Management Co., Ltd.	20.00%
Anhui Guqi Distillery Sales Co., Ltd.	20.00%

2. Tax Preference

(1) According to the relevant provisions of the *Measures for the Administration of the Accreditation of High-tech Enterprises* (GuoKeFaHuo [2016] No. 32) and the *Guidelines for the Administration of the Certification of High-tech Enterprises* (GuoKeFaHuo [2016] No. 195), the subsidiary Anhui Ruisiweier Technology Co., Ltd. was identified as one of the second batch of high-tech enterprises in Anhui Province in 2025, therefore was given *High-tech Enterprise Certificate* (Certificate Number: GR202534002124) 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 January 1, 2025 to December 31, 2027.

(2) According to the relevant provisions of the *Measures for the Administration of the Accreditation of High-tech Enterprises* (GuoKeFaHuo [2016] No. 32) and the *Guidelines for the Administration of the Certification of High-tech Enterprises* (GuoKeFaHuo [2016] No. 195), the subsidiary Anhui Longrui Glass Co., Ltd. was identified as one of the first batch of high-tech enterprises in Anhui Province in 2025, therefore was given *High-tech Enterprise Certificate* (Certificate Number: GR202534000671) 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 January 1, 2025 to December 31, 2027.

(3) According to the relevant provisions of the *Measures for the Administration of the Accreditation of High-tech Enterprises* (GuoKeFaHuo [2016] No. 32) and the *Guidelines for the Administration of the Certification of High-tech Enterprises* (GuoKeFaHuo [2016] No. 195), the subsidiary Anhui RunAnXinKe Testing Technology Co., Ltd. was identified as a high-tech enterprise in 2024, therefore was given *High-tech Enterprise Certificate* (Certificate Number: GR202434002657) 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 January 1, 2024 to December 31, 2026. It is currently in the process of recertification, and until it passes the recertification, the corporate income tax is temporarily prepaid at a rate of 15%.

(4) According to the relevant provisions of the *Measures for the Administration of the Accreditation of High-tech*

Enterprises (GuoKeFaHuo [2016] No. 32) and the *Guidelines for the Administration of the Certification of High-tech Enterprises* (GuoKeFaHuo [2016] No. 195), the subsidiary Anhui Gujing Health Technology Co., Ltd. ("Health Technology") has been recognized as a batch of high-tech enterprises in Anhui Province in 2024, and obtained the *High-tech Enterprise Certificate* (Certificate No.: GR202434002983) which is valid for 3 years. According to relevant regulations such as the *Enterprise Income Tax Law*, the Health Technology shall enjoy an income tax rate of 15% for national high-tech enterprises from January 1, 2024 to December 31, 2026.

(5) According to the relevant provisions of the document *Announcement of the Ministry of Finance and the General Administration of Taxation No. 12 of 2023*, from January 1, 2023 to December 31, 2027, the part of the annual taxable income of small and micro profit enterprises that does not exceed RMB3 million shall be included in the taxable income at a reduced rate of 25%. Pay corporate income tax at a rate of 20%. Huanggang Junya Trading Co., Ltd., Wuhan Gulou Juntai Trading Co., Ltd., Wuhan Juntai Trading Co., Ltd., Ezhou Junya Trading Co., Ltd., Bozhou Gujing Hotel Co., Ltd., Anhui Jiuan Mechanical Electrical Equipment Co., Ltd., Anhui Jiuhao Construction Engineering Co., Ltd., Anhui Gujing Light Wellness Club Supply Chain Management Co., Ltd., Anhui Gujinggong Liquor Original Vintage Theme Hotel Management Co., Ltd., and Anhui Guqi Distillery Sales Co., Ltd. comply with the relevant provisions of small low-profit enterprise income tax preferential policy.

V Notes to the Consolidated Financial Statements

1. Monetary Funds

Item	Ending balance	Beginning balance
Cash on hand	109,047.09	12,138.91
Cash at bank	13,273,671,086.38	14,151,437,751.62
Other monetary funds	27,779,461.54	36,013,839.28
Total	13,301,559,595.01	14,187,463,729.81

At the end of June 2026, the bank deposits were used to pledge the bank acceptance bill of RMB1.24 billion, and the other restricted funds in the bank deposits were RMB9.7668 million. The other monetary funds as of the statement date included margin deposits not eligible for early redemption at RMB13.5178 million. Except for the pre-mentioned, monetary funds as of the end of June 2026 was not subject to limitation on usage such as pledging or freezing or risk on recovery.

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

☐ Applicable ☑ Not applicable

2. Financial Assets Held-for-trading

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or	602,695,342.46	0.00

Item	Ending balance	Beginning balance
loss		
Including: bank financial products	602,695,342.46	0.00
Total	602,695,342.46	0.00

3. Accounts Receivable

(1) Disclosure by aging

Aging	Ending balance	Beginning balance
Within 1 year	38,280,564.31	52,330,202.23
Of which: 1-6 months	34,501,835.62	49,936,716.22
7-12 months	3,778,728.69	2,393,486.01
1-2 years	1,820,258.09	2,350,559.67
2-3 years	443,390.18	340,056.43
Over 3 years	8,515,467.04	8,391,314.57
Subtotal	49,059,679.62	63,412,132.90
Less: Bad debt provision	9,453,142.71	9,415,440.22
Total	39,606,536.91	53,996,692.68

(2) Disclosure by withdrawal method of bad debt provision

(i) Ending balance

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately	7,792,783.72	15.88	7,792,783.72	100.00	0.00
Bad debt provision withdrawn by group	41,266,895.90	84.12	1,660,358.99	4.02	39,606,536.91
Of which: Group 1					
Group 2	41,266,895.90	84.12	1,660,358.99	4.02	39,606,536.91
Total	49,059,679.62	100.00	9,453,142.71	19.27	39,606,536.91

(ii) Beginning balance

Category	Beginning balance		
	Carrying amount	Bad debt provision	Carrying value

	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately	7,792,783.72	12.29	7,792,783.72	100.00	0.00
Bad debt provision withdrawn by group	55,619,349.18	87.71	1,622,656.50	2.92	53,996,692.68
Of which: Group 1					
Group 2	55,619,349.18	87.71	1,622,656.50	2.92	53,996,692.68
Total	63,412,132.90	100.00	9,415,440.22	14.85	53,996,692.68

On June 30, 2026, accounts receivable with bad debt provision withdrawn by group 2

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	38,280,564.31	533,954.77	1.39
Of which: 1-6 months	34,501,835.62	345,018.35	1.00
7-12 months	3,778,728.69	188,936.42	5.00
1-2 years	1,820,258.09	182,025.81	10.00
2-3 years	443,390.18	221,695.09	50.00
Over 3 years	722,683.32	722,683.32	100.00
Total	41,266,895.90	1,660,358.99	4.02

On January 1, 2026, accounts receivable with bad debt provision withdrawn by group 2

Aging	Beginning balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	52,330,202.23	619,041.46	1.18
Of which: 1-6 months	49,936,716.22	499,367.16	1.00
7-12 months	2,393,486.01	119,674.30	5.00
1-2 years	2,350,559.67	235,055.97	10.00
2-3 years	340,056.43	170,028.22	50.00
Over 3 years	598,530.85	598,530.85	100.00
Total	55,619,349.18	1,622,656.50	2.92

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

Category	Beginning	Changes in the Reporting Period	Ending balance

	amount	Withdrawal	Increase from business combination not under the same control	Recovery or reversal	Elimination or write-off	
Accounts receivable with significant amount but bad debt provision withdrawn separately	7,792,783.72	0.00		0.00		7,792,783.72
Accounts receivable with insignificant amount but bad debt provision withdrawn separately						
Group 2: Bad debt provision withdrawn by aging group	1,622,656.50	267,820.92		230,118.43		1,660,358.99
Total	9,415,440.22	267,820.92		230,118.43		9,453,142.71

(4) Accounts receivable written off during the Reporting Period

Not applicable.

(5) Top five ending balances by entity

Entity name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion of the balance to the total accounts receivable and contract assets (%)	Provision for bad debt of accounts receivable and contract assets
No. 1	7,792,783.72		7,792,783.72	15.88	7,792,783.72
No. 2	5,144,065.49		5,144,065.49	10.49	119,070.24
No. 3	4,464,996.97		4,464,996.97	9.10	44,649.97
No. 4	2,451,482.79		2,451,482.79	5.00	37,393.36
No. 5	1,994,561.97		1,994,561.97	4.07	19,945.62
Total	21,847,890.94		21,847,890.94	44.54	8,013,842.91

4. Accounts Receivable Financing

(1) Accounts receivable financing by category

Category	Ending balance			Beginning balance		
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value
Bank acceptance bills	1,127,971,458.45		1,127,971,458.45	895,658,760.56		895,658,760.56

Category	Ending balance			Beginning balance		
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value
Total	1,127,971,458.45		1,127,971,458.45	895,658,760.56		895,658,760.56

(2) Pledged notes receivable at June 30, 2026

Not applicable.

(3) Notes receivable which were discounted or endorsed but not due at June 30, 2026

Items	Amount of derecognition	Amount of unrecognition
Bank acceptance bills	5,361,829,976.21	
Commercial acceptance bills		
Total	5,361,829,976.21	

(4) Accounts receivable financing by loss allowance 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	1,127,971,458.45	100.00			1,127,971,458.45
Of which: Group 1					
Group 2	1,127,971,458.45	100.00			1,127,971,458.45
Total	1,127,971,458.45	100.00			1,127,971,458.45

(Continued)

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately					
Bad debt provision withdrawn by group	895,658,760.56	100.00			895,658,760.56
Of which: Group 1					
Group 2	895,658,760.56	100.00			895,658,760.56

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
Total	895,658,760.56	100.00			895,658,760.56

(5) Movement of impairment allowance

Not applicable.

(6) Notes receivable written off during the Reporting Period

Not applicable.

