

安徽古井贡酒股份有限公司
ANHUI GUJING DISTILLERY COMPANY LIMITED

Annual Report 2009

March 2010

Important

- The board of directors, the board of supervisors, directors, supervisors and senior officers of the Company confirm that, there are no fictitious presentation, misleading statements or important omissions carried in this report, and shall take responsibilities, individually and/or jointly, for the truth, accuracy and completion of the whole contents.
- Reanda Certified Public Accountants issued the audit reports of the standard and clean opinion for the company.
- Mr. Caojie, chairman of the directors, Mr. Ye Changqing, chief accountant, and Ms. Xia Xueyun, principal of the accounting body, hereby guarantee that the financial report enclosed in this annual report are true and complete.
- The report has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail.

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Chapter I Company Information

1. Legal Name in Chinese: 安徽古井贡酒股份有限公司
Legal Name in English: ANHUI GUJING DISTILLERY COMPANY LIMITED
Abbreviate: GUJING
2. Legal Representative: Cao Jie
3. Secretary of the Board: Ye Changqing
Add: Gujing Town, Bozhou City, Anhui Province
Tel: (0558) 5712231
Fax: (0558) 5317706
E-mail: ycq@gujing.com.cn
Securities Affairs Representative: Ma Junwei
Add: Gujing Town, Bozhou City, Anhui Province
Tel: (0558) 5710057
Fax: (0558) 5317706
E-mail: gizqb@gujing.com.cn
4. Registered Address: Gujing Town, Bozhou City, Anhui Province
Office Address: Gujing Town, Bozhou City, Anhui Province
Postcode: 236820
Website: <http://www.gujing.com>
5. Newspaper Designated for Disclosing the Information: *China Securities Journal*, *Shanghai Securities News* and *Ta Kung Pao*
Internet Website for Publishing the Annual Report: <http://www.cninfo.com.cn>
Place for filing the Annual Report: Secretary Office of the Board of Directors of the Company
6. Stock Exchange where the company shares are listed: Shenzhen Stock Exchange
Short form of the Stock: Gujing Distillery A Securities Code: 000596
Short form of the stock: Gujing Distillery B Securities Code: 200596
7. Other Relevant Information:
 - (1) Date of the initial registration: May 30, 1996
Registration Place: Industrial & Commercial Administration Bureau of Anhui Province
 - (2) Registration No. of Corporate Business License: 340000400001632
Tax registration number: 341600151940008
 - (3) Names and addresses of accountants' offices appointed by the Company:
Name: Reanda Certified Public Accountants
Address: 2008 Dongqu, Bldg. 1, Zhubang 2000, 100 Balizhuang Xili, ChaoYang District, Beijing, PRC.

Chapter II Financial and Business Data Summary

I. Main business data

Unit: RMB Yuan

	2009	2008	Comparing with last year (%)	2007
Operating revenue	1,341,426,329.43	1,464,628,571.69	-8.41%	1,201,356,956.91
Total profit	166,007,383.21	76,008,931.43	118.41%	51,978,072.67
Net profit attributed to shareholders of the listed Company	140,089,179.69	33,488,302.63	318.32%	33,876,546.32
Net profit after deducting non-recurring profit and loss attributed to shareholders of the listed Company	138,063,747.88	32,778,049.32	321.21%	18,244,111.64
Net cash flow arising from operating activities	349,939,729.92	241,954,983.78	44.63%	120,107,688.93
	At the end of 2009	At the end of 2008	Comparing with end of last year (%)	At the end of 2007
Total assets	1,342,230,542.78	1,728,993,668.72	-22.37%	1,384,339,218.86
Owners' equity (or shareholders' equity)	807,997,950.93	932,967,627.60	-13.39%	845,504,539.50
Share capital	235,000,000.00	235,000,000.00	0.00%	235,000,000.00

II. Main financial index

Unit: RMB Yuan

	2009	2008	Comparing with last year (%)	2007
Basic earnings per share (Yuan/share)	0.60	0.14	328.57%	0.14
Diluted earnings per share (Yuan/share)	0.60	0.14	328.57%	0.14
Basic earnings per share deducted from recurring profits and losses (Yuan/share)	0.59	0.14	321.43%	0.08
Weighted average net asset earning ratio (%)	16.95%	3.90%	13.05%	4.09%
Weighted average net asset earning ratio deducted from recurring profits and losses (%)	17.10%	3.59%	13.51%	2.16%
Net cash flow arising from each share of operating activities (Yuan/share)	1.49	1.03	44.66%	0.511
	At the end of 2009	At the end of 2008	Comparing with end of last year (%)	At the end of 2007
Net asset per share attributed to shareholders of the listed company (Yuan/share)	3.44	3.97	-13.35%	3.60

Items of non-recurring profits and losses

Unit: RMB Yuan

Items of non-current gains and losses	Amount	Notes (if applicable)
Gains and losses from disposal of non-recurring assets	-1,986,576.82	
Government subsidies recorded into current gains and losses, excluding government subsidies with close relationship with the Company's business and rationed government grants in line with the united standard and the state policy	2,451,455.54	
Net gains and losses of subsidiaries combined by enterprises under the same control from the period-begin to combined date	-3,150,017.09	
Gains and losses from changes in fair value due to transaction financial assets and liabilities, and investment income from disposal of transaction financial assets, transaction financial liabilities and financial assets available for sale, excluding valid hedging related to routine operation of the Company	196,140.14	
Non-operating income and expense except the aforesaid items	4,324,238.01	
Impact on income tax	192,107.13	
Impact on minority interest income	-1,915.10	
Total	2,025,431.81	-

Chapter III Particulars about the Changes of Share Capital & Shareholders

I. Changes of share capital

(I) Statement on changes in share capital

Unit: Share

	Before this Change		Increase or decrease of this Changes (+, -)					After this Change	
	Quantity	Pct	Newly issued shares	Bonus shares	Capitalization from public reserve	Others	Subtotal	Quantity	Pct
1. Shares subject to conditional sales	0	0.00%					0	0	0.00%
(1) State-owned shares									
(2) State-owned corporate shares									
(3) Other domestic shares									
Including: domestic non-state-owned corporate shares									
Domestic natural person shares									
(4) Foreign shares									
Including: foreign corporate shares									
Foreign natural person shares									
(5) Shares of senior managers									
2. Shares subject to unconditional-sales	235,000,000	100.00%					0	235,000,000	100.00%
(1) RMB ordinary shares	175,000,000	74.47%					0	175,000,000	74.47%
(2) Foreign capital shares listed locally	60,000,000	25.53%					0	60,000,000	25.53%
(3) Foreign capital shares listed oversea									
(4) Others									
3. Total shares	235,000,000	100.00%					0	235,000,000	100.00%

(II) Change of shares subject to conditional sales

Unit: Share

Names of shareholders	Shares subject to conditional sales at the year-begin	Shares released from conditional sales in this year	Shares subject to conditional sales increased this year	Shares subject to conditional sales at the year-end	Reasons for conditional sales	Released date
Anhui Gujing Group Company Limited	123,500,000	123,500,000	0	0	Share merger reform	29 July, 2009
Total	123,500,000	123,500,000	0	0	—	—

(III) Issuance and list of shares

There is no share issuance within the previous 3 years by the end of reporting period.

II. Particulars about shareholders and actual controllers

(I) Total number of shareholders and particulars about the shares held by shareholders

Unit: Share

Total number of Shareholders		19,131			
Particulars about shares held by the top ten shareholders					
Name of shareholders	Nature of shareholder	Proportion of shares held	Total shares held	Non-tradable shares held	Shares pledged or frozen
Anhui Gujing Group Company Limited	State-owned Corporation	61.15%	143,702,011		
GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	Foreign corporation	2.75%	6,455,624		
KGI ASIA LIMITED	Foreign corporation	2.56%	6,007,687		
Agricultural Bank of China-Soochow Value Growth Double Power Stock Fund	Domestic non-state-owned corporation	1.70%	3,992,318		
China Merchants Securities (HK) Co., Ltd	Foreign corporation	1.57%	3,685,094		
UBS (LUXEMBOURG) S.A.	Foreign corporation	1.26%	2,961,827		
GSI S/A GOLDEN CHINA PLUS MASTER FUND	Foreign corporation	0.87%	2,052,800		
Industrial and Commercial Bank of China-Galaxy Yintai Financing Dividend Fund	Domestic non-state-owned corporation	0.85%	1,999,807		
GSI S/A GOLDEN CHINA MASTER FUND	Foreign corporation	0.84%	1,965,607		
UBS AG	Domestic non-state-owned corporation	0.78%	1,828,928		
Shares held by the top ten shareholders holding tradable share					
Name of shareholders		Tradable shares held		Variety of shares	
Anhui Gujing Group Company Limited		143,702,011		Renminbi ordinary shares	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED		6,455,624		Domestically listed foreign shares	
KGI ASIA LIMITED		6,007,687		Domestically listed foreign shares	
Agricultural Bank of China-Soochow Value Growth Double Power Stock Fund		3,992,318		Renminbi ordinary shares	
China Merchants Securities (HK) Co., Ltd		3,685,094		Domestically listed foreign shares	
UBS (LUXEMBOURG) S.A.		2,961,827		Domestically listed foreign shares	
GSI S/A GOLDEN CHINA PLUS MASTER FUND		2,052,800		Domestically listed foreign shares	
Industrial and Commercial Bank of China-Galaxy Yintai Financing Dividend Fund		1,999,807		Renminbi ordinary shares	
GSI S/A GOLDEN CHINA MASTER FUND		1,965,607		Domestically listed foreign shares	
UBS AG		1,828,928		Renminbi ordinary shares	
Explanation on associated relationship among the top ten shareholders or acting-	Among the top ten shareholders of the Company, no affiliated relationship exists between state-owned shareholding company-Anhui Gujing Group Company Limited, nor persons acting in concert				

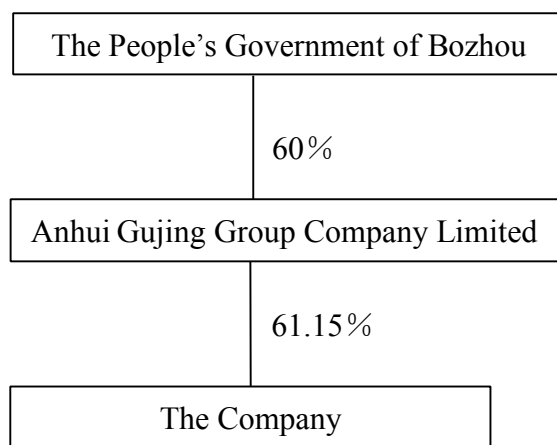
in-concert	as defined in the Administrative Rules on Information Disclosure about Changing of Shareholding Status. Among shareholders holding tradable shares, GSI S/A GOLDEN CHINA MASTER FUND and GSI S/A GOLDEN CHINA PLUS MASTER FUND managed by Jinglin Assets Management Co., Ltd. are concerted actors. The Company is not aware of whether other shareholders exist related relationship or whether they belong to action-in-concert regulated in Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.
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(II) Particulars about controlling shareholders

The controlling shareholder is Anhui Gujing Group Company Limited (hereinafter refer to as “Gujing Group”) which is a state-owned shareholding company incepted on January 16, 1995 with a registered capital of RMB 353,380,000 and whose legal representative is Mr. Cao Jie. Its business scope covers: operating and agency to do import or export business on goods and technology permitted by the state; dealing with foreign trades and cooperated business; doing domestic trades and developing high technology; information consulting service, processing and distributing agricultural by-products; processing and distributing package materials, building materials, glass products, craft supplies and wooden products; and goods delivery transportation. (License or permits may be obtained for special businesses)

There is no change in controlling shareholders in the report period.

Property right relationship and control relationship between the company and actual controller:



Chapter IV Particulars about Directors, Supervisors, Senior

Executives and Employees of the Company

I. Basic information of directors, supervisors, senior executives and employees

Name	Title	Gender	Age	Beginning date of office term	Ending date of office term	Shares at the year beginning	Shares at the year-end	Reason for change	Total remuneration drawn from the Company in the	Remuneration drawn from shareholder entities or oth
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									reporting period (RMB'0000) (before tax)	er related parties or not
Cao Jie	Chairman of the board	Male	44	12 Jun. 2008	11 Jun. 2011	0	0		0.00	Yes
Wang Feng	Director	Male	45	12 Jun. 2008	11 Jun. 2011	0	0		19.50	Yes
Liu Min	Director, General Manager	Male	47	12 Jun. 2008	11 Jun. 2011	0	0		66.32	No
Liang Jinhui	Director, Vice General Manager	Male	46	12 Jun. 2008	11 Jun. 2011	0	0		55.08	No
Ye Changqing	Director, General Accountant, Secretary of Board	Male	36	9 Dec. 2008	11 Jun. 2011	0	0		16.80	No
Zhou Qingwu	Director, Vice General Manager	Male	36	10 Jul. 2009	11 Jun. 2011	0	0		24.29	No
Ding Yuan	Independent Director	Male	41	12 Jun. 2008	11 Jun. 2011	0	0		7.50	No
Wu Cisheng	Independent Director	Male	48	12 Jun. 2008	11 Jun. 2011	0	0		7.50	No
Liu Libin	Independent Director	Male	66	12 Jun. 2008	11 Jun. 2011	0	0		7.50	No
Xu Peng	Chief Supervisor	Male	40	9 Dec. 2008	11 Jun. 2011	0	0		27.08	No
Niu Haiting	Supervisor	Male	39	12 Jun. 2008	11 Jun. 2011	0	0		0.00	Yes
Hu Wenchao	Supervisor	Male	44	12 Jun. 2008	11 Jun. 2011	0	0		1.81	Yes
Wang Li	Supervisor	Male	32	12 Jun. 2008	11 Jun. 2011	0	0		2.40	Yes
Lu Duicang	Supervisor	Male	30	9 Dec. 2008	11 Jun. 2011	0	0		0.00	Yes
Total	-	-	-	-	-	0	0	-	235.78	-

II. Basic information of current directors, supervisors and senior executives

(I) The main work experience of current directors, supervisors and senior executives and the posts or concurrent posts held by them

1. Mr. Cao Jie, 44 year-old, is Economic Engineer who is postgraduate degree holder, incumbent Chairman of the Board of the Company and Chairman as well as Secretary of CPC of Gujing Group, had ever acted as Chief of First Tax Policy & Administration Department of Tax Bureau of Bozhou City; Member of Party Group, chief of Tax Policy & Administration Department, Deputy Chief of Bureau of Local Tax Bureau of Bozhou City; was transferred to ANHUI GUJING GROUP CO., LTD. in February 1997, and has ever acted as the Vice Financial Manager of ANHUI GUJING GROUP CO., LTD., the Executive Director & General Manager of Hefei Gujing Hotel Company Limited, the Board Chairman of Anhui Gujing Hotel (Group) Company Limited, Vice General Manager of Gujing Group, Member of the Board of Directors of Gujing Group, Deputy President and President of Gujing Group, and concurrently Supervisor of Hotel Business Department and Supervisor of Finance Business Department of Gujing Group.

2. Mr. Wang Feng, 45 year-old, is Senior Economic Engineer who is postgraduate degree holder, incumbent director of the company and Deputy Secretary of CPC of Gujing Group, had ever acted as Secretary of the League Committee of Bozhou

Gujing Distillery; Deputy Director of Economy Development Department; Deputy Director of Enterprises Management Department; Manager of Assets Management Department of Gujing Group; Member, Secretary of the board, Vice General Manager, and General Manager of the Second Board of Directors; Member and President of the Third Board of Directors, and Member as well as President of the Fourth Board of Directors.

3. Mr. Liu Min, 47 year-old, has educational experience of undergraduate college, incumbent Director and General Manager of the company, and Chairman of the Board of Bozhou Gujing Sales Co., Ltd. He was graduated from Northwest University of Light Industry in 1984, had ever acted as Deputy Director of Energy Measurement Department, Director of General Engineers' Union Office, Deputy Chief Engineer and Chief Engineer of Baoji Grain Factory successively; was transferred to Shaanxi Xifeng Liquor Co., Ltd. to be Director and General Manager in August 1999; General Manager of Wine Business Department of Wanji Group in September 2003; Vice General Manager and General Manager of Kingway Brewery Group Xi'an Company in July 2006; and General Manager of the company in December 2007.

4. Mr. Liang Jinhui, 46 year-old, is Political Engineer who has educational experience of graduate student, incumbent Director and Vice General Manager of the company, General Manager of Bozhou Gujing Sales Company; had ever acted as Editor in Chief of Gujing Newspaper Office, Chief of Propaganda and Education Section, Vice Manager of Market Development Department of the company, Supervisor of the Second, Manager of Market Development Department, Chief of Market Research and Supervision Center, Supervisor of Third Board of Supervisors and Director of the Fourth Board of Directors.

5. Mr. Zhou Qingwu, 36 year-old, is Economist who has educational experience of undergraduate college. At present, he is director and Vice General Manager of the Company. He had ever acted as Member and Deputy Sector chief of Quality Control Section of Business Administration Department of the Company, Director of Quality Control Center of Assets Management Department, Vice Manager and Manager of Quality Control Department, and Chairman and General Manager of Bozhou Gujing Packing Material Co., Ltd.