5. Prepayment

(1) Disclosure by aging

Aging	Ending balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	160,189,436.15	99.61	115,101,663.42	99.83
1 to 2 years	465,395.75	0.29	190,563.70	0.17
2 to 3 years	165,148.00	0.10	0.00	0.00
Over 3 years				
Total	160,819,979.90	100.00	115,292,227.12	100.00

(2) Top five ending balances by entity

Entity name	Ending balance	Proportion of the balance to the total prepayment (%)
No. 1	20,838,477.14	12.96
No. 2	9,396,257.38	5.84
No. 3	4,731,560.88	2.94
No. 4	4,269,857.48	2.66
No. 5	1,405,948.45	0.87
Total	40,642,101.33	25.27

6. Other Receivables

(1) Listed by category

Item	Ending balance	Beginning balance
Interest receivable		
Dividend receivable		
Other receivables	53,893,174.72	45,651,277.81

Item	Ending balance	Beginning balance
Total	53,893,174.72	45,651,277.81

(2) Other receivables

(i) Disclosure by aging

Aging	Ending balance	Beginning balance
Within 1 year	52,317,544.94	43,611,222.28
Of which: 1-6 months	48,865,844.58	40,912,955.81
7-12 months	3,451,700.36	2,698,266.47
1-2 years	1,193,558.62	1,911,890.68
2-3 years	2,325,340.97	1,726,793.61
Over 3 years	6,579,726.00	6,690,071.33
Subtotal	62,416,170.53	53,939,977.90
Less: Bad debt provision	8,522,995.81	8,288,700.09
Total	53,893,174.72	45,651,277.81

(ii) Disclosure by nature

Nature	Ending balance	Beginning balance
Deposit and guarantee	9,538,062.18	8,831,605.18
Platform promotion expenses	2,921,081.14	2,283,469.36
Rent, utilities and gasoline charges	11,487,981.13	14,058,900.80
Other	38,469,046.08	28,766,002.56
Subtotal	62,416,170.53	53,939,977.90
Less: Bad debt provision	8,522,995.81	8,288,700.09
Total	53,893,174.72	45,651,277.81

(iii) Disclosure by withdrawal method of bad debt provision

A. As of June 30, 2026, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	62,416,170.53	8,522,995.81	53,893,174.72
Stage 2			
Stage 3			
Total	62,416,170.53	8,522,995.81	53,893,174.72

A1. As of June 30, 2026, 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	62,416,170.53	13.66	8,522,995.81	53,893,174.72
Of which: Group 1				
Group 2	62,416,170.53	13.66	8,522,995.81	53,893,174.72
Total	62,416,170.53	13.66	8,522,995.81	53,893,174.72

On June 30, 2026, other receivables with bad debt provision withdrawn by group 2

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	52,317,544.94	661,243.46	1.26
Of which: 1-6 months	48,865,844.58	488,658.44	1.00
7-12 months	3,451,700.36	172,585.02	5.00
1-2 years	1,193,558.62	119,355.86	10.00
2-3 years	2,325,340.97	1,162,670.49	50.00
Over 3 years	6,579,726.00	6,579,726.00	100.00
Total	62,416,170.53	8,522,995.81	13.66

B. As of January 1, 2026, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	53,939,977.90	8,288,700.09	45,651,277.81
Stage 2			
Stage 3			
Total	53,939,977.90	8,288,700.09	45,651,277.81

B1. On January 1, 2026, 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				

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn by group	53,939,977.90	15.37	8,288,700.09	45,651,277.81
Of which: Group 1				
Group 2	53,939,977.90	15.37	8,288,700.09	45,651,277.81
Total	53,939,977.90	15.37	8,288,700.09	45,651,277.81

On January 1, 2026, other receivables with bad debt provision withdrawn by group 2

Aging	Beginning balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	43,611,222.28	544,042.88	1.25
Of which: 1-6 months	40,912,955.81	409,129.56	1.00
7-12 months	2,698,266.47	134,913.32	5.00
1-2 years	1,911,890.68	191,189.07	10.00
2-3 years	1,726,793.61	863,396.81	50.00
Over 3 years	6,690,071.33	6,690,071.33	100.00
Total	53,939,977.90	8,288,700.09	15.37

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

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Increase from business combination not under the same control	Recovery or reversal	Elimination or write-off	
Bad debt provision withdrawn separately						
Bad debt provision withdrawn by group	8,288,700.09	513,984.34	0.00	279,688.62	0.00	8,522,995.81
Total	8,288,700.09	513,984.34	0.00	279,688.62	0.00	8,522,995.81

(v) Other receivables actually written off during the Reporting Period

Not applicable.

(vi) Top five ending balances by entity

Entity name	Nature	Ending balance	Aging	Proportion of the balance to the total other receivables (%)	Bad debt provision
No. 1	Other	23,380,219.00	Within 6 months	37.46	233,802.19
No. 2	Rent, utilities and gasoline charges	8,594,775.89	Within 1 year	13.77	87,266.18
No. 3	Security deposit and guarantee	1,303,136.00	Over 3 years	2.09	1,303,136.00
No. 4	Security deposit and guarantee	1,284,295.08	2-3 years	2.06	642,147.54
No. 5	Rent, utilities and gasoline charges	1,074,295.17	Within 1 year	1.72	19,091.57
Total	--	35,636,721.14	--	57.10	2,285,443.48

7. Inventories

(1) Category of inventories

Item	Ending balance		
	Carrying amount	Falling price reserves	Carrying value
Raw materials and package materials	192,375,661.04	21,564,512.60	170,811,148.44
Semi-finished goods and work in process	9,979,550,643.45	0.00	9,979,550,643.45
Finished goods	664,177,730.62	19,366,416.26	644,811,314.36
Total	10,836,104,035.11	40,930,928.86	10,795,173,106.25

(Continued)

Item	Beginning balance		
	Carrying amount	Falling price reserves	Carrying value
Raw materials and package materials	442,840,504.16	24,858,443.56	417,982,060.60
Semi-finished goods and work	9,347,360,970.25	0.00	9,347,360,970.25

in process			
Finished goods	992,737,057.36	18,285,411.39	974,451,645.97
Total	10,782,938,531.77	43,143,854.95	10,739,794,676.82

(2) Falling price reserves of inventories

Items	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Increase from business combination	Reversal or elimination	Others	
Raw materials and package materials	24,858,443.56	211,223.05		3,505,154.01		21,564,512.60
Finished goods	18,285,411.39	1,587,152.57		506,147.70		19,366,416.26
Total	43,143,854.95	1,798,375.62		4,011,301.71		40,930,928.86

8. Other Current Assets

Item	Ending balance	Beginning balance
Pledged treasury bond reverse repurchase	555,158,000.00	157,930,000.00
Interests on negotiable certificate of deposit	70,575,201.28	127,463,099.31
Deductible taxes and tax allowance	83,462,092.65	107,533,515.67
Total	709,195,293.93	392,926,614.98

9. Long-term Equity Investments

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.	5,514,301.99			7.57		
Anhui Xunfei Jiuzhi Technology Co., Ltd.	6,060,161.55			2,744,424.99		
Total	11,574,463.54			2,744,432.56		

(Continued)

Investees	Changes in the Reporting Period	Ending balance	Balance of

	Declaration of cash dividends or distribution of profit	Withdrawal of impairment provision	Other		impairment provision
I. Associated enterprises					
Beijing Guge Trading Co., Ltd.				5,514,309.56	
Anhui Xunfei Jiuzhi Technology Co., Ltd.				8,804,586.54	
Total				14,318,896.10	

10. Other Equity Instrument Investment

Item	Beginning balance	Changes during the Reporting Period					Ending balance
		Additional investment	Decrease in investment	Gaines recognized in other comprehensive income	Losses recognized in other comprehensive income	Others	
Anhui Mingguang Rural Commercial Bank Co., Ltd.	73,526,017.72			2,847,194.40			76,373,212.12
Total	73,526,017.72			2,847,194.40			76,373,212.12

(Continued)

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
Anhui Mingguang Rural Commercial Bank Co., Ltd.	680,404.90	22,524,514.32			For management holding purposes, it is specified as measured at fair value and changes in it are included in other comprehensive income

11. Investment Properties

(1) Investment property adopting cost measurement mode

Items	Houses and buildings	Land use rights	Total

Items	Houses and buildings	Land use rights	Total
I. Original carrying value			
1. Beginning balance	26,782,405.87	2,644,592.00	29,426,997.87
2. Increase during the Reporting Period			
(1) Transfer from fixed assets			
3. Decrease during the Reporting Period	540,614.77	0.00	540,614.77
(1) Transfer out to fixed assets	540,614.77	0.00	540,614.77
4. Ending balance	26,241,791.10	2,644,592.00	28,886,383.10
II. Accumulated depreciation and amortization:			
1. Beginning balance	12,341,301.57	1,049,284.48	13,390,586.05
2. Increase during the Reporting Period	557,667.13	31,369.60	589,036.73
(1) Withdrawal or amortization	557,667.13	31,369.60	589,036.73
(2) Transfer from fixed assets			
3. Decrease during the Reporting Period	236,865.89	0.00	236,865.89
(1) Transfer out to fixed assets	236,865.89	0.00	236,865.89
4. Ending balance	12,662,102.81	1,080,654.08	13,742,756.89
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	13,579,688.29	1,563,937.92	15,143,626.21
2. Beginning carrying value	14,441,104.30	1,595,307.52	16,036,411.82

12. Fixed Assets

(1) Listed by category

Item	Ending balance	Beginning balance
Fixed assets	8,951,160,974.66	9,121,969,040.94
Disposal of fixed assets		
Total	8,951,160,974.66	9,121,969,040.94

(2) Fixed assets

(i) General information of fixed assets

Items	Houses and buildings	Machinery equipment	Transportation vehicles	Administrative and other devices	Total

Items	Houses and buildings	Machinery equipment	Transportation vehicles	Administrative and other devices	Total
I. Original carrying value					
1. Beginning balance	6,485,656,020.40	4,628,961,421.29	87,492,576.44	1,443,814,337.03	12,645,924,355.16
2. Increase during the Reporting Period	152,852,300.68	54,939,174.64	154,394.19	34,171,830.36	242,117,699.87
(1) Acquisition	0.00	2,387,790.78	154,394.19	8,683,441.67	11,225,626.64
(2) Transfer from construction in progress	152,311,685.91	52,551,383.86	0.00	25,488,388.69	230,351,458.46
(3) Transfer from investment property	540,614.77	0.00	0.00	0.00	540,614.77
3. Decrease during the Reporting Period	0.00	62,809,285.97	3,024,758.02	1,845,225.01	67,679,269.00
(1) Disposal or scrap	0.00	16,499,575.29	3,024,758.02	1,845,225.01	21,369,558.32
(2) Other decreases	0.00	46,309,710.68	0.00	0.00	46,309,710.68
4. Ending balance	6,638,508,321.08	4,621,091,309.96	84,622,212.61	1,476,140,942.38	12,820,362,786.03
II. Accumulated depreciation					
1. Beginning balance	1,547,864,249.99	1,477,398,862.79	70,430,359.03	420,116,706.25	3,515,810,178.06
2. Increase during the Reporting Period	144,818,777.84	188,676,807.04	3,430,650.83	61,612,109.75	398,538,345.46
(1) Withdrawal	144,581,911.95	188,676,807.04	3,430,650.83	61,612,109.75	398,301,479.57
(2) Transfer from investment property	236,865.89	0.00	0.00	0.00	236,865.89
3. Decrease during the Reporting Period	0.00	48,912,037.64	2,929,520.25	1,340,454.07	53,182,011.96
(1) Disposal or scrap	0.00	13,413,502.47	2,929,520.25	1,340,454.07	17,683,476.79
(2) Other decreases	0.00	35,498,535.17	0.00	0.00	35,498,535.17
4. Ending balance	1,692,683,027.83	1,617,163,632.19	70,931,489.61	480,388,361.93	3,861,166,511.56
III. Impairment provision					
1. Beginning balance	3,420,602.77	4,554,118.75	0.00	170,414.64	8,145,136.16
2. Increase during the Reporting Period					
(1) Withdrawal					

Items	Houses and buildings	Machinery equipment	Transportation vehicles	Administrative and other devices	Total
3. Decrease during the Reporting Period	0.00	109,836.35	0.00	0.00	109,836.35
(1) Disposal or scrap	0.00	109,836.35	0.00	0.00	109,836.35
4. Ending balance	3,420,602.77	4,444,282.40	0.00	170,414.64	8,035,299.81
IV. Carrying value					
1. Ending carrying value	4,942,404,690.48	2,999,483,395.37	13,690,723.00	995,582,165.81	8,951,160,974.66
2. Beginning carrying value	4,934,371,167.64	3,147,008,439.75	17,062,217.41	1,023,527,216.14	9,121,969,040.94

(ii) Fixed assets leasing out under operating leases

Items	Carrying value
Buildings and constructions	13,579,688.29
Total	13,579,688.29

(iii) Fixed assets without certificate of title

Items	Carrying value	Reason
Buildings and constructions	3,631,164,433.42	In process
Total	3,631,164,433.42	--

(iv) At the end of the period, there were no fixed assets with limited use due to mortgage.