6. Mr. Ye Changqing, 36 year-old, Accountant and International Certified Internal Auditor who has educational experience of graduate student, incumbent Director, Chief Accountant and acting Secretary of Board of Directors of the company; joined in work in July 1997, had ever acted Chief Auditor of Audit Department, Vice Manager of Audit Department and Vice Supervisor and Supervisor of Auditing& Supervision Department; and Supervisor of the Fourth Board of Supervisors.

7. Mr. Ding Yuan, 41 year-old, with nationality of France, Professor of Accountancy of Central Europe International Business School who has gained Ph.D Accounting in University Montesquieu Bordeaux IV, France and Master in Enterprises Administration, University of Poitiers, France. Prior to joining CEIBS, he was a tenured faculty member of HEC School of Management, Paris, France. He is the Academic Deputy President, Research Centre of Complex Data Analysis of Beijing University of Aeronautics and Astronautics, and member of European Accounting

Association, French Accounting Association and American Accounting Association. He is also Board Member of the Global Perspectives on Accounting Education Journal and Editorial Review Board Member of The International Journal of Accounting. And now he is incumbent the Independent Director of the Company.

8. Mr. Wu Cisheng, 48 year-old, who has Ph.D of Management Study, and is Professor of Management School, Dean of Business Administration Department of Hefei University of Technology, Superintendent of Business Administration Research Institute, has gained Master's Degree of Industry Engineering in 1990, Ph. D of Business Administration in 2004; and had presided three national social science fund projects, project topics of National Ministry of Science & Technology and National Bureau of Statistics successively; had issued more than 60 theses on magazines in domestic and abroad successively, and published 6 works; and had gained provincial and ministerial advance prize of science and technology. He is incumbent independent director of the company.

9. Mr. Liu Libin, 66 year-old, is incumbent Vice Chairman and Chief Secretary of China Advertising Association and President and Chief Editor of *International Advertising*. He is the Doctor's Tutor of Communication University of China, Visiting Professor of many universities, Advisor of many brands, Superintendent of IAI International Advertising Institute, Chief Editor of *Chinese Advertisement Works Almanac* and Chief Editor of *Chinese Marketing Creative Works Almanac*. And he has acted as member of a review committee of various arts and advertisement exhibitions all around the world. And now he is incumbent the Independent Director of the Company.

10. Mr. Xu Peng, 40 year-old, has educational experience of undergraduate college. He is incumbent Chief Supervisor of the Company, Vice General Manager and Chief Supervisor of Market Supervision Department of Bozhou Gujing Sales Company. And he had ever acted as Deputy Director and Director of Finance Office 2 of Finance Department of the Company, Manager of Finance Department of Anhui Laobada Co., Ltd., and Vice Manager and Manager of Finance Department of the Company.

11. Mr. Niu Haiting, 39 year-old, has educational experience of undergraduate college. He is incumbent Supervisor of the Company, Member of Party Committee, and member of Commission for Disciplinary Inspection and Office Director of Party Committee of Anhui Gujing Group Co., Ltd. He had ever acted as Personnel Administrator and Vice Chief Supervisor of Human Resource Department of Anhui Gujing Group Co., Ltd.

12. Mr. Hu Wenchao, is 44 year-old, Registered Senior Human Resource Specialist who has educational experience of undergraduate college, National Trainer Grade 2 and one of Administrators recommended by China Human Resource Development Association. Now he is incumbent Supervisor of the Company, Vice Chief Supervisor of Human Resource Center of Anhui Gujing Group Co., Ltd. He had ever acted as Labor Allocation Secretary and Vice Manager of Personnel Department of Anhui Gujing Group Co., Ltd., Vice Manager of Human Resource Department of Anhui Gujing Distillery Company Limited.

13. Mr. Wang Li, 32 year-old, has educational experience of undergraduate college. He

is incumbent Supervisor and General Inspector of the Company. He was graduated from Xi'an University of Architecture & Technology in July 2000 and gained Bachelor Degree. From August 2000 when He joined in Anhui Gujing Group Co., Ltd. to now, he successively acted as Officer of Law Office of the Company, Secretary of Office of the Company, Director of Law Business Center of the Company, Vice Supervisor of Brand Information Center of the Company, and Arbitrator of Bozhou Arbitration Committee and Councilor of Law Society of Bozhou City concurrently.

14. Mr. Lu Duicang, 30 year-old, has educational experience of undergraduate college. Now, he is incumbent Supervisor of the Company and General Supervisor of Finance Department of Anhui Gujing Group Co., Ltd. He had ever acted as Accountant, Vice Director and Director of Finance Department Center 1 of the Company, Factory Manager of Liquor Filling Branch Factory and Manager of Finished Products Department.

(II) Particulars about the annual remuneration

1. The annual remuneration for the director, supervisor, and senior executives is formulated by the Board of Directors of the Company. The annual remuneration is determined according to such factors as position, performance of company's business, local income status, consumption level and individual performance appraisals.

2. Annual remuneration

The total amount of annual remuneration for the current director, supervisor, and senior executives is RMB 2,357,800. As for the individual amount, please refer to basic information.

Remuneration for independent directors is the allowance received from the company.

Chairman of the Board Mr. Cao Jie and Supervisors Mr. Niu Haiting as well Mr. Lu Duicang didn't draw payment in the Company but in controlling shareholders.

Director Mr. Wang Feng began to draw payment in Gujin Group from Oct. 2009 due to work transfer, Supervisor Mr. Hu Wenchao and Mr. Wang Li has been drawing payment from the Company since 10 Oct. 2009.

(III) Particulars about changes of directors, supervisors, and senior executives during the report period

1. Change of directors and senior executives

It was reviewed and approved that Mr. Li Bin wouldn't hold positions as Secretary of the Board, Assistant to the General Manager no longer at the 8th Meeting of the 5th Board of Directors; it determined to appoint Chairman of the Board Mr. Ye Changqing to excise duties as Secretary of the Board as after considering .

Proposal on Reelection of the Chariman of the Board of Directors was reviewed and approved at the 10th Meeting of the 5th Board of Director. It approved that Mr. Wang Feng resigned from Chairman of the Board of Directors; elected Mr. Cao Jie as Chairman of the Company after recommendation from controlling shareholder of the Company.

Proposal on Reelection of member of the Audit Committee of the Board was reviewed and approved at the 12th Meeting of the 5th Board of Directors, original member of the

Audit Committee Mr. Lv Jiazhao didn't hold the position no longer due to work transfer, and elected Mr. Ye Changqing as member of the Audit Committee of the Board of Directors.

The 13th Meeting of the 5th Board of Directors:

(1) Reviewed and approved proposal on engagement of Mr. Ye Changqing as Secretary of the Board of Directors;

(2) Reviewed and approved proposal on changes of director of the Board. Mr. Li Bin proposed to the Board of Directors to resign from his post due to work transfer, and the Board of Directors approved his resignation and nominated Mr. Zhou Qingwu to act duty of director.

Proposal on Mr. Li Bin being director of the Company no longer and Proposal on Electing Mr. Zhou Qingwu as Director of the 5th Board were reviewed and approved at the 1st Provisional Shareholders' General Meeting of 2009.

2. Particulars about changes of supervisors

There was no change in supervisors of the Company in this year.

III. Employees of the Company

The Company has 3,950 employees in the payroll, including 129 managerial persons, 195 technicians, 60 financial persons, 3,028 persons engaged in production and sales, 166 persons engaged in administration and logistics, and 372 inner retirees.

Particulars about the education of the employees: There are 15 persons with master or above degrees; 195 persons with bachelor degrees; 239 persons graduated from college, and others 3501.

Chapter V Corporate Governance Structure

I. Particulars about corporate governance

Since foundation, the Company constantly perfects corporate governance structure and standardize its management strictly in accordance with the *Company Law*, *Securities Law*, *Standard for Governance of Listed Companies*, *Guide Opinion on Setting up Independent Directors Systems for Listed Companies* as well as principles and requirements of other relevant laws, regulations and normative documents.

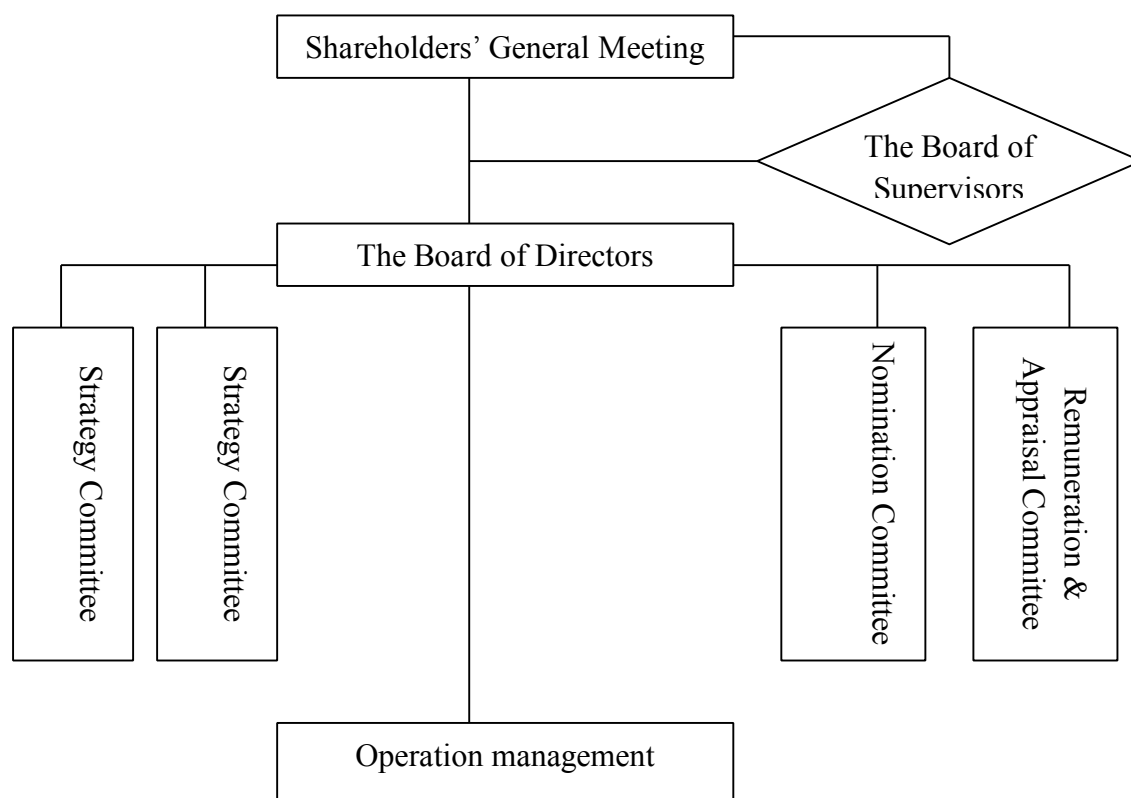
During the report period, as per requirements of *Basic Standard for Enterprise Internal Control* and *Shenzhen Stock Exchange Guideline on Internal Control of Listed Companies*, the Company developed internal control activity, perfected internal control system step by step, promoted normative operation and healthy development. The Board of Directors, the board of supervisors and the management of the Company make decisions, perform rights and assume obligation strictly according to the standard operation rules and inner control system so as to make sure the standard operation of the Company in the frame of rules and systems

During the report period, according to requirements of China Securities Regulatory Commission and *Rules for Listing of Shares in Shenzhen Stock Exchange* and with the "open, fair and just" principle, the Company seriously and timely performed

information disclosure obligation and guaranteed that the information disclosed is true, accurate and complete, free from fictitious presentation, misleading statements or important omissions, so that all the shareholders will equally acquaint themselves with all the notices of the Company.

In conclusion, the Company has established the corporate governance structure satisfying the requirements of listed company and actuality of corporate governance have met the requirements of normative documents on listed company governance issued by China Securities Regulatory Commission.

Corporate governance structure chart of the company:



II. Particulars about duty performance of independent directors

(I) Presence of the independent directors at the Board Meeting

Name	Times of meetings should be present	Times of meeting present in person	Times of voting on commission	Times of voting by communication	Times of meeting absent
Ding Yuan	11	11	0	5	0
Wu Cisheng	11	11	0	5	0
Liu Libin	11	11	0	5	0

(II) Duty performance of independent directors

The three independent directors credibly and diligently performed their duties strictly in accordance with the stipulations and regulations of *Guidelines on Setting up Independent Directors System for Listed Company*, *Stipulations on Emphasizing Public Shareholder's Interests Protection*, and *Articles of Association*. Since the beginning of their tenancy, they have punctually attended Board Meeting and General

Meetings of Shareholders, actively understand the situation of operation of the Company, contribute good advices and schemes to the management of the Company, present their independent suggestions on such significant matters as the exchange of assets between the related parties and affiliated transaction, promote the Board to make scientific and objective decisions, and maintain the interest of the Company and its shareholders.

(III) Particulars about dissidences from the independent directors

In the report period, the independent directors did not put forward any dissidence to the relevant events.

III. Particulars about five independences in business, personnel, assets, organizations and financial affairs between this company and controlling shareholders

The company and the controlling shareholder, Anhui Gujing Group Co., Ltd., realized five independences in terms of business, personnel, assets, organizations and financial affairs, with separate independent calculation, independent and complete business, independent operation ability, and independent responsibilities and risks. Majority shareholders can not surpass the shareholders' general meeting to directly or indirectly interfere with the company's decisions and legal production and operation activities, and there is no same trade competition state of the same products between the company and majority shareholders.

IV. Self-appraisal on internal control

According to the regulations of *Basic Standards for Enterprise Internal Control* issued by Ministry of Finance together with China Securities Regulatory Commission and other departments and *Guideline on Internal Control of Listed Companies* of Shenzhen Stock Exchange, the company has counseled and evaluated the effectiveness of the internal control, and formed *Report of Self evaluation of internal control of the Company*. The report has been approved by the Board of Directors of the Company, and Board of Supervisors and Independent Directors have expressed following opinions:

(I) Opinions on Self-appraisal Report on internal control of the Company expressed by the Board of Supervisors of the Company

Self-appraisal Report on internal control of the Company was in line with Basic Standards, Public Notice on Doing Well in Annual Report 2009 and Relevant Work of Listed Companies (CSRC Public Notice No. [2009] 34) issued by Ministry of Finance together with CSRC and Guidelines on Internal Control from Shenzhen Stock Exchange and requirements of other relevant documents; self-appraisal authentically and completely reflected actuality of establishment, perfection and execution of the Company.

(II) Opinions on Self-appraisal Report on internal control of the Company expressed by independent directors of the Company

During the report period, internal control system basically was perfect and executed well. The Company set up perfect internal control system, which was in line with

requirements of relevant laws, administrative statutes and rules for departments. Internal control system possessed legitimacy, reasonableness and effectiveness, and established complete risk assessment system. Corporate governance, production & operating, information disclosure and significant events were carried on strictly in line with regulations of internal control of the Company, internal and outward risks able to exist in each links operating activities were controlled reasonably, and all scheduled targets were realized basically.

V. Particulars about assessment and incentive mechanism to senior executives during the report period

The remuneration system for the senior executives of the company closely linked with performance assessment and incentive mechanism has been established in the Company. The decision-making management adopts the assessment and incentive measures in combination with the yearly remuneration and economic indexes and management achievement. To advance the standard, healthy and orderly development of the company as well as attract more talents and keep the stability of the senior executives, the company annually establishes the assessment index at the beginning of the year and sign a written responsibility of business objective, decides the remuneration proportion at the year-end according to personal work performance of the senior executives and completion of benefit target of the Company.

Chapter VI Briefs to the General Meeting of Shareholder

During the report period, the company convened two shareholders' General Meetings. The particulars are as below:

Meeting term	Convening Date	Newspapers for publishing resolutions of the meeting	Publishing Date
Annual Shareholders' General Meeting 2008	6 May 2009	China Securities Journal, Shanghai Securities News and Wenhui Daily in Hong Kong	7 May 2009
The First Provisional Shareholders' General Meeting of 2009	11 Jul. 2009	China Securities Journal, Shanghai Securities News and Wenhui Daily in Hong Kong	12 Jul. 2009

Chapter VII Report of the Board of Directors

I. Discussion and analysis of the general operation of the Company in the report period (I) General operation of the Company

2009 was the year of "Marketing and Transformation" for the Company. Guided with scientific outlook of development, the Company insisted on strategy of "Return and Revival" unshakably and strategy of "Marketing and Transformation" unremittingly, earnestly advanced and carried out operating strategy of "Focalization", revived, worked hard and down to earth, overcame disadvantages in economy, realized round

and speedy increase of main operating index, and the main business-liquor industry really walked out the downturn of few years and showed powerful development tendency.

In the 2009, the Company realized operating income totaling RMB 1,341,426,300, with an decrease of 8.41% year-on-year; income from main business white liquor was RMB 1,036,670,000, up by 24.06% year-on-year; profit was amounted to RMB 166,007,400, with an increase of 118.41% year-on-year; net profit was RMB 140,053,400, up by 319.50% year-on-year; net cash flow from operating activities was RMB 349,939,700, with an increase of 44.63% year-on-year; income per share was RMB 0.60, up by 328.57% year-on-year; net cash flow per share from operating activities was RMB 1.49, with an increase of 44.66% year-on-year. The above index reflected that operating performance of the Company promoted stably and running quality was excellent.

The above operating index was exciting and driving. In order to realize the performance, the Board of Directors sized up the situation, made decisions cautiously, acted speedy and mainly adopted the following operating measures:

1. Developed whole-staff marketing and promote “Marketing and Transformation”

All staff of the Company developed whole-staff marketing with one heart; all were for marketing, all serviced for marketing and all obeyed to marketing. In order to further manage market well and pushed “Focalization Strategy”, the Company decisively divided original six districts in Anhui, Henan and Shandong into 24 districts, especially set up a district in every prefecture-level city in headquarter of Anhui. Meanwhile, the Company implemented channel distribution, and actively carried out Promotion project, that is to sell liquors in every shop, street to every one. At present, covering rate of network for main products pushed in Anhui reached 97% above. The Company optimized structure of clients when adjusted market structure.

2. Promoted quality of products and brand positioning

Build up concept of “Quality is the best”, roundly carry out handcrafted brewing, strengthened quality control and optimized traditional craft. Successfully convened innovative product appraisal meeting “Elegant Mellow Liquor and Year Protoplasmic Gujinggong Liquor”, and won the unanimous appraisal from liquor experts. Core products “Gujinggong Year Protoplasmic Liquor” received good appraisal with quality of “Peach blossom yeast, Wuji water, Nine brewing methods and Ming fermentation pit”, were appointed to be special wine for reception by provincial party committee and government, municipal party committee and government in Anhui Province, also won top grade white liquor for banquet of “National People’s Congress and the Chinese People’s Political Consultative Conference” in 2009, and resumed the national banquet. In List of the five hundred of most valued brand in 2009, Gujinggong listed in the 175 place with RMB 4.660 billion, and won title of “National Brand Grown together with the People’s Republic of China being 60 years” and “Representative Brand of Anhui Province”. Chairman of the Board Mr. Cao Jie won prize of “Brand China” Annual Character Award in 2009, the only president of white liquor enterprise in China won the special honor.

3. Accelerated adjustment on products structure

Through integration in 2008 and optimization in 2009, the Company basically realized “three raise and three drop”, that is “drop of quantities of products, delivery quantities of goods and purchase cost as well as raise of productive efficiency, average unit price of products and profitability of the enterprise”, and production line was distinct gradually.

4. Optimized organization chart and promoted ability on comprehensive operation

Under the severe economic environment in 2009, the Company made effort to push adjustment on optimization of organization chart, integrated seven centers including administration, human resource, finance, production, quality, purchase and audit, and management position dropped to 60% of original. Meanwhile, the Company developed public engagement on General Supervisor of center, General Manager of sales district and basic posts. The good atmosphere of public engagement and fair competition was gradually formed. Efficiency of work and punctual delivery of goods was promoted. The Company strengthened staff training to improve work skill, and the work efficiency and operating ability were obviously promoted.

5. Reshaping values of enterprise and built friendly enterprise

With further investigation and research, the Company primarily sorted out a simple and feasible set of enterprise culture at present, including: enterprise mission-contribution of mellow liquor and enjoy the life happily; enterprise willing-to be the best enterprise of white liquor; core values of enterprise-honesty, keeping faith, love and share, innovation and excellence. In order to show long standing history of Gujing Liquor culture, the Company rebuilt museum of Gujing culture, strengthened construction of 4A Tourist attraction, and received government officer, business men and visitors reaching thirty thousand. The Company further carried out study and practice of scientific outlook concept, strengthened activities to support staff with difficulties, and realized continuous increase in salary and welfare. In adjustment on organization chart and staff in the first half year of 2009, the Company insisted on keep all the staff, and the reduced staff was assigned to frontline of sales and production. Through these feasible and potent measures and activities, the Company made the insider or outsider felt changes of the Company, deep cultural details and honest and friendly enterprise culture.

(II) Operation condition of the main business

1. Scope of main business of the Company

The Company mainly engaged in production and sales of Gujingong, Gujing and their series wine. The products are divided into three main odor types: pure fragrant type, faint scent type and concurrently odor type, have the complete product system which covers alcohol content from 60° to 30° and covers price of high grade, medium grade and low grade. And the main products are Elegant Mellow Liquor Gujingong 946, Year Protoplasmic Series of Gujingong Liquor, Fine and Elegant Gujingong Liquor, Hongyun Gujingong Liquor, Golden Prize Gujingong Liquor, and other Gujingong Liquor Series, and Gujing Liquor Series led by elegant mellow Gujing Liquor.

2. Main business classified according to products and industries

Unit: RMB'0000 Yuan

Main business classified according to industries						
Industries or products	Operating income	Operating cost	Profit rate (%)	Increase/decrease of operating income over the previous year (%)	Increase/decrease of operating cost over the previous year (%)	Increase/decrease of profit ratio over the previous year (%)
Wine	103,667.00	31,221.40	69.88%	24.06%	-16.16%	14.45%
alcohol	3,644.06	4,134.00	-13.44%	-84.90%	-80.81%	-24.21%
Deep processing of farm products	2,601.63	2,341.08	10.01%	-81.30%	-80.09%	-5.50%
Others	24,229.94	14,873.64	38.61%	-2.51%	-1.37%	-0.71%
Subtotal	134,142.63	52,570.12	60.81%	-8.41%	-38.60%	19.26%
Main business classified according to products						
Top grade wine	35,343.20	6,786.73	80.80%	88.45%	25.05%	9.74%
Medium grade wine	61,812.15	21,174.47	65.74%	66.71%	37.19%	7.37%
Low grade wine	6,511.65	3,260.19	49.93%	-76.53%	-80.09%	8.97%
Total	103,667.00	31,221.40	69.88%	24.06%	-16.16%	14.45%

3. Main business classified according to regions

Unit: RMB'0000 Yuan

Regions	Operating income	Increase/decrease of operating income over the previous year (%)
North China	12,654.69	12.36%
Central China	106,302.28	-14.95%
South China	10,536.72	265.86%
Southeast Asia	313.85	-94.40%
Total	129,807.54	-10.31%

4. Main suppliers and customers

During the report period, the total purchase of the top five suppliers of the company is RMB'0000yuan8,701.62, accounting for 28.71% of the total purchase amount;

During the report period, the total sales income of the top five customers of the company is RMB20,027.12, accounting for 14.93% of the total main business income of the company;

(III) Assets status of the Company and analysis on main financial data in the report period

1. Items in balance sheet

(1) Monetary funds: the increase of 29.57% from the starting balance to closing balance, that is mainly due to increasing AR received during current year.

(2) Notes receivable: the decrease of 34.26% from the starting balance to closing balance, that is mainly due to increased transfer endorsed notes for purchase of

materials.

(3) Accounts receivable: the decrease of 40.93% from the starting balance to closing balance, that is mainly due to changes in the consolidation scope.

(4) Advances to suppliers: the decrease of 72.67% from the starting balance to closing balance, that is mainly due to decreased material procurement.

(5) Constraction in progree: the decrease of 95.64% from the starting balance to closing balance, that is mainly due to changes in the consolidation scope.

(6) Deferred tax assets: the increase of 12.65 times from the starting balance to closing balance, that is mainly due to the parent company obtained profits, and recognized deferred tax assets.

(7) Accounts payable: the decrease of 39.65% from the starting balance to closing balance, that is mainly due to decreased material procurement.

(8) Advances from customers: the increase of 68.27% from the starting balance to closing balance, that is mainly due to the Company's sales volume increased.

(9) Non current liabilities due within one year: the decrease of 54.55% from the starting balance to closing balance, that is mainly due to decreased long term borrowings due within one year.

(10) Long-term loan: the decrease of RMB 151,000,000.00 from the starting balance to closing balance, that is mainly due to repaid bank loan in current period.

(11) Other non current liabilities: the decrease of 67.91% from the starting balance to closing balance, that is mainly due to changes in the consolidation scope.

(12) Capital reserve: the decrease of 44.84% from the starting balance to closing balance, that is mainly due to under the common control business combination, the Company write off the capital reserves.

2. Measurement attributes adopted for assets during the report period

The Company carried out the new accounting standards for enterprises as of the January 1, 2007. There is no significant change in measurement attributes adopted for main assets during the report period, and for the specific measurement attributes, see the notes attached to the financial statements.

3. Main items in income statement

(1) Operating cost: the decrease of 38.60% from the previous reporting period to current reporting period, that is mainly due to changes in the consolidation scope.

(2) Selling expenses: the increase of 34.80% from the previous reporting period to current reporting period, that is mainly due to increased advertising expenses.

(3) Financial expenses: the decrease of 73.00% from the previous reporting period to current reporting period, that is mainly due to repaid the large amount of loans.

(4) Investment income: the increase of 41.29 times from the previous reporting period to current reporting period, that is mainly due to the Company obtained gains by disposal subsidiaries during current period.

(5) Income tax expenses: the increase of 39.11% from the previous reporting period to current reporting period, that is mainly due to the parent company obtained profits, and recognized deferred tax assets.

4. Changes in cash flows

Explanation on reasons for change:

(1) Net cash flows arising from operating activities in the report period increased by 44.63% year-on-year, mainly because the Company strengthened management on accounts receivable and calling back payment for goods, and it is also an important reason for increase of net cash flows arising from operating activities that the sales income increase.

(2) Net cash flows arising from investment activities in the report period decreased by 68.83% than the previous year, mainly because Anhui Ruifuxiang Food Co., Ltd, subsidiary of the Company, purchased fixed assets for technical improvement in the report period.

(3) Net cash flows arising from investment activities in the report period increased by 668.82% than the previous year, mainly because scale and structure of financing of the Company changed.

(IV) Particulars about operation and analysis on performance of principal holding companies and joint stock companies (Unit: RMB Yuan)

1. Bozhou Gujing Sales Company

Bozhou Gujing Sales Company has the registered capital RMB'0000 Yuan 8,486.45 Yuan and holds 100% of total shares, which is mainly engaged in the sales of liquor and trade service.

At the end of the report period, Bozhou Gujing Sales Company has total assets RMB 343,010,249.06 Yuan, and main business income RMB 1,020,369,109.58 Yuan and realized net profits of RMB102,516,896.21 Yuan.

2. Bozhou Gujing Motor Transport Company

Bozhou Gujing Motor Transport Company has registered capital RMB 6,945,000 holds 100% of total shares, which mainly engages in freight transportation.

At the end of the report period, Bozhou Gujing Motor Transport Company has total assets RMB4,056,753.72 and main business income RMB 0 and realized net profits of RMB-1,284,895.49.

3. Bozhou Gujing Glass Product Co., Ltd.

Bozhou Gujing Glass Product Co., Ltd. has registered capital RMB 66, 460,000 and holds 100% of total shares, which is mainly engaged in production and sales of glass products.

At the end of the report period, Bozhou Gujing Glass Product Co., Ltd. has total assets RMB 105,650,230.45 and main business income RMB 99,675,467.94 and realizes net profits RMB 1, 305, 395. 61.

(4) Anhui Laobada Distillery Co., Ltd

Anhui Laobada Distillery Co., Ltd. has registered capital RMB 30,000,000.00 and holds 93.33% of total shares, which is mainly engaged in sales of Laobada series alcoholic products.

until 31 May. 2009, Anhui Laobada Distillery Co., Ltd. has total assets of RMB30,454,678.88, main business income of RMB1,017,230.38 and achieves a net profit of RMB-184,132.68.

5. Shanghai Gujing Trading Company

With a registered capital of RMB 10,000,000, Shanghai Gujing Trading Company is mainly engaged in selling white spirit. The Company holds 100% of its equity.

At the end of the report period, Shanghai Gujing Trading Company has total assets of RMB 18,022,628.37, main business income of RMB 0 and achieves a net profit of RMB76,874.83.

6. Bozhou Gujing Hotel Co., Ltd.

With a registered capital of RMB 14,142,000, Bozhou Gujing Hotel Co., Ltd. is mainly engaged in catering and accommodation service. The Company holds 92.77% of its equity.

At the end of the report period, Bozhou Gujing Hotel Co., Ltd. has total assets of RMB 25,155,941.25, main business income of RMB 10,678,208.09 and achieves a net profit of RMB-324,991.42.

7. Anhui Ruifuxiang Food Co., Ltd.

With a registered capital of RMB 265,000,000, Anhui Ruifuxiang Food Co., Ltd. is mainly engaged in producing and selling flour and gluten flour, as well as self-operating and providing agent service for commodity and technology export permitted by the government. The Company holds 100% of its equity.

as at 30 Apr. 2009, Anhui Ruifuxiang Food Co., Ltd. has total assets of RMB365,632,684.85, main business income of RMB 62,456,888.25 and achieves a net profit of RMB-13,395,604.29.

8. Hefei Gujing Trade Co., Ltd.

With a registered capital of RMB 10,000,000, Hefei Gujing Trade Co., Ltd. is mainly engaged in selling white spirit. The Company holds 100% of its equity.

At the end of the report period, Hefei Gujing Trade Co., Ltd. has total assets of RMB 26,577,867.58, main business income of RMB12,916,777.26 and achieves a net profit of RMB871,251.11.

9. Bozhou Gujing Waste Recovery Co., Ltd.

With a registered capital of RMB 1,000,000, Bozhou Gujing Waste Recovery Co., Ltd. is mainly engaged in collecting wine bottles, broken glass, wasted paper boxes and other wasted materials. The Company holds 100% of its equity.

At the end of the report period, Bozhou Gujing Waste Recovery Co., Ltd. has total assets of RMB 1,933,160.76, main business income of RMB9,151,727.26 and achieves a net profit of RMB162,412.06.

10. Bozhou Pairuite Packaging Co., Ltd.

With a registered capital of RMB 50,000,000, Bozhou Pairuite Packaging Co., Ltd. is mainly engaged in printing, producing and selling packaging materials (including packaging, material manufacturing and prints). The Company holds 100% of its equity.

as at 30 Nov. 2009, Bozhou Pairuite Packaging Co., Ltd. has total assets of RMB79,917,265.60, main business income of RMB 61,157,157.94 and achieves a net profit of RMB93,136.46.

11. Shanghai Jinhao Hotel Management Co., Ltd.

With a registered capital of RMB 54,000,000, Shanghai Jinhao Hotel Management Co., Ltd. is mainly engaged in hotel management (excluding catering service), leasing of

self-owned housing properties and managing affiliated agencies. The Company holds 100% of its equity.

At the end of the report period, Shanghai Jinhao Hotel Management Co., Ltd. has total assets of RMB203,425,066.92, main business income of RMB 67,141,963.82 and achieves a net profit of RMB -103,272.27.

II. Outlook of the Company's future development and operation plan for the new year

(I) Outlook of the Company's future development

The global financial crisis is still affecting the physical economy of China. As a typical physical economy, the white spirit industry is a traditional industry in China without much export. Despite being affected by a shrinking consumption in the financial crisis, the upward trend in the white spirit industry as a whole has not been fundamentally changed due to the government policy of “maintaining growth, adjusting structure and promoting consumption”.

1. In the white spirit industry, superior regions and enterprises are further expanding their production scale, promoting their brands and improving their efficiency. High-end white spirit brands with good taste become the development trend. The market is further standardized and becomes more rational. Major enterprises have recovered fine business performance, and famous brands of white spirit are enjoying a particularly excellent performance. Growth in the white spirit sector is being transformed from “growth of total production volume to structural growth”.

2. Rising prices of paper and agricultural products will drive up cost in the food and beverage sector in 2010.

Along with stronger and stronger recovery of domestic economy, PPI shows a rapid increase year-on-year and month-on-month. Prices of packaging materials are on the rise due to higher prices of bulk raw materials such as paper. In addition, the government has been paying close attention to food security, strengthening its control over food pricing and adopting a firm policy to protect prices of agricultural products. As such, prices of raw and supporting materials will rise considerably, which will drive up cost in the white spirit sector. And the white spirits sector has begun to feel pressure from the rising cost.

3. As one of the eight famous alcoholic drinks in China, Gujinggong enjoys an excellent market basis. But it still has a long way to go when being compared with top companies in the sector. It is a challenging and yet essential task for the Company to continue to promote its brand value. Hard work is required for the Company to promote its brand and boost its sustained and rapid development.

4. The year 2009 saw a fast growth of the Company's income from white spirit. Still, the development mode of the Company has not been changed fundamentally, without effective breakthroughs in sales. Market basis for the new product series—Year Primary Liquor—is not steady and the Company still needs to adjust and optimize its marketing.

5. Some progress has been made in tidying operation flow and optimizing procedures in the past two years. Along with rapid development of the Company, some management rules and operation flows inadaptable to new business development will

be improved or eliminated.

(II) Business plan for 2010

The theme for the Company in 2010 is to promote “efficient operation and in-depth marketing”. Based on its adjustment accomplished in 2009, with “to thoroughly promote fine management and improve organizing ability” as the objective, the Company will thoroughly improve its management, increase efficiency and reduce cost for production and administration. Meanwhile, it will further optimize structures of product, market and customers, increase operation efficiency, improve profitability and promote value of shareholders.

1. To thoroughly transform thinking mode of management and staff and formulate values and mechanisms adaptable to the new system, i.e. to work hard, be faithful to the Company and confident; to make bold innovations, challenge himself/herself and take his/her job as his/her own business; to strengthen communication, and introspect and at the same time learn from others so as to find out and overcome his/her deficiencies.