13. Construction in Progress

(1) Listed by category

Item	Ending balance	Beginning balance
Construction in progress	158,710,163.85	160,290,473.75
Project materials		
Total	158,710,163.85	160,290,473.75

(2) Construction in progress

(i) General information of construction in progress

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Intelligent park project	46,908,470.58		46,908,470.58	49,297,972.30		49,297,972.30
Whisky project	27,203,664.98		27,203,664.98	17,504,569.28		17,504,569.28
Other individual project	84,598,028.29		84,598,028.29	93,487,932.17		93,487,932.17
Total	158,710,163.85		158,710,163.85	160,290,473.75		160,290,473.75

(ii) Changes in significant projects of construction in progress

Project	Budget (RMB'0,000)	Beginning balance	Increase during the Reporting Period	Amount transferred to fixed asset	Decrease during the Reporting Period	Ending balance
Intelligent park project	828,965.74	49,297,972.30	115,486,877.11	112,442,390.38	5,433,988.45	46,908,470.58
Whisky project	15,539.56	17,504,569.28	10,053,516.21	354,420.51	0.00	27,203,664.98
Other individual project	54,851.80	93,487,932.17	112,775,944.61	117,554,647.57	4,111,200.92	84,598,028.29
Total	899,357.10	160,290,473.75	238,316,337.93	230,351,458.46	9,545,189.37	158,710,163.85

(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
Intelligent Park project	84.94	99.00	0.00	0.00	0.00	Self-owned fund and raised fund
Whisky project	60.28	93.00	317,135.84	303,884.77	2.71	Self-owned fund and borrowings
Other individual project	37.60	37.60	2,018,480.55	732,619.45	2.70	Self-owned fund and borrowings
Total			2,335,616.39	1,036,504.22		

14. Right-of-use Assets

Items	Buildings and constructions	Land use rights	Total
I. Original carrying value			
1. Beginning balance	118,593,842.59	9,723,022.59	128,316,865.18
2. Increase during the Reporting Period			
3. Decrease during the Reporting Period	978,998.67	0.00	978,998.67
4. Ending balance	117,614,843.92	9,723,022.59	127,337,866.51
II. Accumulated depreciation			
1. Beginning balance	33,514,865.30	2,640,198.12	36,155,063.42

2. Increase during the Reporting Period	8,153,714.58	1,036,510.90	9,190,225.48
3. Decrease during the Reporting Period	575,881.58	0.00	575,881.58
4. Ending balance	41,092,698.30	3,676,709.02	44,769,407.32
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	76,522,145.62	6,046,313.57	82,568,459.19
2. Beginning carrying value	85,078,977.29	7,082,824.47	92,161,801.76

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	1,171,415,355.78	188,656,299.54	254,992,514.88	1,615,064,170.20
2. Increase during the Reporting Period	0.00	2,470,931.72	0.00	2,470,931.72
(1) Acquisition	0.00	334,935.72	0.00	334,935.72
(2) Transfer from construction in progress	0.00	2,135,996.00	0.00	2,135,996.00
3. Decrease during the Reporting Period				
(1) Disposal or cancelation				
4. Ending balance	1,171,415,355.78	191,127,231.26	254,992,514.88	1,617,535,101.92
II. Accumulated amortization:				
1. Beginning balance	275,263,139.33	132,903,223.58	73,222,951.86	481,389,314.77
2. Increase during the Reporting Period	12,430,934.50	7,608,951.08	64,580.91	20,104,466.49
(1) Withdrawal	12,430,934.50	7,608,951.08	64,580.91	20,104,466.49

Item	Land use rights	Software	Patents and trademark	Total
3. Decrease during the Reporting Period				
(1) Disposal or cancelation				
4. Ending balance	287,694,073.83	140,512,174.66	73,287,532.77	501,493,781.26
III. Impairment provision				
1. Beginning balance	0.00	166,872.39	0.00	166,872.39
2. Increase during the Reporting Period				
(1) Withdrawal				
3. Decrease during the Reporting Period				
(1) Disposal				
4. Ending balance	0.00	166,872.39	0.00	166,872.39
IV. Carrying value				
1. Ending carrying value	883,721,281.95	50,448,184.21	181,704,982.11	1,115,874,448.27
2. Beginning carrying value	896,152,216.45	55,586,203.57	181,769,563.02	1,133,507,983.04

(2) Intangible assets used for mortgage or pledge at June 30, 2026

Item	Original carrying value	Accumulated amortization	Impairment provision	Carrying value	Note
Land use rights	17,362,400.00	1,004,202.12	0.00	16,358,197.88	Pledged for loans
Total	17,362,400.00	1,004,202.12	0.00	16,358,197.88	

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	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	
Winery Industry Co., Ltd.						
Total	561,364,385.01					561,364,385.01

(2) Provision for impairment of goodwill

Investees or matters that goodwill arising from	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Disposal	Other	
Yellow Crane Tower Distillery Co., Ltd.	314,610,386.34					314,610,386.34
Anhui Mingguang Distillery Co., Ltd.						
Renhuai Maotai Town Zhencang Winery Industry Co., Ltd.						
Total	314,610,386.34					314,610,386.34

17. Long-term Deferred Expenses

Item	Beginning balance	Increase	Decrease		Ending balance
			Amortization	Other decrease	
Experience center	9,428,228.71	143,790.82	674,972.52		8,897,047.01
Outdoor auxiliary projects	19,084,324.85	0.00	1,448,507.58		17,635,817.27
Pottery jar project	75,094,540.91	4,102,952.22	4,566,479.01		74,631,014.12
Theme hotel project	156,100,186.10	0.00	9,701,351.62		146,398,834.48
Public lines and pipeline networks of the Intelligent Park project	90,109,716.59	5,248,379.86	5,285,555.61		90,072,540.84
Other individual project with insignificant amounts	67,498,750.69	7,447,753.90	7,638,207.93		67,308,296.66
Total	417,315,747.85	16,942,876.80	29,315,074.27		404,943,550.38

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	49,133,101.06	11,466,438.69	51,455,863.50	12,064,909.50
Credit impairment provision	17,976,138.52	4,404,056.14	17,704,140.31	4,354,735.95
Unrealized intergroup profit	71,597,020.45	16,905,195.92	66,184,882.61	16,238,669.35
Deferred income	155,316,559.89	38,264,493.75	162,588,721.38	39,981,747.79
Deductible losses	457,272,998.90	106,706,539.46	477,604,563.77	110,144,230.44
Carry-over of payroll payables deductible during the next period	11,903,932.14	1,785,589.82	19,360,961.32	2,904,144.20
Accrued expenses and discount	1,803,304,320.22	449,688,792.70	1,428,151,143.51	355,229,599.23
Change in fair value of accounts receivable financing	2,668,875.02	659,625.03	3,720,390.75	929,818.04
Lease liabilities	80,920,666.12	20,230,166.53	93,721,254.88	23,430,313.72
Differences in the depreciation periods of fixed assets	0.00	0.00	2,130,902.30	319,635.35
Total	2,650,093,612.32	650,110,898.04	2,322,622,824.33	565,597,803.57

(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	532,800,483.08	130,580,295.18	570,927,623.31	140,112,080.23
Assets appreciation arising from business combination not under the same control	635,552,104.72	154,189,974.96	643,406,829.93	156,022,685.09
Changes in fair value of trading financial assets	2,695,342.46	673,835.62	0.00	0.00
Unrealized intergroup profit	245,972,658.24	61,493,164.54	253,295,158.64	63,323,789.66
Changes in fair value of investments in other equity instruments	22,524,514.32	5,631,128.59	19,677,319.92	4,919,329.99
Right-of-use assets	82,568,459.19	20,642,114.80	92,161,801.76	23,040,450.44

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Total	1,522,113,562.01	373,210,513.69	1,579,468,733.56	387,418,335.41

(3) Net balance of deferred tax liabilities and deferred tax assets after offsetting

Item	Offset amount at the period-end	Net balance after offsetting at the period-end	Offset amount at the period-begin	Net balance after offsetting at the period-begin
Deferred tax assets	-69,741,444.58	580,369,453.46	-77,949,881.61	487,647,921.96
Deferred tax liabilities	-69,741,444.58	303,469,069.11	-77,949,881.61	309,468,453.80

(4) Details of unrecognized deferred tax assets

Item	Ending balance	Beginning balance
Deductible losses	13,355,707.71	14,286,361.99
Total	13,355,707.71	14,286,361.99

(5) Deductible losses not recognized as deferred tax assets will expire in the following periods: due in two to three years at RMB6,725,159.61; due in three to four years at RMB6,630,548.10.

19. Other Non-current Assets

Item	Ending balance	Beginning balance
Prepayment for construction and machinery	1,288,199.27	5,465,160.95
Total	1,288,199.27	5,465,160.95

20. Short-term Borrowings

Category	Ending balance	Beginning balance
Credit loan	129,105,400.43	184,830,263.45
Total	129,105,400.43	184,830,263.45

21. Notes Payable

(1) Listed by nature

Category	Ending balance	Beginning balance
Bank acceptance bills	924,418,345.49	1,472,240,813.01
Commercial acceptance bills		
Total	924,418,345.49	1,472,240,813.01

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

22. Accounts Payable

(1) Listed by nature

Item	Ending balance	Beginning balance
Payables for materials	679,907,956.99	820,539,496.01
Payments for constructions and equipment	1,044,545,556.12	1,154,367,384.76
Other	202,112,689.11	327,981,288.38
Total	1,926,566,202.22	2,302,888,169.15

(2) Significant accounts payable with aging of over one year

Not applicable.

23. Contract Liabilities

Item	Ending balance	Beginning balance
Payment for goods	833,610,499.57	1,519,882,489.70
Total	833,610,499.57	1,519,882,489.70

24. Employee Benefits Payable

(1) List of employee benefits payable

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term employee benefits	1,271,130,114.58	1,759,241,647.32	1,977,538,365.56	1,052,833,396.34
II. Post-employment benefits-defined contribution plans	5,805,340.23	215,535,348.92	215,181,086.46	6,159,602.69
III. Termination benefits	0.00	5,329,604.02	5,329,604.02	0.00
IV. Other benefits due within one year				
Total	1,276,935,454.81	1,980,106,600.26	2,198,049,056.04	1,058,992,999.03

(2) List of short-term employee benefits

Item	Beginning balance	Increase	Decrease	Ending balance
I. Salaries, bonuses, allowances and subsidies	1,218,770,718.45	1,539,329,237.05	1,753,313,113.16	1,004,786,842.34
II. Employee benefits	0.00	56,885,704.85	56,885,704.85	0.00
III. Social insurance	401,570.56	66,248,638.95	66,201,449.56	448,759.95
Of which: Health insurance	398,434.95	61,415,497.40	61,375,422.84	438,509.51
Injury insurance	3,135.61	4,833,141.55	4,826,026.72	10,250.44
IV. Housing accumulation fund	8,571,095.74	74,503,914.69	76,531,535.86	6,543,474.57

Item	Beginning balance	Increase	Decrease	Ending balance
V. Labor union funds and employee education funds	43,386,729.83	22,274,151.78	24,606,562.13	41,054,319.48
Total	1,271,130,114.58	1,759,241,647.32	1,977,538,365.56	1,052,833,396.34

(3) Defined contribution plans

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic endowment insurance	156,786.34	130,251,083.84	130,146,192.48	261,677.70
2. Unemployment insurance	4,899.59	4,318,445.10	4,315,167.12	8,177.57
3 Enterprise annuity	5,643,654.30	80,965,819.98	80,719,726.86	5,889,747.42
Total	5,805,340.23	215,535,348.92	215,181,086.46	6,159,602.69

(4) Termination benefits

Item	Beginning balance	Increase	Decrease	Ending balance
Termination benefits	0.00	5,329,604.02	5,329,604.02	0.00
Total	0.00	5,329,604.02	5,329,604.02	0.00

25. Taxes Payable

Item	Ending balance	Beginning balance
VAT	221,505,683.56	195,978,427.07
Consumption tax	248,231,285.49	286,358,430.39
Enterprise income tax	280,879,613.79	35,880,443.94
Individual income tax	2,800,193.08	10,891,290.58
Urban maintenance and construction tax	25,058,654.58	26,138,067.76
Stamp duty	2,790,750.43	3,028,436.79
Educational surcharge	24,088,583.23	24,980,400.49
Other	23,335,613.93	22,713,064.50
Total	828,690,378.09	605,968,561.52

26. Other Payables

(1) Listed by category

Item	Ending balance	Beginning balance

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable	1,797,240,000.00	0.00
Other payables	3,120,830,602.92	2,816,680,849.01
Total	4,918,070,602.92	2,816,680,849.01

(2) Other payables

(i) Listed by nature

Item	Ending balance	Beginning balance
Security deposit and guarantee	1,760,628,005.75	1,902,947,859.54
Warranty	246,930,041.51	196,511,550.86
Personal housing fund paid by company	6,575,266.23	6,563,300.45
Other	1,106,697,289.43	710,658,138.16
Total	3,120,830,602.92	2,816,680,849.01

(ii) Other payables aged over one year as of the statement date are mainly security deposit and warranty not yet matured.

(3) Dividends payable

Item	Ending balance	Beginning balance
Dividend of ordinary shares	1,797,240,000.00	0.00
Dividends on preference shares/perpetual bonds classified as equity instruments	0.00	0.00
Other	0.00	0.00
Total	1,797,240,000.00	0.00

27. Non-current Liabilities Due within One Year

Item	Ending balance	Beginning balance
Lease liabilities due within one year	17,335,121.03	17,582,426.45
Long-term borrowings due within one year	77,022,192.66	43,671,456.36
Total	94,357,313.69	61,253,882.81

28. Other Current Liabilities

Item	Ending balance	Beginning balance
Accrued expenses	867,977,845.33	846,698,519.42

Item	Ending balance	Beginning balance
Pre-mature output VAT	108,098,232.04	197,259,041.27
Total	976,076,077.37	1,043,957,560.69

29. Long-term Borrowings

Item	Ending balance	Beginning balance
Credit Loan	147,000,000.00	197,600,000.00
Pledged for loans	87,479,589.94	62,599,589.94
Total	234,479,589.94	260,199,589.94

30. Lease Liabilities

Item	Ending balance	Beginning balance
Lease payments	90,241,797.15	104,845,973.69
Less: unrecognized financial charges	9,321,131.03	11,124,718.81
Subtotal	80,920,666.12	93,721,254.88
Less: lease liabilities due within one year	17,335,121.03	17,582,426.45
Total	63,585,545.09	76,138,828.43

31. Deferred Income

Item	Beginning balance	Increase	Decrease	Ending balance	Reason
Government grants	162,588,721.38		7,272,161.49	155,316,559.89	Receiving asset-related grants from government
Total	162,588,721.38		7,272,161.49	155,316,559.89	--

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

33. Capital Reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (share premium)	6,196,258,070.02			6,196,258,070.02
Other capital reserves	32,853,136.20			32,853,136.20
Total	6,229,111,206.22			6,229,111,206.22

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	8,854,793.97	2,847,194.40			711,798.60	1,281,237.47	854,158.33	10,136,031.44
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	8,854,793.97	2,847,194.40			711,798.60	1,281,237.47	854,158.33	10,136,031.44
Changes in the fair value arising from changes in own credit risk								
II. Other comprehensive income that may subsequently be reclassified to profit	-2,774,280.88	-2,668,875.02	-2,790,572.72		-659,625.03	824,825.69	-43,502.96	-1,949,455.19

or loss								
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	-2,774,280.88	-2,668,875.02	-2,790,572.72		-659,625.03	824,825.69	-43,502.96	-1,949,455.19
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	6,080,513.09	178,319.38	-2,790,572.72		52,173.57	2,106,063.16	810,655.37	8,186,576.25

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.

36. Retained Earnings

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	18,017,022,962.78	17,639,514,432.44
Total beginning balance of retained earnings before adjustment (increase+, decrease-)		
Beginning balance of retained earnings after adjustments	18,017,022,962.78	17,639,514,432.44
Add: Net profit attributable to owners of the Company as the parent	2,164,379,928.17	3,549,108,530.34
Less: withdrawal of statutory surplus reserve		
Dividend of ordinary shares payable	2,325,840,000.00	3,171,600,000.00
Ending retained earnings	17,855,562,890.95	18,017,022,962.78

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	10,073,146,014.61	1,972,160,645.99	13,817,383,143.06	2,770,679,996.44
Other operations	58,249,912.50	20,691,683.73	62,469,059.69	22,855,262.10
Total	10,131,395,927.11	1,992,852,329.72	13,879,852,202.75	2,793,535,258.54

Information on operating revenue and cost of sales:

Item	Reporting Period		Same period of last year	
	Operating revenue	Costs of sales	Operating revenue	Costs of sales
Commodity type				
Baijiu business	9,996,788,312.26	1,936,205,598.58	13,639,596,262.27	2,636,312,694.81
Others	134,607,614.85	56,646,731.14	240,255,940.48	157,222,563.73
Total	10,131,395,927.11	1,992,852,329.72	13,879,852,202.75	2,793,535,258.54
By operating segment				
North China	398,918,435.26	118,850,703.25	809,341,217.22	210,468,705.23
Central China	9,125,205,701.57	1,755,683,018.30	12,297,380,470.09	2,431,350,909.32
South China	603,328,414.66	116,714,281.95	768,186,540.95	149,970,516.12
International	3,943,375.62	1,604,326.22	4,943,974.49	1,745,127.87
Total	10,131,395,927.11	1,992,852,329.72	13,879,852,202.75	2,793,535,258.54
By distribution channel:				
Online	658,087,417.84	180,594,321.35	572,650,258.28	153,527,839.86

Offline	9,473,308,509.27	1,812,258,008.37	13,307,201,944.47	2,640,007,418.68
Total	10,131,395,927.11	1,992,852,329.72	13,879,852,202.75	2,793,535,258.54

Information on performance obligations: None

38. Taxes and Surcharges

Item	Reporting Period	Same period of last year
Consumption tax	1,337,530,510.62	1,770,534,419.59
Urban maintenance and construction tax and educational surcharge	291,919,474.90	339,775,660.75
Urban land use tax	13,026,452.39	12,841,563.18
Property tax	29,118,114.35	24,753,853.31
Stamp duty	9,642,316.59	12,454,083.98
Other	12,189,290.23	15,618,141.35
Total	1,693,426,159.08	2,175,977,722.16

39. Selling Expense

Item	Reporting Period	Same period of last year
Employment benefits	588,772,275.16	664,068,763.31
Travel fees	126,095,272.65	134,242,942.14
Advertisement fees	729,372,049.18	715,108,133.20
Comprehensive promotion costs	1,198,947,459.25	1,545,750,834.47
Service fees	357,789,020.82	391,207,359.74
Other	71,529,457.37	61,030,523.10
Total	3,072,505,534.43	3,511,408,555.96

40. Administrative Expenses

Item	Reporting Period	Same period of last year
Employee benefits	366,774,873.45	407,158,260.95
Office fees	16,435,664.56	27,761,197.17
Maintenance expenses	16,536,283.64	20,517,221.46
Depreciation	96,383,231.59	72,716,531.29
Amortization	32,122,432.43	27,786,998.85
Pollution discharge	8,966,473.30	11,470,740.16
Travel expenses	6,678,868.53	6,597,066.02

Water and electricity charges	5,481,500.53	6,793,423.13
Other	81,637,704.51	90,616,337.75
Total	631,017,032.54	671,417,776.78

41. Development Costs

Item	Reporting Period	Same period of last year
Labor cost	26,823,267.57	27,240,880.08
Direct input costs	3,098,417.74	6,665,094.54
Depreciation expense	2,545,000.59	2,111,195.83
Other	2,453,371.61	4,300,576.92
Total	34,920,057.51	40,317,747.37

42. Finance Costs

Item	Reporting Period	Same period of last year
Interest expenses	7,391,788.69	5,553,600.24
Including: Interest expenses for lease liabilities	1,787,517.99	1,932,708.45
Less: Interest income	240,740,851.52	324,132,039.22
Net interest expenses	-233,349,062.83	-318,578,438.98
Net foreign exchange losses	-464,436.33	2,337,376.58
Bank charges and others	832,839.25	533,246.08
Total	-232,980,659.91	-315,707,816.32

43. Other Income

Item	Reporting Period	Same period of last year	Related to assets /income
I. Government grants recorded to other income	13,157,837.67	42,305,674.84	
Of which: Government grant related to deferred income	7,272,161.49	7,532,972.54	Related to assets.
Government grant recorded to current profit or loss	5,885,676.18	34,772,702.30	Related to income.
II. Others related to daily operation activities and recognized in other income	6,861,681.69	7,830,847.56	
Total	20,019,519.36	50,136,522.40	--

44. Investment Income

Item	Reporting Period	Same period of last year
Investment income from long-term equity investments under equity method	2,744,432.56	194,023.79