2. To greatly promote “in-depth marketing” and further expand sales in core markets, as well as massive sale of key products. Specifically, to thoroughly enhance promotion, integrate and expand the dealer group for mutual benefit, and set up an excellent and responsive service system, so as to build a brand with high reputation in the political and business circle.

3. To greatly promote “efficient operation”, conduct design and production based on particular needs of customers and thoroughly increase operation efficiency. According to the idea of fine production, the Company will integrate, optimize and transform internal environment and various operation flows, so as to build an information system platform integrating internal and external operations and an efficient coordinative production system closely connecting the front and the back. Such a move will help the Company reduce cost, improve quality, accelerate operation flows and create the largest value with lowest input.

4. To continue improving planning for the production line and implementation thereof, so as to ensure high quality of liquor and satisfy different needs of consumers. The Company will form an excellent layout covering over 80 varieties of Gujing white spirit, further strengthen quality control, and effectively implement the guiding principle of “focusing on quality in production and adopting taste as the quality standard”.

5. To further improve staff training and appraisal, formulate the strategic management system of “balance score cards”, and appraise the Company’s development comprehensively through four indicators of finance, customers, internal operation flows and learning and growing. The Company will further improve staff ability, optimize staff structure, formulate an encourage system guided by performance, thoroughly promote culture of fineness, and rebuild new enterprise culture and values.

6. To constantly improve working and living environment for staff, care for them and enhance their sense of belonging. The Company will link up business performance with staff payroll through effective ways and realize increase both in staff payroll and

the Company's development. It will also create a united, coordinative, trusting and sharing atmosphere inside the Company for the Company and its staff to build and share a beautiful Gujing family.

Despite that macro-economic environment may change considerably in 2010 and that there are many difficulties ahead on the path of the Company's revival, the Company will stick to the main principle of "to make internal improvements and promote transformation", as well as the principles of fine management and "efficient operation and in-depth marketing", and work hard to succeed. With our efforts, operation capability and comprehensive competitiveness of the Company will be promoted to a new level and improved thoroughly.

III. Investments in report period

(I) Investments with raised funds

No raised funds were put into investment in the report period.

(II) Investments with non-raised funds

Please refer to the Notes to Financial Statements.

IV. A standard unqualified auditor's report has been issued for the Company's Annual Report 2009 by Reanda Certified Public Accountants Co., Ltd.. And no changes have occurred in the Company's accounting policy and accounting estimates. Nor there has been any correction of material accounting errors.

V. Routine work of Board of Directors

(I) Meetings held by Board of Directors

During the report period, 11 meetings were convened by the Board of Directors, which were detailed as follows:

1. The 8th Meeting of the 5th Board of Directors

Date of Meeting: 8 Jan. 2009

Resolutions: The Proposal on Resignation of Board Secretary was reviewed and approved.

Disclosure of resolutions: The resolutions were published on *China Securities Journal*, *Shanghai Securities News* and *Wen Hui Daily* in Hong Kong dated 9 Jan. 2009.

2. The 9th Meeting of the 5th Board of Directors

Date of Meeting: 25 Feb. 2009

Resolutions:

The Proposal on Exchanging 100% Equity of Anhui Ruifuxiang Food Co., Ltd. Held by the Company for 100% Equity of Shanghai Gujing Jinhao Hotel Management Co., Ltd. (formerly known as Shanghai Gujing Jinhao Real Estate Development Co., Ltd.) Held by Anhui Gujing Group Co., Ltd. was reviewed and approved.

3. The 10th Meeting of the 5th Board of Directors

Date of Meeting: 27 Mar. 2009

Resolutions:

- (1) The 2008 Work Report of General Manager was reviewed and approved;
- (2) The 2008 Final Financial Report was reviewed and approved;
- (3) The 2008 Work Report of Board of Directors was reviewed and approved;
- (4) The 2008 Annual Report and its Summary were reviewed and approved;
- (5) The Preplan on Distributing Profit and Turning Capital Reserve into Share Capital for 2008 was reviewed and approved;
- (6) The Self-evaluation Report on Internal Control in 2008 was reviewed and approved;
- (7) The Preplan on Routine Related Transactions between the Company and Related Parties in 2009 was reviewed and approved;
- (8) The Preplan on Engaging Auditing Agency for 2009 was reviewed and approved;
- (9) The Proposal on Re-electing Chairman of Board of Directors was reviewed and approved.

4. The 11th Meeting of the 5th Board of Directors

Date of Meeting: 13 Apr. 2009

Resolutions: The Proposal on Convening 2008 Annual Shareholders' General Meeting was reviewed and approved.

5. The 12th Meeting of the 5th Board of Directors

Date of Meeting: 24 Apr. 2009

Resolutions:

- (1) The Proposal on 1st Quarterly Report 2009 and Its Summary was reviewed and approved;
- (2) The Proposal on Electing and Adding Members for Audit Committee under Board of Directors was reviewed and approved.

6. The 13th Meeting of the 5th Board of Directors

Date of Meeting: 24 Jun. 2009

Resolutions:

- (1) The Proposal on Engaging Mr. Ye Changqing as Board Secretary was reviewed and approved;
- (2) The Proposal on Changing Members of Board of Directors was reviewed and approved;
- (3) The Proposal on Mr. Fang Ji and Mr. Zhai Liangdong Stepping Down as GM Assistants was reviewed and approved;
- (4) The Proposal on Additional Routine Related Transactions was reviewed and approved with related directors avoiding voting;
- (5) The Proposal on Convening 1st Provisional Shareholders' General Meeting in 2009 was reviewed and approved;

7. The 14th Meeting of the 5th Board of Directors

Date of Meeting: 21 Aug. 2009

Resolutions: The Proposal on Semi-annual Report 2009 and Its Summary was reviewed and approved.

8. The 15th Meeting of the 5th Board of Directors

Date of Meeting: 1 Sept. 2009

Resolutions: The Proposal on Selling 100% Equity of Bozhou Pairuite Packaging Co., Ltd. was reviewed and approved.

9. The 16th Meeting of the 5th Board of Directors

Date of Meeting: 12 Oct. 2009

Resolutions:

(1) The Management Rules of Anhui Gujing Distillery Co., Ltd. on Securities Investments was reviewed and approved;

(2) The Proposal on Subscribing for New Shares with Idle Funds was reviewed and approved.

10. The 17th Meeting of the 5th Board of Directors

Date of Meeting: 27 Oct. 2009

Resolutions: The Proposal on 3rd Quarterly Report 2009 and Its Summary was reviewed and approved.

11. The 18th Meeting of the 5th Board of Directors

Date of Meeting: 13 Nov. 2009

Resolutions: The Proposal on Transferring 92.77% Equity of Bozhou Gujing Hotel Co., Ltd. Held by the Company to Anhui Ruijing Real Estate Co., Ltd. was reviewed and approved.

(II) Execution on resolutions of shareholders' general meetings by Board of Directors
In the report period, in accordance with the Company Law, the Securities Law, the Articles of Association of the Company and other relevant laws and regulations, as well as resolutions and authorization from the Shareholders' General Meeting, the Company conscientiously executed resolutions made at shareholders' general meetings, which was detailed as follows:

1. Conscientiously executing matters concerning electing and adding members for the Board of Directors;
2. Handling relevant matters on engaging a CPA firm.

(III) Report on duty performance of Audit Committee

1. Work of Audit Committee under Board of Directors

The Audit Committee under the Board of Directors comprises 3 independent directors and 2 other directors, which is chaired by Independent Director Mr. Ding Yuan with a professional accounting background.

Pursuant to relevant requirements of CSRC and Shenzhen Stock Exchange, as well as the Specific Implementation Rules for Audit Committee under Board of Directors, the Work Rules for Independent Directors on Annual Reports and the Work Procedure for Audit Committee under Board of Directors on Annual Reports, the Audit Committee

diligently and responsibly performed their duties as follows:

- (1) The Committee carefully reviewed the 2009 audit plan for the Company and relevant materials and determined the schedule for auditing the Company's 2009 financial report upon discussion with registered accountants for the annual audit from Reanda Certified Public Accountants Co., Ltd.;
- (2) The Committee carefully reviewed the preliminary financial statements prepared by the Company before the entry of registered accountants for the annual audit and issued a written review opinion;
- (3) After the entry of registered accountants for the annual audit, the Committee communicated with them on problems arising from the audit process and the date for submission of the auditor's report;
- (4) After the registered accountants had issued the preliminary audit opinion, the Committee once again reviewed the financial statements for the year 2009 and formed a written review opinion;
- (5) After Reanda Certified Public Accountants Co., Ltd. had issued the 2009 Auditor's Report, the Committee convened a meeting to summarize the annual audit performed by the CPA firm, vote on and make resolutions on the annual financial statements, as well as on engaging a CPA firm for the audit next year.

2. Review opinion, summary report on annual audit and relevant resolutions by Audit Committee under Board of Directors

- (1) Review opinion from the Audit Committee on financial statements issued by the Company before the entry of registered accountants for the annual audit:

Board of Directors of the Company,

We have reviewed the financial statements submitted by the Company's Finance Department on 13 Dec. 2009, including the balance sheet as at 30 Nov. 2009, the income statement, the statement of changes in shareholders' equity, the cash flow statement as of the period from 30 Jan. 2009 to 30 Nov. 2009, as well as some notes to the financial statements.

According to relevant accounting standards, as well as relevant financial rules of the Company, we paid close attention to factuality and completeness of the accounting information and whether the financial statements were prepared in strict accordance with the New Enterprise Accounting Standards and relevant financial rules of the Company. Upon inquiring of the Company's relevant financial and management personnel, examining minutes of meetings held by the Shareholders' General Meeting, the Supervisory Committee, the Board of Directors and relevant committees, checking relevant account books and vouchers, and conducting analysis procedure on important financial data, we are of the opinion that:

All transactions of the Company have been recorded factually and completely with appropriate accounting policies and reasonable accounting estimates. No significant misstatements or omissions have been found; The principal shareholder has not occupied capital of the Company; and no external guarantees in violation of regulations or abnormal related transactions have been found.

Audit Committee under Board of Directors

15 Dec. 2009

(2) Review opinion from the Audit Committee on the Company's financial statements on which registered accountants for the annual audit had issued the preliminary audit opinion:

Board of Directors of the Company,

We have reviewed the financial statements submitted on 26 Mar. 2010 by the Company's Finance Department after registered accountants for the annual audit have issued the preliminary audit opinion, including the balance sheet as at 31 Dec. 2009, the income statement, the statement of changes in shareholders' equity, the cash flow statement as of the year then ended, as well as notes to the financial statements. According to relevant accounting standards, as well as relevant financial rules of the Company, we paid close attention to factuality and completeness of the accounting information, whether the financial statements were prepared in strict accordance with the New Enterprise Accounting Standards and relevant financial rules of the Company and matters after the balance sheet date. Upon our discussion with registered accountants on the preliminary audit opinion and review of relevant account books and vouchers, we are of the opinion that:

The original review opinion should remain. The Company has handled matters after the balance sheet date in strict compliance with the New Enterprise Accounting Standards. And the Company's financial statements have been prepared according to the New Enterprise Accounting Standards and relevant financial rules of the Company, which have fairly presented the Company's financial position as at 31 Dec. 2009 and its operating results and cash flows as of the year then ended in all material aspects.

Audit Committee under Board of Directors
27 March 2010

(3) Summary report by Audit Committee on this annual audit performed by CPA firm
Board of Directors of the Company,

We have reviewed the 2009 Annual Audit Plan submitted by the Company's Finance Department on 13 Dec. 2009 and fully communicated with project manager from Reanda Certified Public Accountants on the said audit plan. Upon that, the project manager and we have both agreed that the said plan is detailed with specific responsibilities for all parties involved, which provides a strong guarantee for successful accomplishment of the 2009 annual audit.

According to the said audit plan, all nine auditors (including the project manager) from Reanda Certified Public Accountants Co., Ltd. came to the Company in Dec. 2009. On 26 Mar. 2010, on-site audit on all companies included into the consolidated statements was accomplished. The project manager communicated constantly and fully with all members of the Audit Committee on statement consolidation, accounting adjustment, application of accounting policies, accounting deficiencies to be improved discovered in the audit process, etc..

During the on-site audit by registered accountants for the annual audit, the Audit Committee paid close attention to problems discovered during the audit process and

often communicated and discussed with the registered accountants by phone and meetings. We focused on the following issues when communicating:

- ① Whether financial statements are prepared in accordance with the New Enterprise Accounting Standards, requirements of securities regulatory authorities and relevant financial rules of the Company;
- ② The observation of laws, regulations, requirements of other external departments, the management's policies and instructions and other requirements of internal organs by the Finance Department;
- ③ Whether internal accounting control rules of the Company have been established and perfected;
- ④ Whether all departments of the Company cooperated with registered accountants so as they could obtain sufficient and appropriate materials and data for the audit.

Registered accountants for the annual audit gave positive answers concerning the issues above and issued an auditor's report with standard unqualified audit opinion on 31 Mar. 2010.

In our opinion, registered accountants for the annual audit have performed the audit in strict compliance with the Independent Audit Standards for Chinese CPAs, with sufficient time for the audit and well-allocated and professionally capable audit personnel. As such, the audited financial statements are able to fully present the Company's financial position as at 31 Dec. 2009 and its operating results and cash flows as of the year then ended. And the audit conclusion issued is in line with the actual situation of the Company.

Audit Committee under Board of Directors
31 March 2010

3. Resolution by Audit Committee on engaging a CPA firm for 2010

The Audit Committee under the Board of Directors of the Company convened a meeting on 31 Mar. 2010. Five persons should attend the Meeting and Five of them were actually present. At the Meeting, all members of the Committee approved the following proposals by signing voting:

- (1) 2009 Annual Financial Report of the Company;
- (2) Summary Report on 2009 Annual Audit Performed by Reanda Certified Public Accountants Co., Ltd.;
- (3) Considering that Reanda Certified Public Accountants Co., Ltd. has been serving as the Company's auditing agency from 2005 to 2009 and that the CPA firm has performed the 2009 annual audit of the Company professionally, diligently and responsibly, it is proposed to continue to engage Reanda Certified Public Accountants Co., Ltd. as the legal audit agency for the Company in 2010.

The proposals above shall be submitted to the Board of Directors for review.

Audit Committee under Board of Directors
31 March 2010

(IV) Duty performance of Remuneration Committee

The Remuneration and Appraisal Committee under the Board of Directors comprises

five directors, with three of them being independent directors, and the Committee is chaired by Independent Director Mr. Wu Cisheng.

based on completion of main financial indexes and business objectives, work areas and main responsibilities for directors, supervisors and senior executives, and completion of indicators involved in the appraisal system for directors, supervisors and senior executives, and according to the performance appraisal standards and procedures, the Committee conducted performance appraisal on directors, supervisors and senior executives and put forward remuneration and incentive methods for them, which were later submitted to the Board of Directors for review.

Pursuant to relevant laws and regulations of CSRC and Shenzhen Stock Exchange, as well as internal control rules and the Specific Implementation Rules for Remuneration and Appraisal Committee under Board of Directors, the Committee examined the remuneration for the Company's directors, supervisors and senior executives as disclosed and issued the following examination opinion:

Based on work areas, responsibilities, importance of the Company's directors, supervisors and senior executives, as well as remuneration level in the same sector, the Committee is in charge of formulating and examining remuneration plans of the Company, including performance appraisal standards and procedures, as well as rules for incentive and punishment. Meanwhile, it also takes charge of formulating appraisal standards for directors (excluding independent directors), supervisors and senior executives, examining duty performance of the said personnel, and conducting annual performance appraisals according to appraisal standards and remuneration policies.

According to the Company's unified management rules on remuneration, as well as results of the annual performance appraisal for 2009 conducted by the Remuneration and Appraisal Committee under the Board of Directors, the Board of Directors determined remuneration for directors, supervisors and senior executive who received remuneration from the Company. Remuneration for the Company's directors, supervisors and senior executives for 2009 as disclosed was in line with the Company's management rules on remuneration and no violation or inconsistency of the Company's management rules has been found.

VI. Plan for profit distribution

As audited by Reanda Certified Public Accountants Co., Ltd., parent company realized net profit amounting to RMB 180,931,102.28 in 2009. According to Articles of Association, the Company withdrew statutory public reserves of RMB 17,693,522.15, and with retained profit of RMB -399,588,078 in 2008, profit attributable to shareholders in 2009 was totaled RMB 159,241,699.35. Based on total shares at the year-end of 235,000,000, the Company planned to distribute RMB 3.50 (tax included) to every 10 shares, which means distributed RMB 82,250,000 as dividend to all shareholders. Undistributed profit totaling RMB 76,991,699.35 carried forward the next year. The Company will not capitalize public serves to share capital.

The said distribution plan shall be submitted to the 2009 Annual Shareholders' General Meeting for review and approval.

Distribution of cash dividends in the past three years:

Unit: (RMB) Yuan

Year	Cash dividend (including tax)	Net profit attributable to shareholders of the Company in consolidated statements for the year	Proportion in net profit attributable to shareholders of the Company in consolidated statements for the year	Annual profit available for distribution
2008	0.00	33,488,302.63	0.00%	54,560,252.98
2007	0.00	33,876,546.32	0.00%	25,558,460.48
2006	0.00	13,329,639.70	0.00%	-96,975,097.54
Proportion of accumulative cash dividends for past three years in latest average annual net profit (%)				0.00%

Chapter VIII. Report of the Board of Supervisors

I . Meetings held by Board of Supervisors in report period and resolutions thereof Pursuant to the Company Law, the Stock Listing Rules, the Articles of Association of the Company and the Rules of Procedure for Board of Supervisors of the Company, all members of the Board of Supervisors have faithfully performed duties assigned by the Company's Articles of Association and fully safeguarded interests of the Company and all its shareholders.