Gains on disposal of long-term equity investments		
Gains on disposal of held-for-trading financial assets	0.00	1,811,687.48
Gains from other equity instrument investment income during holding period	680,404.90	0.00
Gains from disposal of financial assets at fair value through other comprehensive income	-16,481,406.13	-19,878,125.78
Others	1,972,083.55	580,950.87
Total	-11,084,485.12	-17,291,463.64

45. Gains on Changes in Fair Values

Sources	Reporting Period	Same period of last year
Financial assets at fair value through profit or loss	2,753,738.33	528,360.62
Of which: gains on changes in fair value of derivatives		
Total	2,753,738.33	528,360.62

46. Credit Impairment Loss

Item	Reporting Period	Same period of last year
Bad debt of notes receivable		
Bad debt of accounts receivable	-37,702.49	-530,040.16
Bad debt of other receivables	-234,295.72	1,109,057.18
Total	-271,998.21	579,017.02

47. Asset Impairment Loss

Item	Reporting Period	Same period of last year
I. Inventory falling price loss	1,330,835.11	954,415.89
II. Impairment loss of fixed assets		
III. Impairment loss of intangible assets		
IV. Impairment loss of goodwill		
Total	1,330,835.11	954,415.89

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	204,877.54	37,146.67
Of which: Fixed assets	204,877.54	37,146.67

Item	Reporting Period	Same period of last year
Total	204,877.54	37,146.67

49. 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	1,076.86	0.00	1,076.86
Fine and compensation	14,735,402.60	24,891,666.82	14,735,402.60
Sale of scrap	1,832,115.25	2,859,176.80	1,832,115.25
Release of payables	11,171.12	0.00	11,171.12
Others	395,596.75	648,515.97	395,596.75
Total	16,975,362.58	28,399,359.59	16,975,362.58

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	3,402,247.35	697,979.66	3,402,247.35
Donations	330,086.30	925,000.00	330,086.30
Other	1,313,344.62	405,361.97	1,313,344.62
Total	5,045,678.27	2,028,341.63	5,045,678.27

51. Income Tax Expenses

(1) Details of income tax expenses

Item	Reporting Period	Same period of last year
Current tax expenses	853,635,748.50	1,371,026,535.77
Deferred tax expenses	-99,702,907.80	-84,349,304.56
Total	753,932,840.70	1,286,677,231.21

(2) Reconciliation of accounting profit and income tax expenses

Item	Reporting Period
Profit before taxation	2,964,537,645.06
Current income tax expense accounted at applicable tax rate of the Company as the parent	741,134,411.26
Influence of applying different tax rates by subsidiaries	-9,750,276.91

Adjustment for prior period	19,933,148.97
Influence of non-taxable income	-856,209.37
Influence of non-deductible costs, expenses and losses	10,727,975.48
Influence of deductible losses of unrecognized deferred income tax at the beginning of the Reporting Period	0.00
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	0.00
Influence of development expense deduction	-7,256,208.73
Tax rate adjustment to the beginning balance of deferred income tax assets/liabilities	0.00
Income tax credits	0.00
Total	753,932,840.70

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	86,140,460.36	65,670,284.20
Government grants	5,885,676.18	38,096,549.86
Interest income	240,740,851.52	324,132,039.22
Release of restricted monetary assets	429,927,281.05	290,541,554.58
Other	108,404,615.81	128,389,307.02
Total	871,098,884.92	846,829,734.88

(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	1,146,040,590.73	1,753,917,497.96
Security deposit, guarantee and warranty	110,894,336.92	65,261,571.87
Time deposits or deposits pledged for the issuance of notes payable	0.00	89,341,810.67
Others	139,091,389.62	157,249,646.94
Total	1,396,026,317.27	2,065,770,527.44

(3) Other cash payments relating to financing activities

Item	Reporting Period	Same period of last year
Rental fee	14,254,699.26	11,832,851.40
Total	14,254,699.26	11,832,851.40

Changes in liabilities arising from financing activities

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term Borrowings	184,830,263.45	30,000,000.00	1,647,619.02	87,372,482.04	0.00	129,105,400.43
Long-term Borrowings	260,199,589.94	69,300,000.00	4,661,544.64	0.00	99,681,544.64	234,479,589.94
Lease liabilities	76,138,828.43	0.00	1,803,587.78	0.00	14,356,871.12	63,585,545.09
lease liabilities due within one year	17,582,426.45	0.00	14,356,871.12	13,570,341.89	1,033,834.65	17,335,121.03
Long-term Borrowings due within one year	43,671,456.36	0.00	99,681,544.64	66,330,808.34	0.00	77,022,192.66
Dividends payable	0.00	0.00	1,797,240,000.00	0.00	0.00	1,797,240,000.00
Total	582,422,564.63	99,300,000.00	1,919,391,167.20	167,273,632.27	115,072,250.41	2,318,767,849.15

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	2,210,604,804.36	3,777,540,743.97
Add: Provisions for impairment of assets	-1,330,835.11	-954,415.89
Credit impairment provision	271,998.21	-579,017.02
Depreciation of fixed assets, oil and gas assets and productive biological assets	398,890,516.30	329,626,282.34
Depreciation of right-of-use assets	9,190,225.48	8,804,476.73
Amortization of intangible assets	20,104,466.49	19,357,592.50
Amortization of long-term deferred expenses	29,315,074.27	27,157,131.74
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-204,877.54	-37,146.67
Losses on scrapping of fixed assets (gains: negative)	3,401,170.49	697,979.66
Losses on changes in fair value (gains:	-2,753,738.33	-528,360.62

negative)		
Finance costs (gains: negative)	6,927,352.36	5,553,600.24
Investment losses (gains: negative)	-5,396,921.01	-2,586,662.14
Decreases in deferred tax assets (increase: negative)	-84,783,287.48	-71,450,956.11
Increases in deferred tax liabilities (decrease: negative)	-14,919,620.32	-12,898,348.45
Decreases in inventories (increase: negative)	-53,165,503.34	-137,280,948.47
Decreases in operating receivables (increase: negative)	-271,692,191.81	2,598,779,357.38
Increases in operating payables (decrease: negative)	-1,131,850,776.47	-2,587,848,998.50
Other*1	429,927,281.05	201,199,743.91
Net cash flows from operating activities	1,542,535,137.60	4,154,552,054.60
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	12,038,274,964.82	15,076,527,533.64
Less: Beginning balance of cash	12,494,251,818.57	15,193,134,694.19
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-455,976,853.75	-116,607,160.55

*1: "Other" mainly refer to the impacts of recovered restricted funds for operating activities of the same period of last year and the restricted funds for operating activities paid in the current period 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	12,038,274,964.82	15,076,527,533.64

Item	Reporting Period	Same period of last year
Including: Cash on hand	109,047.09	6,045.93
Bank deposit on demand	12,023,904,318.78	15,044,905,760.69
Other monetary assets on demand	14,261,598.95	31,615,727.02
II. Cash equivalents		
Of which: Bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	12,038,274,964.82	15,076,527,533.64
Of which: cash and cash equivalents with restriction to use in the subsidies of the Company as the parent or Group		

54. Assets with Restricted Ownership or Right of Use

Item	Ending carrying value	Reason
Cash and cash equivalents	1,263,284,630.19	Pledged for opening bank acceptance bills, L/G and other security deposit.
Intangible assets	16,358,197.88	Pledged for loans.
Total	1,279,642,828.07	--

55. Leases

(1) The Company as a lessee

Current gains and losses and cash flows related to leases

Item	Reporting Period
Expenses for short-term lease under simplified method	3,831,194.96
Expenses for lease of low value asset (except for short-term lease) under simplified method	
Interest expense of lease liabilities	1,787,517.99
Variable lease payments not included in lease liabilities recognized in current profit or loss	
Income from subleasing the right-of-use assets	
Cash outflows related to leases	21,258,123.84
Profit or loss in sale and leaseback transaction	

(2) The Company as a lessor

Operating lease

Item	Reporting Period
Lease income	4,943,304.08
Including: income related to variable lease payments not included in lease receivables	4,943,304.08

VI Research and Development Expenditures

Item	Reporting Period	Same period of last year
Labor costs	26,823,267.57	27,240,880.08
Material costs	3,098,417.74	6,665,094.54
Depreciation costs	2,545,000.59	2,111,195.83
Others	2,453,371.61	4,300,576.92
Total	34,920,057.51	40,317,747.37
Including: Expensed R&D expenditures	34,920,057.51	40,317,747.37
Capitalized R&D expenditures		

VII Changes in the Scope of Consolidation

1. Other Reasons of Changes in the Scope of Consolidation

Not applicable.

VIII Interests in other Entities

1. Interests in Subsidiaries

(1) Composition of corporate group

Name of subsidiary	Registered capital (RMB'0,000)	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
Bozhou Gujing Sales Co., Ltd.	8,486.45	Anhui Bozhou	Anhui Bozhou	Commercial trade	100.00		Investment establishment
Anhui Longrui Glass Co., Ltd	8,871.03	Anhui Bozhou	Anhui Bozhou	Manufacture	97.69		Investment establishment
Anhui Jiuan Mechanical Electrical Equipment Co., Ltd.	1,000.00	Anhui Bozhou	Anhui Bozhou	Equipment manufacturing	100.00		Investment establishment
Anhui Jinyunlai Culture & Media Co., Ltd.	1,500.00	Anhui Hefei	Anhui Hefei	Advertisement marketing	100.00		Investment establishment
Anhui Ruisiweier Technology Co., Ltd.	5,000.00	Anhui Bozhou	Anhui Bozhou	Technical research	100.00		Investment establishment
Shanghai Gujing Jinhao Hotel Management Co., Ltd.	5,400.00	Shanghai	Shanghai	Hotel operating	100.00		Business combination under common control
Bozhou Gujing Hotel Co., Ltd	62.80	Anhui Bozhou	Anhui Bozhou	Hotel operating	100.00		Business combination under

Name of subsidiary	Registered capital (RMB'0,000)	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
							common control
Anhui Yuanqing Environmental Protection Co., Ltd.	1,600.00	Anhui Bozhou	Anhui Bozhou	Sewage treatment	100.00		Investment establishment
Anhui Gujing Yunshang E-commerce Co., Ltd	500.00	Anhui Hefei	Anhui Hefei	Electronic commerce	100.00		Investment establishment
Anhui RunAnXinKe Testing Technology Co., Ltd.	1,000.00	Anhui Bozhou	Anhui Bozhou	Food testing	100.00		Investment establishment
Anhui Jiudao Culture Media Co., Ltd.	1,500.00	Anhui Hefei	Anhui Hefei	Advertisement marketing	100.00		Investment establishment
Anhui Gujinggong Liquor Original Vintage Theme Hotel Management Co., Ltd.	1,000.00	Anhui Bozhou	Anhui Bozhou	Hotel operating	100.00		Investment establishment
Anhui Guqi Distillery Co., Ltd.	12,000.00	Anhui Bozhou	Anhui Bozhou	Manufacture	60.00		Investment establishment
Anhui Guqi Distillery Sales Co., Ltd.	500.00	Anhui Bozhou	Anhui Bozhou	Commercial trade		60.00	Investment establishment
Anhui Guge Culture Media Co., Ltd.	500.00	Anhui Bozhou	Anhui Bozhou	Advertisement marketing	100.00		Investment establishment
Anhui Gujing Suhuai Distillery Sales Co., Ltd.	1,000.00	Anhui Suzhou	Anhui Suzhou	Commercial trade	100.00		Investment establishment
Yellow Crane Tower Distillery Co., Ltd.	40,000.00	Hubei Wuhan	Hubei Wuhan	Manufacture	51.00		Business combination not under common control
Yellow Crane Tower Distillery (Xianning) Co., Ltd.	31,000.00	Hubei Xianning	Hubei Xianning	Manufacture		51.00	Business combination not under common control
Yellow Crane Tower Distillery (Suizhou) Co., Ltd.	60,000.00	Hubei Suizhou	Hubei Suizhou	Manufacture		51.00	Business combination not under common control
Wuhan Tianlong Jindi Technology Development Co., Ltd	3,000.00	Hubei Wuhan	Hubei Wuhan	Commercial trade		51.00	Business combination not under common control
Xianning Junhe Sales Co., Ltd	1,000.00	Hubei	Hubei	Commercial		51.00	Business