During the report period, the Board of Supervisors convened four meetings, with informing, organizing and resolution-making of the meetings in line with legal procedures. And details about the meetings are as follows:

(I) 6th Meeting of the 5th Board of Supervisors

Date: 27 Mar. 2009

Resolutions made:

1. The 2008 Annual Work Report of Board of Supervisors was reviewed and approved;
2. The 2008 Annual Final Financial Report was reviewed and approved;
3. The 2008 Annual Report and its Summary was reviewed and approved;
4. The Preplan on Profit Distribution and Turning Public Reserve to Share Capital for 2008 was reviewed and approved;
5. The 2008 Self-evaluation Report on Internal Control was reviewed and approved;
6. The Preplan on Engaging an Audit Agency for 2009 was reviewed and approved;

(II) 7th Meeting of the 5th Board of Supervisors

Date: 24 Apr. 2009

Resolutions made: The 1st Quarterly Report 2009 and its Summary was reviewed and approved.

(III) 8th Meeting of the 5th Board of Supervisors

Date: 27 Aug. 2009

Resolutions made: The Semi-annual Report 2009 and its Summary was reviewed and approved.

(IV) 9th Meeting of the 5th Board of Supervisors

Date: 27 Oct. 2009

Resolutions made: The 3rd Quarterly Report 2009 and its Summary was reviewed and approved.

II. Independent opinions expressed by Board of Supervisors on relevant matters

(I) Legal operation of the Company

During the report period, all members of the Board of Supervisors sat in on or attended all meetings held by the Board of Directors in 2009 and the 2008 Annual Shareholders' General Meeting. Sticking to the principle of "legality, supervision, self-discipline and standardization", the Board of Supervisors adopted an attitude of being faithful, conscientious and responsible to all shareholders in performing the supervision duty, which conducted effective supervision on meeting-convening procedures of the Shareholders' General Meeting and the Board of Directors, proposals put forward at the meetings and resolutions made at the meetings. Upon that, the Board of Supervisors is of the opinion that the Company has been operated in strict compliance with the Company Law, the Securities Law, the Articles of Association of the Company and other relevant laws and regulations, further improved various management rules of the Company, and ensured legal operation of the Company; that during the report period, directors, GMs and other senior management personnel did not violate laws, regulations or the Articles of Association of the Company or do harm to interests of the Company and minority shareholders when performing their duties; and that the Company has formulated a complete set of internal control rules and procedures for withdrawing, verifying and writing-off relevant asset impairment provisions are legal with sufficient evidence.

(II) Supervision upon finance of the Company

The 2009 Annual Financial Audit Report on Anhui Gujing Distillery Co., Ltd. issued by Reanda CPAs Co., Ltd. with a standard unqualified opinion after the audit factually presents the Company's financial position as at 31 Dec. 2009 and its operating results for the year then ended. The Company has kept clear accounts of incomes and expenses with its accounting measurement and account management both in line with relevant requirements.

(III) Supervision upon use of raised funds

During the report period, the Company did not raise any funds or invest in any project with raised funds. Funds raised previously had been used up before 2009 and no use of raised funds was carried down into the report period.

(IV) Supervision upon asset purchase and sale

During the report period, the Company conducted transactions of asset purchase and sale with reasonable prices. No insider dealings or behaviors that may do harm to interests of some shareholders or cause asset loss of the Company have been found.

(V) Supervision upon related transactions

Related transactions of the Company are mainly routine related transactions between the Company and the controlling shareholder and subsidiaries of the controlling shareholder, which are priced fairly and reasonably in line with relevant regulations and the Articles of Association of the Company. And the Company has performed the duty of information disclosure according to requirements of Shenzhen Stock Exchange and the Articles of Association of the Company.

Chapter IX. Significant Events

I. There existed no significant lawsuits or arbitrations in the report period.

II. There existed no bankruptcy reorganization in the report period.

III. In the report period, the Company did not hold stock equities of other listed companies or financial enterprises such as commercial banks, securities companies, insurance companies, trust companies and futures companies.

IV. Significant events of asset purchase, asset sale and enterprise mergers during report period

(I) Progress on asset exchange

The Proposal on Exchanging 100% Equity of Anhui Ruifuxiang Food Co., Ltd. Held by the Company for 100% Equity of Shanghai Gujing Jinhao Hotel Management Co., Ltd. (formerly known as Shanghai Gujing Jinhao Real Estate Development Co., Ltd.) Held by Anhui Gujing (Group) Co., Ltd. (hereinafter referred to as “the Related Transaction”) was reviewed and approved at the 9th Meeting of the 5th Board of Directors and later at the 2008 Annual Shareholders’ General Meeting. On 14 May 2009, Shanghai Gujing Jinhao Hotel Management Co., Ltd. completed the recording formality with the industrial and commerce administration authority for shareholder changes and the Company holds 100% of its equity. On 15 May 2009, Anhui Ruifuxiang Food Co., Ltd. completed the recording formality with the industrial and commerce administration authority for shareholder changes and Anhui Gujing (Group) Co., Ltd. holds 100% of its equity.

(II) Progress on equity reform of controlling shareholder

On 20 May 2009, a notice was received from the State-owned Assets Supervision and Administration Commission of Bozhou People’s Government (hereinafter referred to as “Bozhou SASAC”), informing that 40% equity of Anhui Gujing (Group) Co., Ltd. (hereinafter referred to as “Gujing Group”) would be listed for trading in the Equity Transaction Center in Hefei on 21 May 2009 with a listed price at RMB 465 million. According to the Asset Appraisal Report on Equity Reform Project of Anhui Gujing (Group) Co., Ltd. (JDPB Zi (2008) No.092) issued by Beijing Dexiang Assets Appraisal Co., Ltd., as at the evaluation base date on 31 Aug. 2008, total assets of Gujing Group was estimated to stand at RMB 1,934,450,400, total liabilities at RMB 775,763,400 and net assets at RMB 1,158,687,000. The said appraised items of state-

owned assets have been examined and approved by Bozhou SASAC.

On 22 Jun. 2009, upon examination by the transferee document examination group jointly organized by Bozhou SASAC and the Equity Transaction Center in Hefei, Shanghai Puchuang Equity Investment Co., Ltd. (Shanghai Puchuang) was selected as the intended transferee of the 40% state-owned equity of Gujing Group listed for trading. On 31 Jul. 2009, Bozhou SASAC and Shanghai Puchuang signed the Contract on Transferring 40% Equity of Anhui Gujing (Group) Co., Ltd. in Bozhou, Anhui Province, transferring 40% equity of the Company's controlling shareholder Gujing Group held by Bozhou SASAC to Shanghai Puchuang. The Transfer Contract took effect when signed and stamped.

V. In the report period, there existed no such events as equity incentive plans or commitments.

VI. Significant related transactions

(I) Routine related transactions

Significant routine related transactions in the report period are detailed as follows:

Unit: RMB Ten thousand

Related party	Purchasing goods and receiving labor service from related parties			
	Transaction price	Transaction amount	Proportion in same kind of transactions	mode of settlement
Anhui Jin Yang Media Ltd.	Market price	8,915.75	84.74%	By cash
Anhui Ruifuxiang Food Co., Ltd.	Market price	1,542.03	100.00%	By cash
Bozhou Gujing Thermoelectricity Co., Ltd	Market price	877.05	47.62%	By cash
Total	--	11,334.83	81.52%	-

The said related transactions were submitted to the 10th Meeting of the 5th Board of Directors for review and were approved with related directors avoiding the voting. And they were later implemented upon review and approval from the 2008 Annual Shareholders' General Meeting.

All independent directors of the Company believe that these related transactions are for the purpose of ensuring normal production and operation of the Company. These transactions have been conducted in a standardized procedure with fair and rational transaction prices. These related transactions are in line with interests of the Company and all its shareholders, with no harm done to minority interests. A legal procedure was adopted when these related transactions were voted on at the meeting held by the Board of Directors, which was in line with the Company Law, the Securities Law and other laws and regulations, as well as relevant provisions of the Company's Articles of Association.

(II) Except for the routine related transactions mentioned above, the Company was not involved in any other significant related transactions.

VII. Commitments made by the Company and shareholders holding over 5% shares of the Company

The original non-tradable share holder of the Company—Anhui Gujing (Group) Co., Ltd.—makes a commitment that the Company’s shares held by it shall not be listed for trading or transferred within 12 months after those shares have become tradable. And shares sold by Gujing Group shall not exceed 5% of the Company’s total shares within 12 months upon expiration of the aforesaid commitment and shall not exceed 10% within 24 months.

VIII. Engagement and disengagement of CPA firm

As decided by the 2008 Shareholders’ General Meeting, Reanda Certified Public Accountants Co., Ltd. would continue serving as the audit agency for the Company in 2009. In the report period, the Company paid RMB 700,000 in total to Reanda CPAs firm as the audit fee.

IX. Researches, interviews and visits received

In compliance with the Guidance of Shenzhen Stock Exchange for Fair Information Disclosure of Listed Companies, when receiving interviews and inquiries from investors in the report period, the Company did not separately disclose, reveal or leak undisclosed significant information of the Company to certain entities selectively, privately or in advance, which ensured fair information disclosure of the Company.

Researches, interviews and visits received in the report period are detailed as follows:

Date	Place	Way of reception	Visitor	Main discussion and materials provided by the Company
27 Feb. 2009	The Company	By telephone	Investor	The Company’s recent operation and business performance as disclosed in the 2008 Annual Report
10 Mar. 2009	The Company	By telephone	Investor	The Company’s business performance as disclosed in its 2008 Annual Report
9 Apr. 2009	The Company	Field research	China Merchants Securities Co., Ltd.	Production and operation of the Company
28 Apr. 2009	The Company	Field research	Essence Securities Co., Ltd.	Production and operation of the Company
5 May 2009	The Company	Field research	GF Securities Co., Ltd.	Production and operation of the Company
7 May 2009	The Company	Field research	GuoYuan Securities Co., Ltd.	Production and operation of the Company
8 May 2009	The Company	Field research	Donghai Securities Co., Ltd.	Production and operation of the Company
26 May 2009	The Company	Field research	BOC International (China) Limited	Production and operation of the Company
1 Jun. 2009	The Company	Field research	Orient Securities Co., Ltd.	Production and operation of the Company
1 Jun. 2009	The Company	Field research	Sinolink Securities Co., Ltd.	Production and operation of the Company

1 Jun. 2009	The Company	Field research	Shanghai Dingfeng Asset Management Corporation	Production and operation of the Company
4 Jun. 2009	The Company	Field research	Penghua Fund Management Co., Ltd.	Production and operation of the Company
4 Jun. 2009	The Company	Field research	Harvest Fund Management Co., Ltd.	Production and operation of the Company
4 Jun. 2009	The Company	Field research	Bank of Communications Schroder Fund Management Co., Ltd.	Production and operation of the Company
4 Jun. 2009	The Company	Field research	E Fund Management Co., Ltd.	Production and operation of the Company
4 Jun. 2009	The Company	Field research	PingAn Securities Co., Ltd.	Production and operation of the Company
4 Jun. 2009	The Company	Field research	CCB Principal Asset Management Co., Ltd.	Production and operation of the Company
5 Jun. 2009	The Company	Field research	Lombarda China Fund Management Co., Ltd.	Production and operation of the Company
8 Jun. 2009	The Company	Field research	Guoduo Securities Co., Ltd.	Production and operation of the Company
10 Sept. 2009	The Company	Field research	Soochow Asset Management Co., Ltd.	Production and operation of the Company
15 Sept. 2009	The Company	Field research	Northeast Securities Co., Ltd.	Production and operation of the Company
15 Sept. 2009	The Company	Field research	Everbright Securities Co., Ltd.	Production and operation of the Company
15 Sept. 2009	The Company	Field research	Zheshang Securities Co., Ltd.	Production and operation of the Company

Pursuant to the Guidance of Shenzhen Stock Exchange for Fair Information Disclosure of Listed Companies, the Company will establish and perfect internal control rules and procedures for information disclosure so as to ensure fair information disclosure. Meanwhile, it will also formulate strict rules on confidentiality, rules on receiving and introducing the Company to investors, and registration rules for information disclosure, and disclose its internal control rules on information disclosure so as to do a better job in information disclosure.

X. There existed no significant matters after the balance sheet date.

XI. Directors, supervisors and senior executives of the Company received no punishment from regulatory authorities in the report period.

XII. Punishments received or rectifications required by CSRC upon supervision

During the report period, the Company, its Board of Directors and directors received no investigations, administrative punishments or criticism by circular from CSRC, open criticism from the stock exchange, or punishments in any other form.

In the report period, the Company did not have to make rectifications required by CSRC upon supervision.

XIII. Other significant events

During the report period, there existed no any other significant event that the Company should but not yet disclose.

Chapter X. Financial Report

I . Auditor's Report

Auditor's Report

REANDA SHEN ZI [2010] No.1179

To the Shareholders of Anhui Gujing Distillery Co., Ltd.:

We have audited the accompanying financial statements of Anhui Gujing Distillery Co., Ltd. ("the Gujing Distillery"), which comprise the balance sheet and the consolidated balance sheet as at December 31, 2009, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity and the cash flow statement and the consolidated cash flow statement for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

I . Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements in accordance with the Enterprises Accounting Standards of China. This responsibility includes: (1) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; (2) selecting and applying appropriate accounting policies; (3) making accounting estimates that are reasonable in the circumstances.

II . Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Chinese Certified Public Accountants' Auditing Standards. These standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Audit Opinion

In our opinion, the financial statements have been prepared in accordance with the requirements of the Enterprises Accounting Standards promulgated by the People's Republic of China, and present fairly, in all material respects, the financial position of the Gujing Distillery as at December 31, 2009, and the results of its operations and its cash flows for the year then ended.

Reanda Certified Public Accountants Co., Ltd.

Certified Public Accountant Lin Wanqiang

Beijing, China

Certified Public Accountant Wu Wenhui

March 31, 2010

II. Financial statements

Balance Sheet

Prepared by Anhui Gujing Distillery Co., Ltd.

As at 31 Dec. 2009

Unit: (RMB) Yuan

Items	Closing balance		Opening balance	
	Consolidation	Parent company	Consolidation	Parent company
Current Assets:				
Cash at bank and on hand	361,051,750.67	279,382,070.44	278,660,158.54	160,876,265.53
Settlement reserve				
Dismantle fund				
Transaction financial asset	397,590.00	283,075.00		
Notes receivable	72,556,609.11	70,878,563.08	110,369,921.69	14,209,422.07
Accounts receivable	22,265,545.83	369,465.04	38,987,933.45	150,378.38
Advances to suppliers	2,361,064.82	1,930,281.52	8,638,499.38	550,715.08
Premiums receivable				
Reinsurance premiums receivable				
Receivable reinsurance contract reserves				
Interest receivable				
Dividends receivable				

Other receivables	21,498,541.96	158,191,541.52	13,412,024.05	41,052,295.68
Buying back the sale of financial assets				
Inventories	366,230,129.14	331,899,869.74	472,111,360.97	376,484,276.87
Non-current assets due within 1 year				
Other current assets				
Total current assets	846,361,231.53	842,934,866.34	922,179,898.08	593,323,353.61
Non-current assets:				
Loans and advance				
Available-for-sale financial assets				
Held to maturity investments				
Long-term receivables				
Long-term equity investments	300,000.00	227,242,761.52	300,000.00	536,185,003.12
Investment properties	31,272,097.26	31,272,097.26	30,070,920.49	20,750,561.30
Fixed assets	357,250,551.32	126,593,690.76	559,851,659.79	127,312,151.56
Construction in progress	3,282,158.21	3,282,158.21	75,221,939.28	10,997,676.98
Engineering material	42,500.00	42,500.00	1,294,344.98	115,261.62
Disposal of fixed assets				
Production biological assets				
Oil-gas assets				
Intangible assets	81,882,011.19	35,498,033.88	136,102,321.09	27,634,199.23
Development expense				
Goodwill				
Long-term prepaid expenses			2,372,932.77	
Deferred income tax assets	21,839,993.27	18,947,861.18	1,599,652.25	
Other non-current assets				
Total of non-current assets	495,869,311.25	442,879,102.81	806,813,770.65	722,994,853.81
Total assets	1,342,230,542.78	1,285,813,969.15	1,728,993,668.73	1,316,318,207.42
Current liabilities:				
Short-term borrowings			75,000,000.00	50,000,000.00
Borrowing from Central Bank				
Deposits and sue to banks and other financial institutions				
Call loan received				
Transaction financial liabil				

ities				
Notes payable				
Accounts payable	66,328,864.96	62,462,032.03	109,898,263.73	71,718,570.18
Advances from customers	98,300,223.30	252,956,083.41	58,417,650.48	189,710,231.69
Financial assets sold for repurchase				
Handling charges and commissions payable				
Employee benefits payable	93,609,527.73	63,894,271.86	108,018,217.51	73,293,195.95
Taxes payable	170,539,356.25	107,010,823.86	161,654,323.58	92,281,905.21
Interests payable				
Dividends payable			22,452.59	
Other payables	97,267,619.61	45,149,908.70	107,956,696.09	31,444,577.50
Reinsurance premiums payable				
Insurance contract reserves				
Money received for acting trading of securities				
Money paid for acting underwriting of securities				
Non-current liabilities due within 1 year	5,000,000.00	5,000,000.00	11,000,000.00	5,000,000.00
Other current liabilities				
Total current liabilities	531,045,591.85	536,473,119.86	631,967,603.98	513,448,480.53
Non-current liabilities:				
Long-term borrowings			151,000,000.00	5,000,000.00
Bonds payable				
Long-term payables				
Specific payables				
Accrued liabilities				
Deferred income tax liabilities				
Other non-current liabilities	3,187,000.00	1,977,000.00	9,930,000.00	1,530,000.00
Total non-current liabilities	3,187,000.00	1,977,000.00	160,930,000.00	6,530,000.00
Total liabilities	534,232,591.85	538,450,119.86	792,897,603.98	519,978,480.53
Owner's equity (or shareholder' equity)				
Paid-in capital (or share capital)	235,000,000.00	235,000,000.00	235,000,000.00	235,000,000.00
Capital surplus	326,064,758.92	288,184,010.28	591,123,615.28	518,090,990.16
Less: Treasury stock				

Special reserve				
Surplus reserve	69,977,281.49	64,938,139.66	52,283,759.34	47,244,617.51
Provisions for general risks				
Undistributed profits	176,955,910.52	159,241,699.35	54,560,252.98	-3,995,880.78
Foreign exchange translation differences				
Total equity attributable to equity holders of the company	807,997,950.93	747,363,849.29	932,967,627.60	796,339,726.89
Minority interests			3,128,437.15	
Total owner's equity	807,997,950.93	747,363,849.29	936,096,064.75	796,339,726.89
Total liabilities and owner's equity	1,342,230,542.78	1,285,813,969.15	1,728,993,668.73	1,316,318,207.42

Income Statement

Prepared by Anhui Gujing Distillery Co., Ltd.

As of Jan.-Dec. 2009

Unit: (RMB) Yuan

Items	2009		2008	
	Consolidation	Parent company	Consolidation	Parent company
I. Revenue	1,341,426,329.43	719,745,875.38	1,464,628,571.69	612,287,698.18
Including: Operating income	1,341,426,329.43	719,745,875.38	1,464,628,571.69	612,287,698.18
Interest income				
Premium income				
Handling charges and commission income				
II. Total cost of sales	1,180,404,203.09	687,386,201.75	1,391,357,753.91	689,212,956.51
Including: Operating cost	525,701,220.82	377,906,453.15	856,131,731.92	458,720,889.08
Interests expenses				
Handling charges and commission expenses				
Cash surrender value				
Net amount of claims				
Net amount of withdrawn from the insurance contract reserve				
Expenditure on policy dividends				
Reinsurance premium				
Tax and levies on operations	188,430,539.62	175,211,029.75	161,800,703.52	142,123,647.70
Selling and distribution expenses	247,102,645.72	12,737,820.70	183,316,449.01	15,150,345.76
General and administ	205,735,775.57	114,097,509.31	166,564,386.08	67,691,325.03

rative expenses				
Finance income/(expenses) - net	4,483,101.69	1,550,689.44	16,602,553.05	3,551,462.56
Asset impairment losses	8,950,919.67	5,882,699.40	6,941,930.33	1,975,286.38
Add: Gain/(loss) from change in fair value (“-” means loss)				
Investment income (“-” means loss)	4,114,693.53	129,887,399.24	97,297.83	113,734,331.84
Including: share of results of associates				
Foreign exchange difference (“-” means loss)				
III. Operating profit (“-” means loss)	165,136,819.87	162,247,072.87	73,368,115.61	36,809,073.51
Add: non-operating income	7,121,077.57	3,531,481.29	10,911,194.29	5,895,183.77
Less: non-operating expenses	6,250,514.23	3,795,313.06	8,270,378.47	2,033,727.02
Including: Loss on disposals of non-current assets	2,406,781.32	28,422.97	7,734,963.08	1,884,551.03
IV. Total profit (“-” means loss)	166,007,383.21	161,983,241.10	76,008,931.43	40,670,530.26
Less: Income tax (expenses)/ income	25,953,982.05	-18,947,861.18	42,623,088.26	
V. Net profit (“-” means loss)	140,053,401.16	180,931,102.28	33,385,843.17	40,670,530.26
Attributable to equity holders of the Company	140,089,179.69	180,931,102.28	33,488,302.63	40,670,530.26
Minority interest	-35,778.53		-102,459.46	
VI. Earnings per share				
(I) Basic earnings per share	0.60		0.14	
(II) Diluted earnings per share	0.60		0.14	
VII. Other comprehensive income				
VIII. Total comprehensive income	140,053,401.16	180,931,102.28	33,385,843.17	40,670,530.26
Attributed to owners of parent company	140,089,179.69	180,931,102.28	33,488,302.63	40,670,530.26
Attributed to	-35,778.53		-102,459.46	

Minority interests				
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Cash Flow Statement

Prepared by Anhui Gujing Distillery Co., Ltd.

As of Jan.-Dec. 2009

Unit: (RMB) Yuan

Items	2009		2008	
	Consolidation	Parent company	Consolidation	Parent company
I. Cash flows from operating activities:				
Cash received from rendering of service	1,608,035,026.68	871,074,303.44	1,636,302,857.92	622,689,134.70
Net increase of deposits from customers and dues from banks				
Net increase of loans from the central bank				
Net increase of funds borrowed from other financial institutions				
Cash received from premium of original insurance contracts				
Net cash received from reinsurance business				
Net increase of savings of policy holders and investment fund				
Net increase of disposal of tradable financial assets				
Cash received from interest, handling charges and commissions				
Net increase of borrowed inter-bank funds				
Net increase of buy-back funds				
Tax refunds received	1,694,275.94		4,064,516.58	
Other cash received relating to other operating activities	99,364,168.88	4,573,646.12	66,524,871.31	22,941,563.68
Sub-total of cash inflows	1,709,093,471.50	875,647,949.56	1,706,892,245.81	645,630,698.38
Cash paid for goods and services	521,363,936.89	332,164,347.70	781,940,583.84	301,929,951.51
Net increase of customer lending and advance				

Net increase of funds deposited in the central bank and amount due from banks				
Cash for paying claims of the original insurance contract				
Cash for paying interest, handling charges and commissions				
Cash for paying policy dividends				
Cash paid to and on behalf of employees	241,321,788.03	119,732,058.35	175,003,832.49	87,646,301.59
Payments of taxes and levies	380,275,651.59	232,134,866.70	342,007,969.02	179,568,549.73
Cash paid relating to other operating activities	216,192,365.07	166,360,936.68	165,984,876.68	16,219,211.03
Sub-total of cash outflows	1,359,153,741.58	850,392,209.43	1,464,937,262.03	585,364,013.86
Net cash flows from operating activities	349,939,729.92	25,255,740.13	241,954,983.78	60,266,684.52
II. Cash Flows from investing activities:				
Cash received from disposals of investments	1,128,514.20	2,577,947.59		
Cash received from returns on investments	196,140.14	128,611,568.50		112,305,752.38
Net cash received from disposals of fixed assets and intangible assets	286,598.23	34,447.44	2,539,112.14	51,756.00
Net cash received from disposal of subsidiary or other operating business units	9,527,308.85	47,103,000.00		
Other cash received relating to investing activities			2,400,000.00	
Sub-total of cash inflows	11,138,561.42	178,326,963.53	4,939,112.14	112,357,508.38
Cash paid to purchase fixed assets, intangible assets and other long-term assets	29,722,844.71	11,610,144.35	96,913,295.06	21,336,624.09
Cash paid for investment	1,526,104.20	1,221,361.14		48,917,498.12
Net increase of pledged loans				
Net cash paid by subsidiary or other operating	8,745,406.49	14,700,200.00		

business units				
Other cash paid relating to investing activities				
Sub-total of cash outflows	39,994,355.40	27,531,705.49	96,913,295.06	70,254,122.21
Net cash flows from investing activities	-28,855,793.98	150,795,258.04	-91,974,182.92	42,103,386.17
III. Cash Flows from Financing Activities:				
Cash received from absorbing investment				
Including: Cash received from increase in minority interest				
Cash received from borrowings			75,000,000.00	50,000,000.00
Cash received from issuance of bonds				
Other cash received relating to financing activities				
Sub-total of cash inflows			75,000,000.00	50,000,000.00
Cash repayments of debts	232,000,000.00	55,000,000.00	86,000,000.00	39,000,000.00
Cash paid for distribution of dividends or profits and interest expenses	6,689,731.46	2,545,193.26	20,046,390.01	4,523,485.00
Including: dividends paid to minority shareholders of subsidiaries				
Other cash paid relating to financing activities				
Sub-total of cash outflows	238,689,731.46	57,545,193.26	106,046,390.01	43,523,485.00
Net cash flow from financing activities	-238,689,731.46	-57,545,193.26	-31,046,390.01	6,476,515.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-2,612.35		781.86	
V. Net (decrease)/increase in cash and cash equivalents	82,391,592.13	118,505,804.91	118,935,192.71	108,846,585.69
Add : Cash and cash equivalents at beginning of year	278,660,158.54	160,876,265.53	159,724,965.83	52,029,679.84
VI. Cash and cash equivalents at end of year	361,051,750.67	279,382,070.44	278,660,158.54	160,876,265.53

Consolidated Statement on Change in Owners' Equity

Prepared by Anhui Gujing Distillery Co., Ltd.

As of the year 2009

Unit: (RMB) Yuan

Items	2009										2008											
	Owners' equity attributable to parent company									Minority interest	Total owners' equity	Owners' equity attributable to parent company									Minority interest	Total owners' equity
	Paid-in capital (share capital)	Capital surplus	Lessen: treasury stock	Special reserve	Surplus reserve	General risk reserve	Retained profits	Others	Paid-in capital (share capital)			Capital surplus	Lessen: treasury stock	Special reserve	Surplus reserve	General risk reserve	Retained profits	Others				
I. Balance at the end of last year	235,000,000.00	532,491,668.70			52,283,759.34		60,135,327.85		3,128,437.15	883,039,193.04	235,000,000.00	591,294,266.26			52,283,759.34		21,071,950.35		3,233,229.69	902,883,205.64		
Add: Change of accounting policy																						
Correction of errors in previous period																						
Others		58,631,946.58					-5,575,074.87			53,056,871.71												
II. Balance at the beginning of this year	235,000,000.00	591,123,615.28			52,283,759.34		54,560,252.98		3,128,437.15	936,096,064.75	235,000,000.00	591,294,266.26			52,283,759.34		21,071,950.35		3,233,229.69	902,883,205.64		

III. Increase/ decrease of amount in this year ("-" means decrease)		-				122,39		-	-									-	33,212,
	265,05				17,693,	5,657.5		3,128,4	128,09						33,488,			104,79	859.11
	8,856.			522.15		4		37.15	8,113.8						302.63			2.54	
	36								2										
(I) Net profit						140,08		-	140,05						33,488,			-	33,385,
						9,179.6		35,778.	3,401.1						302.63			102,45	843.17
						9		53	6									9.46	
(II) Other comprehensive income																			
Subtotal of (I) and (II)						140,08		-	140,05						33,488,			-	33,385,
						9,179.6		35,778.	3,401.1						302.63			102,45	843.17
						9		53	6									9.46	
(III) Input an reduced capital of owners																			
1. Input capital of owners																			
2. Amount of shares-based payment included in the owners' equity																			
3. Others																			
(IV) Profit appropriation					17,693,	-												-	-
					522.15	17,693,												2,333.0	2,333.0
						522.15												8	8

1.Appropriation to surplus reserves					17,693,522.15		-												
2. Withdrawing general risk reserve							17,693,522.15												
3. Profit distribution to equity owners (shareholders)																		2,333.08	-
4. Others																			
(V) Transfer within owners' equity																			
1. New increase of capital (or share capital) from capital reserves																			
2. Convert surplus reserves to capital(or share capital)																			
3.Surplus reserves used to offset losses																			
4. Others																			
(VI) Specific reserve																			
1. Withdrawn for this period																			
2. Used in this per																			

iod																					
(VII) Others		265,058,856.36						3,092,658.62	-268,151,514.98										-170,650.98		
IV. Balance at the end of this period	235,000,000.00	326,064,758.92			69,977,281.49		176,955,910.52		807,997,950.93	235,000,000.00	591,123,615.28						52,283,759.34		54,560,252.98	3,128,437.15	936,096,064.75

Statement on Change in Owners' Equity of Parent Company

Prepared by Anhui Gujing Distrillery Company Limited9

Year 2009

Unit: RMB Yuan

Items	2009								2008							
	Paid-in capital (share capital)	Capital surplus	Lessen: treasury stock	Special reserve	Surplus reserve	General risk reserve	Retained profits	Total owners' equity	Paid-in capital (share capital)	Capital surplus	Lessen: treasury stock	Special reserve	Surplus reserve	General risk reserve	Retained profits	Total owners' equity
I. Balance at the end of last year	235,000,000.00	518,090,990.16			47,244,617.51		-3,995,880.78	796,339,726.89	235,000,000.00	518,090,990.16			47,244,617.51		-44,666,411.04	755,669,196.63
Add: Change of accounting policy																
Correction of errors in previous period																
Others																
II. Balance at the beginning of this year	235,000,000.00	518,090,990.16			47,244,617.51		-3,995,880.78	796,339,726.89	235,000,000.00	518,090,990.16			47,244,617.51		-44,666,411.04	755,669,196.63

							78							1.04	
III. Increase/ decrease of amount in this year ("-" means decrease)		- 229,906,9 79.88			17,693,52 2.15		163,237,5 80.13	- 48,975,87 7.60						40,670,53 0.26	40,670,53 0.26
(I) Net profit							180,931,1 02.28	180,931,1 02.28						40,670,53 0.26	40,670,53 0.26
(II) Other comprehensive income															
Subtotal of (I) and (II)							180,931,1 02.28	180,931,1 02.28						40,670,53 0.26	40,670,53 0.26
(III) Input an reduced capital of owners															
1. Input capital of owners															
2. Amount of shares-based payment included in the owners' equity															
3. Others															
(IV) Profit appropriation					17,693,52 2.15		- 17,693,52 2.15								
1.Appropriation to surplus reserves					17,693,52 2.15		- 17,693,52								

							2.15								
2. Withdrawing general risk reserve															
3. Profit distribution to equity owners (shareholders)															
4. Others															
(V) Transfer within owners' equity															
1. New increase of capital (or share capital) from capital reserves															
2. Convert surplus reserves to capital(or share capital)															
3. Surplus reserves used to offset losses															
4. Others															
(VI) Specific reserve															
1. Withdrawn for this period															
2. Used in this period															
(VII) Others		-229,906,						-229,906,							

		979.88					979.88									
IV. Balance at the end of this period	235,000,0 00.00	288,184,0 10.28			64,938,13 9.66		159,241,6 99.35	747,363,8 49.29	235,000,0 00.00	518,090,9 90.16			47,244,61 7.51		- 3,995,880. 78	796,339,7 26.89

Notes to Financial Statements

For the year of 2009

(All amounts are expressed in RMB Yuan unless otherwise stated)

I . General

1. Company's history

Anhui Gujing Distillery Company Limited("the Company") was registered in the People Republic of China on 30 May 1996.

The company has been issued 60,000,000 domestic listed foreign shares ("B" shares) in June 1996 and 20,000,000 ordinary shares ("A shares) on September 1996, ordinary shares are listed in national and par value is one yuan per share. Those A share and B share are listed in Shenzhen Stock exchange.

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

The Company issued <Announcement of release restriction shares by Anhui Gujing Distillery Company Limited> on June 27, 2007, 11,750,000 outstanding shares with restrict condition on disposal are listed in stock market on June 29, 2007. Up to December 31, 2007, outstanding shares with restrict condition on disposal are 135,250,000, representing 57.55% of total equity, the share without restrict condition are 99,750,000, representing 42.45% of total equity.

The Company issued <Announcement of release restriction shares by Anhui Gujing Distillery Company Limited> on July 17, 2008, 11,750,000 outstanding shares with restrict condition on disposal are listed in stock market on July 18, 2008. Up to December 31, 2008, outstanding shares with restrict condition on disposal are 123,500,000, representing 52.55% of total equity, the share without restrict condition are 111,500,000, representing 47.45% of total equity.

The Company issued <Announcement of release restriction shares by Anhui Gujing Distillery Company Limited> on July 24, 2009, 123,500,000 outstanding shares with restrict condition on disposal are listed in stock market on 29 July,2009. Up to December 31, 2008, outstanding shares with restrict condition on disposal are 123,500,000.

Legal representative of the Company: Cao Jie

Registration address of the Company: Gujing Town, Bozhou City, Anhui Province

Parent company of the Company: Anhui Gujing Group Co., Ltd

2. The industry

The Company belong to the food manufacturing industry.

3. Scope of business

The approved business of the Company including manufacture and sale of distilled spirits, beer, red wine, fruit wine distilling facilities, packaging material, alcohol, bottles, feeds, carbon dioxide, foods, grease, and research and development of high-tech, biotechnology development, agricultural and sideline products deep processing.