Name of subsidiary	Registered capital (RMB'0,000)	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
		Xianning	Xianning	trade			combination not under common control
Wuhan Junya Sales Co., Ltd	100.00	Hubei Wuhan	Hubei Wuhan	Commercial trade		51.00	Investment establishment
Suizhou Junhe Commercial Co., Ltd.	100.00	Hubei Suizhou	Hubei Suizhou	Commercial trade		51.00	Investment establishment
Huanggang Junya Trading Co., Ltd.	2,000.00	Huanggang Hubei	Huanggang Hubei	Commercial trade		51.00	Investment establishment
Wuhan Gulou Junhe Trading Co., Ltd.	2,000.00	Hubei Wuhan	Hubei Wuhan	Commercial trade		51.00	Investment establishment
Wuhan Gulou Juntai Trading Co., Ltd.	2,000.00	Hubei Wuhan	Hubei Wuhan	Commercial trade		51.00	Investment establishment
Xiaogan Gulou Tiancheng Trading Co., Ltd.	2,000.00	Hubei Xiaogan	Hubei Xiaogan	Commercial trade		51.00	Investment establishment
Ezhou Junya Trading Co., Ltd.	2,000.00	Hubei Ezhou	Hubei Ezhou	Commercial trade		51.00	Investment establishment
Wuhan Juntai Trading Co., Ltd.	2,000.00	Hubei Wuhan	Hubei Wuhan	Commercial trade		51.00	Investment establishment
Anhui Mingguang Distillery Co., Ltd.	6,883.00	Anhui Chuzhou	Anhui Mingguang	Manufacture	60.00		Business combination not under common control
Mingguang Tiancheng Ming Wine Sales Co., Ltd.	80.00	Anhui Chuzhou	Anhui Mingguang	Commercial trade		60.00	Business combination not under common control
Anhui Jiuhao Construction Engineering Co., Ltd.	1,100.00	Anhui Bozhou	Anhui Bozhou	Construction	52.00		Investment establishment
Anhui Zhenrui Construction Engineering Co., Ltd	1,000.00	Anhui Bozhou	Anhui Bozhou	Construction		52.00	Investment establishment
Renhuai Maotai Town Zhencang Winery Industry Co., Ltd.	125.00	Renhuai Guizhou	Renhuai Guizhou	Manufacture	60.00		Business combination not under common control
Guizhou Zhencang Winery Industry Sales Co., Ltd.	100.00	Renhuai Guizhou	Renhuai Guizhou	Commercial trade		60.00	Investment establishment

Name of subsidiary	Registered capital (RMB'0,000)	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
Anhui Gujing Health Technology Co., Ltd.	10,768.50	Anhui Bozhou	Anhui Bozhou	Manufacture	60.00		Business combination not under common control
Anhui Gujing Light Wellness Club Supply Chain Management Co., Ltd.	1,000.00	Anhui Bozhou	Anhui Bozhou	Commercial trade		60.00	Business combination not under common control

(2) Significant non-wholly owned subsidiaries

Not applicable.

2. Interests in Joint Arrangements or Associates

(1) Significant joint ventures or associates

The Company had no significant joint venture or associate.

(2) Summarized financial information about insignificant joint ventures and associates

Item	Ending balance/Reporting Period	Beginning balance/Same period of last year
Joint venture:		
Total carrying amount of investments		
The aggregate amount of below items calculated based on proportion of equity interests:		
—Net profit/(loss)		
—Other comprehensive income		
—Total comprehensive income		
Associate:		
Total carrying amount of investments	14,318,896.10	11,574,463.54
The aggregate amount of below items calculated based on proportion of equity interests:		
—Net profit/(loss)	2,744,432.56	194,023.79
—Other comprehensive income		
—Total comprehensive income	2,744,432.56	194,023.79

IX Government Grants

1. Government Grants Recognized as Receivables

The ending balance of accounts receivable was RMB0.00.

Reason for not receiving the projected amount of government grants at the projected point in time

☐ Applicable ☑ Not applicable

2. Liability Items that Involve Government Grants

☑ Applicable ☐ Not applicable

Items presented in the statement of financial position	Beginning balance	Increase in government grants during the Reporting Period	Amount recognized in non-operating income during the Reporting Period	Amount recognized in other income during the Reporting Period	Other changes during the Reporting Period	Ending balance	Related to assets or income
Deferred income	162,588,721.38			7,272,161.49		155,316,559.89	Related to assets

3. Government Grants Recognized in Current Profit or Loss

☑ Applicable ☐ Not applicable

Items presented in income statement	Reporting Period	Same period of last year
Other income	13,157,837.67	42,305,674.84

X Risks 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 (e.g. credit management department of the Company reviews each credit sale). 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.

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. For notes receivable, other receivables and long-term receivables, the Company establishes related policies to control their credit risk exposure. The Company assesses credit capability of its customers and determines their credit terms based on their financial position, possibility of the guarantee from third party, credit record and other factors (such as current market status, etc.). The Company monitors its customers' credit record periodically, and for those customers with poor credit record, the Company will take measures such as written call, shortening or canceling their credit terms so as to ensure the overall credit risk of the Company is controllable.

(1) Determination of significant increases in credit risk

The Company assesses at each reporting date as to whether the credit risk on financial instruments has increased significantly since initial recognition. When the Company determines whether the credit risk has increased significantly since initial recognition, it considers based on reasonable and supportable information that is available without undue cost or effort, including quantitative and qualitative analysis of historical information, external credit ratings and forward-looking information. The Company determines the changes in the risk of a default occurring over the expected life of the financial instrument through comparing 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 based on individual financial instrument or a group of financial instruments with the similar credit risk characteristics.

When met one or more of the following quantitative or qualitative criteria, the Company determines that the credit risk on financial instruments has increased significantly: the quantitative criteria applied mainly because as at the reporting date, the increase in the probability of default occurring over the lifetime is more than a certain percentage since the initial recognition; the qualitative criteria applied if the debtor has adverse changes in business and economic conditions, early warning list of customer, and etc.

(2) Definition of credit-impaired financial assets

The criteria adopted by the Company for determination of credit impairment are consistent with internal credit risk management objectives of relevant financial instruments in considering both quantitative and qualitative indicators.

When the Company assesses whether the debtor has incurred the credit impairment, the main factors considered are as following: Significant financial difficulty of the issuer or the borrower; a breach of contract, e.g., default or past-due event; a lender having granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty that the lender would not otherwise consider; the probability that the borrower will enter bankruptcy or other financial re-organization; the disappearance of an active market for the financial asset because of financial difficulties of the issuer or the borrower; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(3) The parameter of expected credit loss measurement

The company measures impairment provision for different assets with the expected credit loss of 12-month or the lifetime based on whether there has been a significant increase in credit risk or credit impairment has occurred. The key parameters for expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company sets up the model of default probability, default loss rate and default risk exposure in considering the quantitative analysis of historical statistics (such as counterparties' ratings, guarantee method and collateral type, repayment method, etc.) and forward-looking information.

Relevant definitions are as following:

Default probability refers to the probability of the debtor will fail to discharge the repayment obligation over the next 12 months or the entire remaining lifetime;

Default loss rate refers to the Company's expectation of the loss degree of default risk exposure. The default loss rate varies depending on the type of counterparty, recourse method and priority, and the collateral. The default loss rate is the percentage of the risk exposure loss when default has occurred and it is calculated over the next 12 months or the entire lifetime;

The default risk exposure refers to the amount that the company should be repaid when default has occurred in the next 12 months or the entire lifetime. Both the assessment of significant increase in credit risk of forward-looking information and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Company identifies key economic indicators that have impact on the credit risk and expected credit losses for each business.

The maximum exposure to credit risk of the Company is the carrying amount of each financial asset in the statement of financial position. The Company does not provide any other guarantees that may expose the Company to credit risk.

For the accounts receivable of the Company, the amount of top 5 clients represents 44.54% of the total; for the other receivables, the amount of the top five entities represents 57.10% of the total.

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.

As of the end of the Reporting Period, the maturities of the Company's financial liabilities are as follows:

Item	End balance			
	Within 1 year	1-2 years	2-3 years	Over 3 years
Short-term borrowings	130,009,500.00			
Notes payable	924,418,345.49			
Accounts payable	1,926,566,202.22			
Other payables	4,918,070,602.92			
Non-current liabilities due within 1 year	105,443,830.02			
Other current liabilities	976,076,077.37			
Long-term borrowings		108,163,914.81	59,209,371.23	82,823,772.91
Lease liabilities		21,580,268.58	12,545,662.42	38,234,314.95
Total	8,980,584,558.02	129,744,183.39	71,755,033.65	121,058,087.86

(Continued)Item	Opening balance			
	Within 1 year	1-2 years	2-3 years	Over 3 years
Short-term borrowings	186,934,364.01			
Notes payable	1,472,240,813.01			
Accounts payable	2,302,888,169.15			
Other payables	2,816,680,849.01			
Non-current liabilities due within 1 year	73,181,317.74			
Other current liabilities	1,043,957,560.69			
Long-term borrowings	0.00	99,209,174.77	119,042,949.22	57,269,625.38
Lease liabilities	0.00	21,677,513.09	21,760,268.51	44,507,146.01
Total	7,895,883,073.61	120,886,687.86	140,803,217.73	101,776,771.39

3. Market Risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices. Market risk mainly includes foreign exchange risk and interest rate risk.

(1) Foreign currency risk

Foreign currency risk of the Company mainly arise from foreign currency assets and liabilities denominated in currency other than the Company's functional currency. The main business of the Company is located in Chinese Mainland, and the main business is settled in RMB. There is only a small amount of export business, which has a small proportion of income scale and impact, and has little exchange rate risk.

(2) Interest rate risk

Interest risk refers to the risk on the fair value or future cash flows of a financial instrument brought by the change of market interest rate. Interest risk mainly arises from bank loans. As of June 30, 2026, the Company had no bank loan with a floating interest rate.

(3) Other price risk

Investments held for trading were measured at fair value. As such, these investments are subject to the risk brought by the change of security prices. The Company controls this risk to the acceptable level by utilizing multiple investment mix.