4. Main Change

The company has no major changes during current reporting period.

II. Summary of significant accounting policies and estimates, and correction of errors

1. Bases for preparation of the financial statements

The financial statements of the Company have been prepared on the going concern basis with reference to the actual occurrence of transactions and events and in accordance with the China Enterprise Accounting Standards (CAS) issued by the Ministry of Finance on 15th February 2006 and the significant accounting policies and estimates as set out in part four of this FS notes.

2. Declaration of Compliance with the Enterprise Accounting Standards

The financial statements of the Company have been prepared in accordance with the Enterprise Accounting Standards to present truly and completely the financial position, result of operation and cash flow and the relevant information of the Company.

3. Accounting year

The Company employs a period of calendar days from January 1 to December 31 each year as accounting year.

4. Presentation currency

The Company's presentation currency is Renminbi ("RMB").

5. Accounting treatment of the business combination that is under the same control and not under the same control.

(1) Accounting treatment of the business combination that is under the common control

Those assets and liabilities obtained by the Company during the business combination should be recognized in the carrying value of the shareholder's equity of the subsidiary on the merger date. The difference between the carrying amount of the net assets obtained and carrying amount of the merger consideration shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

(2) Accounting treatment of the business combination that is not under the common control

The consideration paid for the business combination exceeds the acquirer's interest in the fair value of the bargainor's identifiable net assets, the difference shall be recognized as goodwill; Where the cost of combination is less than the acquirer's interest in the fair value of the

bargainor's identifiable net assets, should be review the fair value of bargainor's identifiable assets、 liabilities and contingency liabilities , as well as the computation of combination cost, after reassessment, the difference shall be recognized in profit or loss to the current period.

6. Basis of Consolidated Financial Statement

(1) Consolidation Scope

The consolidated financial statements prepared are in accordance with the No. 33 Enterprise Accounting Standards – Consolidated Financial Statement issued in February, 2006. The consolidated financial statements incorporate the financial statements of the Company and enterprises direct controlled or indirect controlled by the Company (“its subsidiaries”). Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its operating activities.

If there is evidence provide that the invested company is not control by holding company, the invested company would not in consolidation scope.

(2) Buy and sale the holding rights of subsidiaries

The effective purchase day and sales day recognized, should has transferred the material risk and reward of ownership of share of subsidiaries. The consolidated income statement and consolidated cash flow statement has included the results of operation and cash flow of subsidiaries(not under the same control) before disposal or after acquired the share; for the subsidiaries under the same control from business combination, the operation results and cash flow has been included in the consolidated income statement and consolidated cash flow statement from beginning of combination period to consolidation date and disclosed in statement individual, the comparative amount in consolidation statement has been adjusted correspond to it.

If the Company acquires minority equity shares of subsidiaries, thus hold the long-term equity investment, on the date of prepare consolidation statement, the difference between the value of the new long-term equity investment and the value of subsidiary's net assets enjoyed by proportion of shareholdings(begin with acquired date or combination date), shall be adjusted to capital reserve, if the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

(3) Adjusted the subsidiaries' financial statement, when the subsidiaries has different accounting policy and reporting period.

If the subsidiaries has different accounting policy and reporting period with the parent company, the consolidated financial statement prepared according to the parent company's accounting policy ,and adjusted the subsidiaries' financial statement; For those subsidiaries acquired not under the same control, according to the fair value of identifiable assets、 liabilities and contingency liabilities of the subusidiary on the acquisition date, to adjusted subsidiaries' financial statement.

(4) Consolidation method

All significant intercompany transaction and balances between group enterprises are eliminated on consolidation.

The minority interest would disclosed in consolidation statement alone. Decrease minority interest if the minority shareholders should afford to the loss of the subsidiaries that allocate to minorities, otherwise, the Company would bear the loss of exceed.

7. Standard of cash and cash equivalents

Cash equivalents are short-term (normally with a maturity date within three months from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and and low-risk of changes in value.

8. Foreign currency transactions

The Company's foreign currency transactions are converted into presentation currency(RMB) at spot exchange rates prevailing on the day in which the transactions take place.

On the balance sheet date, those foreign currency monetary items within the financial statement should be converted at the spot rates prevailing on the balance sheet date. The exchange difference caused by the change in the exchange rate from the initial recognized date and the current balance sheet date, included in profit and loss for the year. With historical cost measurement of foreign currency non-monetary items, the transaction is converted at the spot exchange rate of transaction day, without changing its presentation currency amount. In the fair value measurement of foreign currency non-monetary items, converted at the spot exchange rate at that day when the fair value can be determined, the difference between amount after converted into presentation currency and the original presentation currency amount, as the changes in the fair value, recognized in the current profits and losses.

9. Financial Instruments

(1) Classification of financial assets and financial liabilities

The Company in accordance with the investment purpose and economic substance of the ownership of financial assets are divided into four category, which is fair value through profit or loss; Held-to-maturity investments; Loans and receivables; Available-for-sale financial assets.

According to the economic substance those financial liabilities are divided into fair value through profit or loss and others.

- ① Financial assets or financial liabilities at fair value through profit or loss: including held for trading financial assets or financial liabilities and designated by the Company as at fair value through profit or loss.

A financial asset or financial liability is classified as held for trading if it is:

- a. Acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- b. Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. A derivative (except for a derivative that is a designated and effective hedging instrument, a derivative of financial guarantee contract, a derivative that settle by equity instrument, which the price of instrument could not be quoted in active market and the fair value could not measure reasonably).

A financial asset or financial liability is classified as designated fair value through profit or loss if it is:

- a. The designation can be eliminated or significantly reduced the inconsistent situation or relate profit and loss cause by different measurement basis of financial assets and financial liabilities;
- b. Company risk management or investment strategy has been enshrined in a formal written document that the financial assets portfolio, the financial liabilities portfolio, or the financial assets and financial liabilities portfolio are management in fair value-based and evaluation and report to key management person.

- ② Held-to-maturity investments: are non-derivative financial assets with fixed or determinable payments and fixed maturity that company has the positive intention and ability to hold to maturity. Mainly include the Company's management has a clear intention and ability to hold to maturity of fixed-rate national bonds, floating-rate corporate bonds.
- ③ Receivables: are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables of the Company mainly refer to the Company's sales of goods or rendering of services to form the accounts receivable and other receivables.
- ④ Available-for-sale financial assets: are those non-derivative financial assets that are designated as available for sale at initial recognized, or those financial assets are not measured in fair value based and through to profit and loss, or loans and receivables, or held-to-maturity investments.
- ⑤ Other financial liabilities: financial liabilities not divided into measurement in fair value base and through into profit and loss account.

(2) Measurement of financial assets and financial liabilities

The Company's financial asset or financial liability is recognized at its fair value initially. For

financial assets or financial liabilities at fair value through profit or loss, relevant transaction costs that are directly attributable to current profit and loss; for other types of financial assets or financial liabilities, transaction costs related to the amount included in the initial confirmation cost.

Subsequent measurement of financial assets and financial liabilities:

- ① Financial assets or financial liabilities at fair value through profit or loss measured at its fair value, at balance sheet date, the changed difference of fair value are accounted for profit and loss in current period.
- ② Held-to-maturity investments, which shall be measured at amortized cost using the effective interest method, the profit or loss of termination confirmation, impairment or amortization included in the profit and loss account.
- ③ Receivables, which shall be measured at amortized cost using the effective interest method, the profit or loss from termination confirmation, impairment or amortization included in the profit and loss account.
- ④ Available-for-sale financial assets, are measured with fair value, any changes of fair value of available-for-sale financial assets at the end of period are accounted for capital reserve (other capital reserve). Disposal of available-for-sale financial assets, the difference between consideration received and carrying value of the financial assets included into investment profit or loss account; at the same time, turn out the original cumulative amount of fair value change of corresponding part within the equity, included into investment profit or loss account. The impairment losses and Exchange differences of foreign monetary financial assets including into current profit and loss. Interest received and cash dividends received during the hold period are recognized as investment income.
- ⑤ Other financial liabilities, together with the equity instrument that price not be quoted in active market and the fair value could not measure reasonably measured, as well as the subsequent measurement should according to the cost of derivative financial liabilities.

The financial guarantee contract is not belong to financial liabilities designated by the Company as at fair value through profit or loss, as well as the loan commitment is not belong to financial liabilities designated by the Company as at fair value through profit or loss and belower than market rate, After initial recognition, measured higher of: (a) Amount confirmed by < Enterprise Accounting Standard 13-- Provisions, Contingent Liabilities and Contingent Assets>; (b) Balance of initial recognition amount minus the accumulated amortization refer to < Enterprise Accounting Standard 14—Revenue>.

Other financial liabilities adopt the effective interest method, subsequent measured by

amortization cost, recognized the profits and losses by termination confirmation or amortization to current profit and loss account.

⑥ Fair value: It's the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In a fair deal, the transaction should the two sides are continuing operations enterprises, do not intend to carry out the liquidation or a major reduction in scale of operation, or under adverse conditions is still trading. The existence of an active market of financial assets or financial liabilities, the quotation within the active market should be used to determine its fair value. If there is no active market, company should adopt valuation techniques to determine the fair value.

⑦ The amortized cost of a financial asset or financial liability: it's the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial recognized amount and the maturity date amount, and minus any reduction for impairment or unrecoverable

⑧ The effective interest method: It's a method of using effective interest calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Then calculating the effective interest rate, company shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

(3) Transfers and derecognize of financial assets

① Derecognize financial asset if, and only if, meets one of the following three conditions:

- a. Terminate the contractual rights of cash flows from the financial asset;
- b. The financial assets have been transferred, and the ownership of the risks and rewards of financial assets transferred to other party;
- c. The financial assets have been transferred, but the Company neither transferred the ownership of the risks and rewards of financial assets, nor retained, and gives up control of the financial assets.

② When termination conditions of entire transferred assets has been satisfied, the differences between the amounts of following items shall be recognised in the current period profits and losses account:

- a. The carrying value of transferred financial assets;
 - b. The consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the shareholders' equities.
- ③ If the transfer of partial financial assets satisfies the conditions of derecognize, the entire book value of the transferred financial asset shall apportion, between the portion whose derecognize and the recognized portion (under such circumstance, the service asset retained shall be deemed as a portion of financial asset whose derecognize), be apportioned according to their respective relative fair value, and the difference between the amounts of the following two items shall be accounted for the profits and losses of the current period .
- a. The portion of carrying value derecognized;
 - b. The consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the shareholders' equities.
- ④ If the Company fails to satisfy the conditions of derecognize for transferred financial assets, it shall continue to recognize the entire financial assets to be transferred and shall recognize the consideration it receives as a financial liability. For those financial assets transfer adopt continuing involvement method, the Company should recognize one financial asset and one financial liability, according to the extent of the transferred financial assets of continuing involvement.

(4) Impairment of financial assets

- ① If the Company have the following evidence to prove the impairment of financial assets, should recognize the provision of impairment:
- a. significant financial difficulty of the issuer or obligor;
 - b. a breach of contract, such as a default or delinquency in interest or principal payments;
 - c. the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
 - d. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
 - e. the disappearance of an active market for that financial asset because of financial difficulties;
 - f. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group;
 - g. adverse changes in the payment status of borrowers in the group, let the lender may cannot recover the investment cost;

- h. the fair value of financial instrument investment incur serious or non-temporary decline;
- i. other objective evidence that prove impairment of financial assets.

② On balance sheet date, the Company should adopt different impairment test method for different category financial assets, and recognize provision for impairment:

a. Held-to-maturity investments: on the balance sheet date, if there are objective evidence of impairment for the investment, the Company has recognized the impairment loss by the asset's carrying amount and the present value of estimated future cash flows.

b. Available-for-sale financial assets: on the balance sheet date, the Company analyse the impairment evidences of the financial assets, experienced judgement whether continuing decline in the fair value. Generally, if the fair value of financial assets incurred serious decline, after consideration of all relevant factors, anticipate this is non-temporary, therefore can identified the available-for-sale financial assets has impaired, should recognize the impairment loss. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in impairment loss account of income statement.

10. Accounts receivable

At the end of the period, those balance of accounts receivable and other accounts receivable with amount more than 2,000,000 yuan is considered as individual significant amounts, One by one to carry out impairment test, if there is objective evidence that the accounts receivable have been impaired, the impairment loss shall be recognized based on the difference of the book values higher than the present value of future cash flows.

At the end of the period, for those individual accounts receivable with non- significant amounts, if there is objective evidence that the accounts receivable have been impaired, recognize impairment loss alone.。

For other individual the amount of non-significant receivables, classification primarily on the basis of account age, and those accounts receivable's account age more than three year will be classified as non-significant in amount but in accordance with the characteristics of credit risk portfolio, the risk of the portfolio is high, others classified as other non-significant receivables. For those account receivables classified as non-significant in amount but in accordance with the characteristics of credit risk portfolio, the risk of the portfolio is high, as well as other individual non-significant receivable accounts that not impaired after impairment test, these account receivables will carry out age analysis by the company and consider the debtor's actual business situation and cash flow to determine the recoverable amount of receivables, a reasonable estimate of bad debts.

The Company determine the following percentage of bad debt provision based on the actual

loss rate of receivable accounts, with same or similar credit risk characteristics of accounts receivable package in previous year, also considered current situations:

<u>Age</u>	<u>Percentage %</u>
Within 6 months	1
6 months to 1 year	5
1-2 years	10
2-3 years	50
Above 3 years	100

11. Inventory

(1) Category of inventory:

Inventory of the Company refers to enterprises in the day-to-day activities of the holder for the sale of finished goods or merchandise, product that in the production process, and materials consumed in the production process or provision of services. Including: raw materials, wrappage, self-made semi-manufactured goods , work-in-process, finished goods, etc.

(2) Valuation methods of inventories input and output:

The issue of inventories is calculated by the weighted average method. The Company's inventories costs adopt planned cost in the day-to-day accounting, carry down the cost differences at the end of period, and adjust planned cost to actual cost.

(3) Estimates of net realizable value and method of impairment loss for inventories:

① Estimates of net realizable value:

Those finished goods、 commodities and materials used for directly sale, the net realizable value is referred to the estimated selling price minus the estimated selling expenses and related tax and fees in normal operating process. Those stocks need to process, the net realizable value is referred to the estimated selling price minus the estimated finished cost and estimated selling expenses and related tax and fees in normal operating process. The net realizable value of the quantity of inventory held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realizable value of the excess is based on general selling prices.

② Impairment loss of inventories:

At the balance sheet date, the evaluation criteria should base on the lower value between costs and net realizable value. When net realizable values are lower than costs, provision for impairment loss of inventories shall be made. Under normal circumstances, the Company provision

impairment loss in according to individual inventory items, but for large quantity and low-unit-price inventories, provision for impairment loss of inventories shall be made based on the category of inventories; for those inventories that relating to the same product line that have similar purposes or end uses, are produced and marketed in the same geographical area, and cannot be practicably evaluated separately from other items in that product line, their impairment loss provision shall be consolidated.

When the circumstances that previously caused inventories to be written off below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-off is reversed (i.e. the reversal is limited to the amount of the original write-off) so that the new carrying amount is the lower of the cost and the revised net realizable value. The amount reversed recording into current profit and loss.

(4) Inventories stock physical count system:

The Company adopts the perpetual stocktaking system.

(5) Low-value consumable products and wrappage amortization method:

The low-value consumable supplies and wrappage are amortized at once.

12. Long-term equity investment

13. Long-term equity investment including the equity investments held by the Company, who can able to exercise control, joint control or significant influence to the invested entity, or the Company do not have control, joint control or significant influence on the invested entity, and there is no active market quotation, the fair value measurement should not reliable.

(1) Initial measurement

The Company separates the following two cases of long-term equity investment in the initial measurement:

① Long-term equity investment obtained through business combinations:

a. For obtaining subsidiary under common control, the consideration cost can be cash payment, non-monetary assets transfer or taking over the subsidiary's liability. Under this situation, the initial investment cost is carrying amount of shareholder's equity of the subsidiary on the merger date. The difference between the carrying amount of the net assets obtained and initial investment cost of long-term equity investment shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. In the case of company issues equity securities as the consideration, the initial investment cost is carrying amount of shareholder's equity of the subsidiary on the merger date. If

the book value amount of the issued shares is deemed as the capital, the difference between the carrying amount of the issued shares and initial investment cost of long-term equity investment shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. All direct expenses related to the merger, including the auditor fee, evaluation expense, legal service expense, etc will be accrued to the current profit and loss.

b. For obtaining subsidiary not under common control, the cost of long-term equity investment is fair value of assets paid, liabilities undertaken by the Company, or the fair value of equity bonds issued. Where the cost of a business combination exceeds the acquirer's interest in the fair value of the bargainor's identifiable net assets, the difference shall be recognized as goodwill, Where the cost of combination is less than the acquirer's interest in the fair value of the bargainor's identifiable net assets, after reassessment, the difference shall be recognized in profit or loss for the current period (non-operating income). The costs directly related to business combinations shall be included in the cost of business combinations (except issuing expenses of bonds and equity instruments).