XI Fair Value Disclosures

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.

1. Assets and Liabilities Measured at Fair Value on June 30, 2026

Item	Fair value on June 30, 2026			
	Level 1	Level 2	Level 3	Total
I. Recurring fair value measurements				
(I) Held-for-trading financial assets			602,695,342.46	602,695,342.46
1. Financial assets at fair value through profit or loss			602,695,342.46	602,695,342.46
(1) Debt instruments				
(2) Bank financial products			602,695,342.46	602,695,342.46
(II) Financial assets measured at fair value through other comprehensive income			1,204,344,670.57	1,204,344,670.57
(1) Accounts receivable financing			1,127,971,458.45	1,127,971,458.45
(2) Investments in other equity instrument			76,373,212.12	76,373,212.12
Total assets measured at fair value on a			1,807,040,013.03	1,807,040,013.03

Item	Fair value on June 30, 2026			
	Level 1	Level 2	Level 3	Total
recurring basis				

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, and discount for lack of liquidity.

2. Fair Value of Financial Assets or Financial Liabilities which are not Measured at Fair Value

The financial assets and financial liabilities of the Company measured at amortized cost mainly include: cash and cash equivalents, notes receivable, accounts receivable, other receivables, debt investments, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings maturing within one year, long-term payables, long-term borrowings and bonds payable.

XII Related Parties 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 and another party are controlled or jointly controlled by the same third party.

1. General Information of the Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital (RMB)	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Anhui Gujing Group Co., Ltd.	Anhui Bozhou	Commercial trade	1,000,000,000.00	51.34	51.34

The Company's ultimate controller is the State-owned Asset Management Commission of the People's Government of Bozhou, Anhui.

2. General Information of Subsidiaries

Details of the subsidiaries please refer to Notes 8.1 Interests in other Entities.

3. Joint Ventures and Associates of the Company

(1) General information of significant joint ventures and associates

Details of significant joint ventures and associates please refer to Notes 8.2 Interests in other Entities.

4. Other Related Parties of the Company

Name	Relationship with the Company
Anhui Ruijing Shanglv (Group) Co., Ltd. (RJSL Group)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Ruijing Shanglv (Group) Co., Ltd. Hefei Gujing Holiday Inn (RJSL Holiday Inn)	Controlled by the Company's controlling shareholder or ultimate controller
Bozhou Gujing Huishenglou Catering Co., Ltd.(GJ Huishenglou Catering)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Haochidian Catering Co., Ltd. (Haochidian Catering)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Ruijing Catering Co., Ltd. (Ruijing Catering)	Controlled by the Company's controlling shareholder or ultimate controller
Shanghai Beihai Hotel Co., Ltd. (Beihai Hotel)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Gujing Hotel Development Co., Ltd.(GJ Hotel Development)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Huixin Financial Investment Group Co., Ltd.(Huixin Financial Investment)	Controlled by the Company's controlling shareholder or ultimate controller
Bozhou Anxin Small Loan Co., Ltd. (Anxin Small Loan)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Hengxin Pawnshop Co., Ltd. (Hengxin Pawnshop)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Ruixin Pawnshop Co., Ltd. (Ruixin Pawnshop)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Zhongxin Financial Leasing Co., Ltd.(Zhongxin Financial Leasing)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Youxin Financing Guarantee Co, Ltd. (Youxin Guarantee)	Controlled by the Company's controlling shareholder or ultimate controller
Hefei Longxin Corporate Management Advisory Co., Ltd. (Longxin Advisory)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Chuangxin Equity Investment Co. Ltd.(Chuangxin Equity Investment)	Controlled by the Company's controlling shareholder or ultimate controller

Anhui Lejiu Jiayuan Travel Management Co., Ltd. (Lejiu Jiayuan)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Shenglong Trading Co., Ltd. (Shenglong Trading)	Controlled by the Company's controlling shareholder or ultimate controller
Bozhou Hotel Co., Ltd. (Bozhou Guest House)	Controlled by the Company's controlling shareholder or ultimate controller
Dongfang Ruijing Enterprise Investment Co., Ltd.(Dongfang Ruijing)	Controlled by the Company's controlling shareholder or ultimate controller
Dazhongyuan Jiugu Cultural Tourism Development Co., Ltd. (Dazhongyuan Jiugu Cultural)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Jiuan Engineering Management Consulting Co., Ltd.(Jiuan Consulting)	Controlled by the Company's controlling shareholder or ultimate controller

5. Related Party Transactions

(1) Purchases or sales of goods, rendering or receiving of services

Purchases of goods, receiving of services:

Related parties	Nature of the transaction(s)	Reporting Period	Same period of last year
Bozhou Hotel Co., Ltd.	Receiving catering and accommodation	3,017,279.78	5,433,546.07
Bozhou Gujing Huishenglou Catering Co., Ltd.	Receiving catering and accommodation	2,131,633.36	3,112,747.15
Anhui Gujing Hotel Development Co., Ltd.	Receiving catering and accommodation	451,254.01	753,252.12
Anhui Gujing Hotel Development Co., Ltd.	Purchases of materials and acceptance of labor	3,211.69	107,809.29
Anhui Ruijing Shanglv (Group) Co., Ltd.	Purchases of materials	225,459.18	161,459.85
Anhui Ruijing Shanglv (Group) Co., Ltd.	Receiving catering and accommodation	0.00	2,301.89
Anhui Ruijing Shanglv (Group) Co., Ltd. Hefei Gujing Holiday Inn	Receiving catering and accommodation	1,475.19	53,448.21
Anhui Ruijing Shanglv (Group) Co., Ltd. Hefei Gujing Holiday Inn	Purchases of materials and acceptance of labor	298,137.37	399,211.93
Anhui Youxin Financing Guarantee Co., Ltd.	Receiving services	0.00	18,307.43
Anhui Jiuan Engineering Management Consulting Co., Ltd.	Advisory and assurance	1,509,230.65	3,126,013.80
Anhui Haochidian Catering Co., Ltd. (Haochidian	Receiving services	2,793.17	0.00

Related parties	Nature of the transaction(s)	Reporting Period	Same period of last year
Catering)			
Total	--	7,640,474.40	13,168,097.74

Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	Reporting Period	Same period of last year
Anhui Shenglong Trading Co., Ltd.	Sales of baijiu	69,132.73	12,110.60
Anhui Shenglong Trading Co., Ltd.	Provision of catering and accommodation	5,672.64	3,706.60
Anhui Ruijing Shanglv (Group) Co., Ltd.	Sales of baijiu	2,368,407.08	1,371,576.99
Anhui Ruijing Shanglv (Group) Co., Ltd.	Provision of catering and accommodation	0.00	2,676.58
Anhui Ruijing Shanglv (Group) Co., Ltd. Hefei Gujing Holiday Inn	Sales of small materials	1,327.43	15,929.20
Anhui Ruijing Shanglv (Group) Co., Ltd. Hefei Gujing Holiday Inn	Sales of baijiu	0.00	22,619.47
Anhui Ruijing Shanglv (Group) Co., Ltd. Hefei Gujing Holiday Inn	Provision of catering and accommodation	794.81	0.00
Anhui Gujing Hotel Development Co., Ltd.	Sales of baijiu	1,370,552.20	579,136.29
Anhui Gujing Hotel Development Co., Ltd.	Provision of utilities	57,127.89	65,837.28
Anhui Gujing Hotel Development Co., Ltd.	Provision of catering and accommodation	0.00	138,360.44
Anhui Gujing Group Co., Ltd.	Provision of catering and accommodation	116,812.27	173,024.72
Anhui Gujing Group Co., Ltd.	Sales of small materials	26,503.87	17,883.82
Bozhou Hotel Co., Ltd.	Sales of small materials	2,619.50	38,300.92
Bozhou Hotel Co., Ltd.	Sales of baijiu	48,769.90	263,502.04
Anhui Huixin Finance Investment Group Co., Ltd	Sales of baijiu	2,707.97	3,345.14
Bozhou Gujing Huishenglou Catering Co., Ltd.	Sales of baijiu	8,761.06	37,831.86
Bozhou Gujing Huishenglou Catering Co., Ltd.	Provision of testing services	0.00	12,849.06

Related parties	Nature of the transaction(s)	Reporting Period	Same period of last year
Bozhou Anxin Micro Finance Co., Ltd.	Sales of baijiu	9,398.23	8,123.89
Bozhou Anxin Micro Finance Co., Ltd.	Provision of testing services	0.00	660.38
Anhui Haochidian Catering Co., Ltd.	Sales of baijiu	1,840,725.67	1,374,026.56
Anhui Zhongxin Finance Leasing Co. Ltd.	Sales of baijiu	1,274.34	1,274.34
Anhui Hengxin Pawn Co. Ltd.	Sales of baijiu	1,592.92	2,230.08
Anhui Jiuan Engineering Management Consulting Co., Ltd.	Sales of baijiu	1,592.92	6,530.97
Anhui Jiuan Engineering Management Consulting Co., Ltd.	Provision of catering and accommodation	0.00	292.45
Shanghai Beihai Restaurant Co., Ltd.	Sales of baijiu	0.00	796.46
Shanghai Beihai Restaurant Co., Ltd.	Sales of small materials	0.00	1,168.14
Anhui Ruixin Pawn Co. Ltd.	Sales of baijiu	637.16	1,274.34
Anhui Youxin Financing Guarantee Co., Ltd.	Sales of baijiu	1,592.92	1,274.34
Hefei Longxin Business Management Consulting Co., Ltd	Sales of baijiu	955.76	955.76
Anhui Gujing Group Co., Ltd.	Sales of materials	4,334.77	7,462.84
Anhui Haochidian Catering Co., Ltd.	Sales of materials	35,627.41	64,589.41
Anhui Huixin Finance Investment Group Co., Ltd	Sales of materials	2,238.94	584.07
Anhui Ruijing Catering Co., Ltd.	Sales of materials	16,353.99	0.00
Anhui Ruijing Shanglv (Group) Co., Ltd. Hefei Gujing Holiday Inn	Sales of materials	679,626.71	256,589.42
Anhui Shenglong Trading Co., Ltd.	Sales of materials	13,521.42	28,070.80
Bozhou Hotel Co., Ltd.	Sales of materials	65,689.97	95,317.83
Bozhou Gujing Huishenglou Catering Co., Ltd.	Sales of materials	6,284.11	52,341.97
Anhui Gujing Hotel Development Co., Ltd.	Sales of materials	0.00	1,345.11
Anhui Youxin Financing Guarantee Co., Ltd.	Sales of materials	0.00	292.03
Bozhou Anxin Micro Finance Co., Ltd.	Sales of materials	0.00	8,053.10
Hefei Longxin Business Management Consulting Co., Ltd	Sales of materials	0.00	292.03
Anhui Ruijing Shanglv (Group) Co., Ltd.	Sales of materials	0.00	17,734.52
Total	--	6,760,636.59	4,689,971.85

(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	411,904.76	554,733.32
Total	--	411,904.76	554,733.32

The Company as lessee:

Name of lessor	Category of leased assets	Reporting Period				
		Expenses for short-term lease and lease of low value asset under simplified method	Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
Anhui Gujing Group Co., Ltd.	Houses and buildings			740,832.97	53,584.97	
Dazhongyuan Jiugu Cultural Tourism Development Co., Ltd.	Houses, buildings, and land			6,999,238.82	315,744.53	
Total	--			7,740,071.79	369,329.50	

(Continued)

Name of lessor	Category of leased assets	The same period of last year				
		Expenses for short-term lease and lease of low value asset under simplified method	Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
Anhui Gujing Group Co., Ltd.	Houses and buildings			928,357.41	68,960.38	
Dazhongyuan Jiugu Cultural Tourism Development Co., Ltd.	Houses, buildings, and land			6,999,238.82	419,452.89	
Total	--			7,927,596.23	488,413.27	

6. Receivables and Payables with Related Parties

Item	Related party	Ending balance	Beginning balance
Contract	Bozhou Hotel Co., Ltd.	32,714.78	38,236.90
Contract	Anhui Gujing Group Co., Ltd.	5,383.02	0.00
Contract	Anhui Gujing Hotel Development Co., Ltd.	304,821.24	0.00

Item	Related party	Ending balance	Beginning balance
Contract	Anhui Ruijing Shanglv (Group) Co., Ltd.	222,991.15	0.00
Contract liabilities	Anhui Ruijing Shanglv (Group) Co., Ltd. Hefei Gujing Holiday Inn	5,044.25	102,057.35
Accounts payable	Anhui Jiuan Engineering Management Consulting Co.,	170,497.10	188,322.34
Accounts payable	Anhui Gujing Hotel Development Co., Ltd.	0.00	11,444.00
Accounts payable	Anhui Ruijing Shanglv (Group) Co., Ltd.	93,156.75	0.00
Other payables	Anhui Ruijing Shanglv (Group) Co., Ltd.	300,000.00	300,000.00
Other payables	Anhui Gujing Hotel Development Co., Ltd.	100,000.00	100,000.00
Other payables	Anhui Jiuan Engineering Management Consulting Co.,	6,000.00	6,000.00
Other payables	Bozhou Hotel Co., Ltd.	0.00	10,000.00

XIII Commitments and Contingencies

1. Significant Commitments

As at June 30, 2026, the Company has no significant commitments need to be disclosed.

2. Contingencies

As at June 30, 2026, the Company has no significant contingencies need to be disclosed.

XIV Events after Balance Sheet Date

As at August 28, 2026, the Company had no any other post-balance sheet events that required disclosure.

XV Other Significant Matters

Segment Information

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.

XVI Notes to the Main Items of the Financial Statements of the Parent Company

1. Accounts Receivable

(1) On June 30, 2026, the Company as the parent has no balance of accounts receivable.

(2) On January 1, 2026, the Company as the parent has no balance of accounts receivable.

(3) There is no change in bad debt provision for the Company as the parent during the Reporting Period.

2. Other Receivables

(1) Listed by category

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	497,204,844.52	464,796,849.41
Total	497,204,844.52	464,796,849.41

(2) Other receivables

(i) Disclosure by aging

Aging	Ending balance	Beginning balance
Within 1 year	116,437,168.05	84,117,630.95
Of which:1-6 months	43,790,000.61	84,019,705.08
7-12 months	72,647,167.44	97,925.87
1-2 years	150,132,070.03	260,071,975.05
2-3 years	166,407,194.16	121,459,100.36
Over 3 years	66,693,636.00	1,693,636.00
Subtotal	499,670,068.24	467,342,342.36
Less: Bad debt provision	2,465,223.72	2,545,492.95
Total	497,204,844.52	464,796,849.41

(ii) Disclosure by nature

Nature	Ending balance	Beginning balance
Related parties within the scope of consolidation	492,723,205.73	452,998,407.89
Security deposit and guarantee	3,114,597.75	3,047,931.08
Rent, utilities and gasoline charges	1,323,155.23	1,115,067.27
Other	2,509,109.53	10,180,936.12
Subtotal	499,670,068.24	467,342,342.36
Less: Bad debt provision	2,465,223.72	2,545,492.95
Total	497,204,844.52	464,796,849.41

(iii) Disclosure by withdrawal method of bad debt provision

A. As of June 30, 2026, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	499,670,068.24	2,465,223.72	497,204,844.52
Stage 2			
Stage 3			
Total	499,670,068.24	2,465,223.72	497,204,844.52

A1. As of June 30, 2026, 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-	499,670,068.24	0.49	2,465,223.72	497,204,844.52
Of which: Group 1	492,723,205.73	0.00	0.00	492,723,205.73
Group 2	6,946,862.51	35.49	2,465,223.72	4,481,638.79
Total	499,670,068.24	0.49	2,465,223.72	497,204,844.52

On June 30, 2026, other receivables with bad debt provision withdrawn by group 2

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	3,713,962.32	54,783.64	1.48
Of which:1-6 months	3,272,861.93	32,728.62	1.00
7-12 months	441,100.39	22,055.02	5.00
1-2 years	132,070.03	13,207.00	10.00
2-3 years	1,407,194.16	703,597.08	50.00
Over 3 years	1,693,636.00	1,693,636.00	100.00
Total	6,946,862.51	2,465,223.72	35.49

B. As of January 1, 2026, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	467,342,342.36	2,545,492.95	464,796,849.41

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 2			
Stage 3			
Total	467,342,342.36	2,545,492.95	464,796,849.41

B1. On January 1, 2026, 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	467,342,342.36	0.54	2,545,492.95	464,796,849.41
Of which: Group 1	452,998,407.89	0.00	0.00	452,998,407.89
Group 2	14,343,934.47	17.75	2,545,492.95	11,798,441.52
Total	467,342,342.36	0.54	2,545,492.95	464,796,849.41

On January 1, 2026, other receivables with bad debt provision withdrawn by group 2

Aging	Beginning balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	11,119,223.06	115,109.26	1.04
Of which: 1-6 months	11,021,297.19	110,212.97	1.00
7-12 months	97,925.87	4,896.29	5.00
1-2 years	71,975.05	7,197.51	10.00
2-3 years	1,459,100.36	729,550.18	50.00
Over 3 years	1,693,636.00	1,693,636.00	100.00
Total	14,343,934.47	2,545,492.95	17.75

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

Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Elimination or Write-off	
Bad debt provision withdrawn separately					
Bad debt provision withdrawn by	2,545,492.95		80,269.23		2,465,223.72

Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Elimination or Write-off	
group					
Total	2,545,492.95		80,269.23		2,465,223.72

(v) Other receivables actually written off during the Reporting Period

Not applicable.

(vi) On June 30, 2026, top five ending balance by entity

Entity	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	420,000,000.00	1-3 years	84.06	0.00
No. 2	Current accounts within the scope of consolidation	72,206,067.05	7-12 months	14.45	0.00
No. 3	Security deposit and guarantee	1,303,136.00	Over 3 years	0.26	1,303,136.00
No. 4	Security deposit and guarantee	1,284,295.08	2-3 years	0.26	642,147.54
No. 5	Rent, utilities and gasoline charges	795,610.94	Within 6 months	0.16	7,956.11
Total	--	495,589,109.07	--	99.19	1,953,239.65

3. Long-term Equity Investments

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment in subsidiaries	1,694,079,903.43		1,694,079,903.43	1,694,079,903.43		1,694,079,903.43
Investment in associated enterprises	8,804,586.54		8,804,586.54	6,060,161.55		6,060,161.55
Total	1,702,884,489.97		1,702,884,489.97	1,700,140,064.98		1,700,140,064.98

(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 June 30, 2026
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		
Bozhou Gujing 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		

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 June 30, 2026
Renhuai Maotai Town Zhencang Winery Industry Co., Ltd.	224,723,400.00			224,723,400.00		
Anhui Jiuhao Construction Engineering Co., Ltd.	5,720,000.00			5,720,000.00		
Anhui Gujing Health Technology Co., Ltd.	34,664,262.05			34,664,262.05		
Anhui Gujinggong Liquor Original Vintage Theme Hotel Management Co., Ltd.	10,000,000.00			10,000,000.00		
Anhui Guqi Distillery Co., Ltd.	72,000,000.00			72,000,000.00		
Anhui Guge Culture Media Co., Ltd.	5,000,000.00			5,000,000.00		
Anhui Jiudao Culture Media Co., Ltd.	15,000,000.00			15,000,000.00		
Anhui Gujing Suhuai Distillery Sales Co., Ltd.	10,000,000.00			10,000,000.00		
Total	1,694,079,903.43			1,694,079,903.43		

(2) Investment in associated enterprises

Investee	Beginning balance	Increase/Decrease				
		Additional investment	Reduced investment	Investment income recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity
I. Joint ventures						
Anhui Xunfei Jiuzhi Technology Co., Ltd.	6,060,161.55			2,744,424.99		
Total	6,060,161.55			2,744,424.99		

(Continued)

Investee	Increase/Decrease	Ending balance	Ending balance of

	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		depreciation reserve
I. Joint ventures					
Anhui Xunfei Jiuzhi Technology Co., Ltd.				8,804,586.54	
Total				8,804,586.54	

4. 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	6,393,484,381.60	2,302,571,548.97	8,060,744,756.47	2,614,476,607.07
Other operations	77,656,954.71	37,077,791.52	84,764,322.29	49,522,357.39
Total	6,471,141,336.31	2,339,649,340.49	8,145,509,078.76	2,663,998,964.46

Information on performance obligations: None.

5. Investment Income

Item	Reporting Period	Same period of last year
Investment income from long-term equity investments under cost method	24,991,112.10	36,369,925.60
Investment income from long-term equity investments under equity method	2,744,424.99	193,638.56
Gains on disposal of financial assets at fair value through profit or loss	0.00	341,166.67
Gains on disposal of financial assets at fair value through other comprehensive income	-16,115,213.95	-19,878,125.78
Other investment income	1,628,256.56	233,241.34
Total	13,248,579.70	17,259,846.39

XVII Supplementary Materials

1. Items and Amounts of Non-recurring Profit or Loss

Item	Amount	Note
Gain or loss on disposal of non-current assets	-3,196,292.95	
Government grants recognized in profit or loss (exclusive of those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with	3,811,624.84	

government policies, and have a continuing impact on the Company's profit or loss)		
Gain or loss on fair-value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities (exclusive of the effective portion of hedges that is related to the Company's normal business operations)	4,725,821.88	
Non-operating income and expense other than the above	15,330,854.80	
Less: Income tax effects	5,089,326.72	
Non-controlling interests effects (net of tax)	1,232,196.25	
Total	14,350,485.60	--

Others that meets the definition of non-recurring gain/loss:

☐Applicable ☑ Not applicable

No such cases in the Reporting Period.

Explain the reasons if the Company classifies any extraordinary gain/loss item mentioned in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses as a recurrent gain/loss item

☐Applicable ☑ Not applicable

2. Return on Net Assets and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (RMB/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	8.42	4.09	4.09
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit and loss	8.37	4.07	4.07

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

None