② Other long-term equity investment, accordance with the following principles to determine their initial investment costs:

a. Long-term equity investment, which is acquired by cash consideration, the actual cash payment amount will be deemed as the initial investment cost. The initial investment cost includes the direct expenses related to the long-term equity investment, taxes and other necessary expenses. But if the actual payment contains cash dividend that has not been received but has been announced, that should be accounted as receivable items separately.

b. Long-term equity investment, which is acquired by issuing equity securities, the fair value of the issued equity will be deemed as the initial investment cost.

c. For the long-term equity investment made by the investors, the values agreed in the investment contracts or agreements will be deemed as the initial investment cost, except that the contracts or agreements provide that the values are not fair.

d. Long-term equity investment is acquired by exchange of non-monetary assets, if this transaction has commercial substance or the fair values of exchange assets can be reliably measured, the fair values of these assets and relevant taxes will be deemed as the initial investment cost; the difference between the fair values of the assets and book values will be record into the current profit and loss; if the non-currency asset exchange does not satisfy these two conditions mention above, the book values of the assets and relevant taxes will be deemed as the initial investment cost.

e. Long-term equity investment, which is acquired by the debt restructuring, the fair values of the

obtained equities will be deemed as the initial investment cost; the difference between the initial investment cost and book values of credit will be record into the current profit and loss.

(2) Subsequent measurement and recognition of gains or losses

The cost method is employed to calculate the long-term equity investment of subsidiaries and will be adjusted in accordance with the equity method in the preparation of the consolidated financial statements.

The Company uses cost method for the following conditions: a long-term equity investment where the investing enterprise does not have joint control or significant influence over the investee, the investment is not quoted in an active market and its fair value can't be reliably measured.

The Company uses equity method for the following conditions: a long-term equity investment where the investing enterprise have joint control or significant influence over the investee.

a. When using cost method, increase or recovery of investment need to adjust the cost of long term equity investment. Cash dividends or profit distributions declared by the investee shall be recognized as investment income in the current period. However, investment income recognized by the investing enterprise shall be limited to the amount distributed to it out of accumulated net profits of the investee arising after the investment was made. Any cash dividends or distributions received in excess of this amount shall be treated as a recovery of initial investment cost.

b. When using equity method, after the investing enterprise has acquired a long-term equity investment, it shall recognize its share of net profits or losses made by the investee as investment income or losses, and adjust the carrying amount of the investment accordingly.

The Company shall recognize current period investment profits or losses following its share of the net profits or losses made by the investee. Base on the investee's book value of net profit, if the investee used inconsistent accounting policies with the Company, the Company shall adjust the net profits by the balances of the depreciation or amortization of the investee's fixed assets and intangible assets measured by fair value on the investment acquired date, as well as adjust the net profits by the balance of the impairment losses of investee's assets measured by fair value on the investment acquired date. Set off the internal transaction profit and loss between the Company and the joint enterprises or the jointly-run enterprises, and then recognize the investment profit or loss on this basis. The internal transaction profit and loss between the Company and the joint enterprises or the jointly-run enterprises, refer to the < Enterprise Accounting Standard 8-- Impairment of assets>, belong to asset impairment loss is recognized in full.

If an investor's share of losses of an associate equals or exceeds its interest in the associate, the

investor discontinues recognizing its share of further losses, after the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate; If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized, recover investment interests, and in the book value of the long-term equity investment successively.

Those long term equity for affiliated company and joint company, hold before first executive date, if there is relevant investment debit difference, according to residual time to amortize in straight line method, the amortization amount recognized in current profit and loss account.

(3) Scope of joint control and significant influence for investee

① The existence of jointly control by an investor is usually evidenced in one or more of the following ways: a. any venturer cannot control the jointly controlled company's operation alone; b. the strategy decision of the jointly controlled company, should be agreed by each venture parties; c. the venturers may appoint one of them to manage the jointly controlled company, through control or agreement, but the management must follow all venturers's financial and operation strategies. When the jointly controlled company during legal reconstruction or bankrupt, or the transfer funds to investors strictly restricted in long time, the venturers cannot exercise joint control to the investee. However, if the joint control is really exist can be certified, the venturers still adopt equity method of long term equity investment principle to account.

② The existence of significant influence by an investor is usually evidenced in one or more of the following ways: a. representation on the board of directors or equivalent governing body of the investee; b. participation in policy-making processes, including participation in decisions about dividends or other distributions; c. material transactions between the investor and the investee; d. dispatch of managerial personnel; or e. provision of essential technical information.

(4) Method of impairment test of long term equity investment and provision for impairment

On the balance sheet date, the Company shall assess the long term equity investment one by one, according to the investee's operation strategy, legal environment, market demand, industry and profitability etc, to decide whether there are impairment indicators. The long term equity investment is impaired when its carrying amount exceeds its recoverable amount, the differences should be recognized as provision for impairment. If the impairment loss has recognized, never carry back in future accounting periods.

13. Investment property

Investment property is held to earn rentals or for capital appreciation or for both. Investment

property includes leased or ready to transfer after capital appreciation land use rights and leased buildings.

(1) The Company's all investment properties are subsequent measured by cost model, according to its expected useful life and net residual rate on buildings and land-use right to calculate depreciation or amortization. The Company's expected useful life, net residual rate and annual depreciation rate of investment property as follow:

<u>Categories</u>	<u>Expected residual rate</u> (%)	<u>Expected useful life</u>	<u>Annual depreciation</u> <u>(amortization) rate (%)</u>
Buildings、 structures	3-5	8-35 years	2.7-12.1
Land use rights	0	50 years	2

(2) Basis of impairment of property investment is measured by cost model:

At the balance sheet date, the evaluation criteria should base on the lower value between costs and net realizable value. When net realizable values are lower than costs, provision for impairment loss of property investment shall be made. If the value of the impaired investment property recovered, the provided impairment loss in prior period cannot be carry back.

14 . Recognition and measurement of fixed assets

(1) Recognition of fixed assets:

Fixed assets are tangible assets, held for use in production or supply of goods or services, for rental to others, or for administrative purpose, and have high unit price, as well as useful lives more than one accounting year. Fixed assets shall be recognized by actual costs incurred, if they meet the following conditions:

- ① The economic benefits related to fixed asset probably flows to the enterprise;
- ② The cost of fixed asset may be reliably measured.

The expenses relate meet above condition to fixed asset would be capitalized in the cost of asset, if not, it would be recognized as expense in profit and loss account of that period.

(2) The depreciation method of fixed assets

Straight-line method is in used to calculate the depreciation of fixed assets.

The estimated useful lives, expected residual value and annual depreciation rate of different kinds of fixed assets are listed as follows:

<u>Categories</u>	<u>Estimated residual value</u> <u>rate (%)</u>	<u>Estimated useful life</u>	<u>Estimated annual</u> <u>depreciation rate (%)</u>
Buildings and structures	3-5	8-35 years	2.7-12.1
Machineries and equipments	3-5	8-10 years	9.7-12.1
Vehicles	3	8 years	12.1
Office equipments and others	3	8 years	12.1

(3) Method of impairment test and provision for impairment loss of fixed assets:

At the balance sheet date, the Company assess all types of fixed assets whether there is any indication that an asset may be impaired, if any such indication exists, the entity shall estimate the recoverable amount of the asset, reducing the carrying value to the estimated recoverable amount, the difference recognized into the current profit and loss account, simultaneous recognize the provision for impairment. Once the impairment loss has recognized, never carry back in future accounting period.

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

- ① during the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- ② significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated;
- ③ market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;
- ④ evidence is available of obsolescence or physical damage of an asset;
- ⑤ significant changes with an adverse effect on the entity have taken place during the period, These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date;
- ⑥ evidence is available from internal reporting that indicates that the economic performance of an

asset is, or will be, worse than expected. For example: the net cash inflow or realized operating profits(or losses) made by the assets has declined significantly more than would be expected.

⑦ Other indications that an asset may be impaired.

15. Recognition and measurement of construction in progress

(1) Category of construction in progress

The category of construction in progress classified by the approved project.

(2) The standard and time point of the construction in progress transfer to fixed assets
Construction in progress is transferred to fixed assets when the project is substantially ready for its intended use. The project is in condition of ready for used but not transact in the final account would be transferred to fixed assets in its estimate value, and adjust the value after transact in the final account, but would not adjust depreciated value that have been depreciated.

(3) Method of impairment test and provision for impairment loss of construction in progress:

On the balance sheet date, the Company shall assess the overall construction in progress, If there is evidence provide that the value of project are declined, the entity shall estimate the recoverable amount of the asset, reducing the carrying value to the estimated recoverable amount, the difference recognized into the current profit and loss account, simultaneous recognize the provision for impairment. Once the impairment loss has recognized, never carry back in future accounting period. Exercise impairment test for construction in progress, if meet the one or more the following conditions:

- ① suspend the project in a long time, and according to the estimate, not restart the construction within the next 3years;
- ② evidence is available of obsolescence in either function or technical, and bring great uncertainty for the cash inflows to the Company;
- ③ other indications that project may be impaired

16. Borrowing costs

(1) Recognition of capitalization of borrowing costs and capitalization period:

Borrowing costs that are direct attributable to construction, purchase and production of assets and comply with capitalization conditions, shall be capitalized and accounted to costs of relate assets; otherwise, borrowing costs shall be recognized as expenses when incurred and accounted through in profit and loss in current period.

The capitalization of borrowing costs shall satisfy the following conditions:

- ① The capital expenditures have been incurred.
- ② The borrowing costs have been incurred.

③ Activities relating to acquisition, construction or production that are necessary to make the assets being intended for use or sales have been launched.

Other borrowing costs, discount or premium and difference of foreign exchange, should be recognized in the current profit and loss account.

Capitalization of borrowing costs shall be suspended during periods in which acquisition, construction or production of assets is interrupted abnormally, and is interrupted for over continuous period of three months.

Capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs should be recognised as an expense in the subsequent period.

(2) Measurement of capitalized borrowing costs

For a specific purpose borrowing, the amount of interest to be capitalized shall be the actual interest expenses incurred for the period less deposit interests of the borrowing funds or investment income from the temporary investment.

Where funds are borrowed under general purpose, the entity shall determine the amount of interest to be capitalized by applying capitalization rate to weighted average of the excess amount between cumulative expenditures on the asset and the amount of specific-purpose borrowings. The capitalization rate shall be weighted average of the interest rates applicable to the general-purpose borrowings.

17. Recognition and measurement of intangible assets

(1) Measurement of intangible asset

Intangible asset are recognize initially at cost.

(2) Estimate of useful life and impairment of intangible assets

Period of intangible asset that could bring future economic benefit inflow to company could determined reasonably according to the judgment according to reason of contract right or other legal right, condition in same industry, history experience, and demonstrate of expert would be recognize as finite useful life assets. Otherwise, the asset would be recognize as infinite useful life assets.

① To estimate the life of finite useful years asset would consider factor of: a. The life cycle of the product produced by the assets, and the information of similar asset; b. The development of craftwork and technology, and the estimate of future development trend; c. The demand condition in market of the product produced by the asset; d. The estimated action would be taken by competitor or potential competitor; e. The expense expected to maintain the assets to bring future

economic benefits and the ability of the Company to pay for it; f. The relevant law restriction on control period of the asset or other similar restriction such as franchise, lease period; g. Relation with other assets' useful life, that hold by the Company.

② The intangible asset with finite useful years should be amortization on a systematic and rational basic according its economic benefit achievement plan. A straight line method would be used if the plan could not define.

(3) Method of impairment test and provision for impairment of infinite useful years asset

① Intangible asset with infinite useful years would not amortize, but would conduct impairment test every year. the useful life of such an asset should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset., if still under uncertainty situation after the revaluation, shall conduct impairment test. When the net recoverable amount lower than the carrying value, reducing the carrying value to the estimated recoverable amount, the difference recognized into the current profit and loss account, simultaneous recognize the provision for impairment. Once the impairment loss has recognized, never carry back in future accounting period..

Exercise impairment test for intangible assets, if meet the one or more the following conditions:

A. significant changes with an adverse effect on the profitability of intangible assets have taken place during the period, These changes include the intangible replaced by other new technique;

B. the market value has declined in current period, and may not rise in the future residual period;

C. other indication to prove that the carrying value higher than the recoverable value.

(4) The rules of divide the research stage and the development stage of internal research and developmet project:

Internal organizational research expenses are accounted through profit and loss in current period; development costs which are recognized as intangible assets shall satisfy the following conditions:

① it is technical feasible for use or sales upon the completion of the intangible assets; ② it is intended for use or sales upon the completion of the intangible assets; ③ the manner to provide that expect future economic benefits that are attributable to the intangible assets including a market is exist for the asset or product of the asset or provide evidence of serviceable if asset are inside used; ④ the entity should have enough technology, financial and other resources to support the completion of development, and have ability to use or sale the intangible assets; ⑤ the cost of intangible asset can be measured reliably.

18. Amortisation of long-term deferred expenses

The Long-term deferred expenses are defined as those expenses in this year but should be

allocated in following few years (more than one year). The amount transfer to the account are the amount actual paid, and allocate equally in beneficial period.

19. Accrued liabilities

(1) Recognition of accrued liabilities:

Obligation with contingency factor such as external hypothecate, lawsuit or arbitrage in dispute, guarantee on quality of product, cut-down plan, loss of contract, recombine obligation, obligation on abandon fixed asset, and meet the follow condition simultaneously would determined as liabilities:

- ① This obligation is current obligation of the Company; and,
- ② The performance of this obligation will probably cause economic benefits outflow of the Company; and,
- ③ The amount of this obligation can be reliably measured.

Loss contracts and restructuring obligations of the Company meet the above conditions shall be recognized as accrued liabilities.

(2) Measurement of accrued liabilities

Accrued liabilities would be measured initial according to the optimum evaluation of outflow of economic benefit, and the Company perform relate obligation that consider risk, incertitude, time value of currency of contingency factor. Discount future cash flow to present value to determine the optimum evaluation if the time value of currency has great impact. On balance sheet date, check the carry amount of accrued liabilities, and make adjustment to carry amount to reflect the optimum evaluation. The increase amount in carry amount of accrued liabilities cause by time process would be determined as interest fee.

(3) Optimum evaluation of accrued liabilities

If the necessary payments have scopes, the optimum evaluation shall be determined based on the average amount between the upper and lower limit amount of scope ; if the necessary payments do not have such scopes, then the optimum evaluation shall be determined in the following method:

- ① If the contingent event is involved in an individual project, the optimum evaluation amount will be determined base on the most possible amount;
- ② If the contingent event is involved more than one project, the optimum evaluation amount shall be determined base on possible amount and occurrence probability. In case of all or part of payments about the confirmed liquidation liabilities are expected to be compensated by the third

parties or other parties, and the compensation amounts are surely received, then such amounts shall be separately recognized as assets. The confirmed compensation amounts shall not exceed book values of confirmed liabilities.

20. Shares-based payment and equity instrument

(1) Category of share-based payment

The types of shares-based payment of the Company are: cash-settle and equity-settle.

①Cash-settled share-based payment

The measurement of cash-settle is according with the fair value of liability undertake by the Company, which is calculated base on the Company's share or other equity instrument.

The value of cash-settle share-based payment that could exercise immediately after award would be reckoned to relate cost or expense, and increase liability corresponds to it.

At each balance sheet date, a best estimated of situation of exercise cash-settled right that with waiting-period should be undertaken, and reckon cost or expense and increase liability which is on the base of service award by the Company, according to the fair value of company's liability.

②Equity-settled share-based payment

The measurement is base on the fair value of the equity instrument granted to employees.

The value of equity-settled payment that could be exercised immediately after award would be reckoned in relates cost and expense and increase capital reserves corresponds to it..

On each balance sheet date, a best estimated of amount of exercise equity-settled that with waiting-period should be undertaken, and reckon in cost or expense and capital reserves which is on the base of service award by the Company, according to the fair value of company's liability.

(2) Determining the fair value of equity instruments granted

① For those shares granted to employees shall measure the fair value of equity instruments granted at the measurement date, based on market prices if available, simultaneously, taking into account the terms and conditions (exclude the vesting conditions of external market) upon which those equity instruments were granted.

① For those share options granted to employees, the market prices are not available in most circumstance. If there is no clauses and requirements of others similar trading options, the Company shall estimate the fair value of the share option granted using a valuation technique.

(3) Base of the best estimate of vesting equity instrument's recognition:

On each balance sheet date of waiting-period, the Company shall recognise an amount for the

equity instrument during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

(4) Accounting treatment of share-based payment plan:

① For cash-settled share-based payment transactions granted vest immediately, reckon cost or expense according to the fair value of the Company's liability on the measurement date, increase liability corresponds to it. At each reporting date and at the date of final settlement, with any change in intrinsic value recognised in profit or loss.

② If the equity instruments granted do not vest until completes a specified period of service or can be satisfied pre requirement, on each balance sheet date of waiting-period, the Company shall recognise an amount for the equity instrument during the vesting period based on the best available estimate of the number of equity instruments, according to the fair value of the Company's liability, recognize the received services as cost or expense, and increase liability corresponds to it.

③ The value of equity-settled payment that could be exercised immediately after award would be reckoned in relates cost and expense and increase capital reserves corresponds to it..

④ If the equity instruments granted do not vest until completes a specified period of service or can be satisfied pre requirement, on each balance sheet date of waiting-period, the Company shall recognise an amount for the equity instrument during the vesting period based on the best available estimate of the number of equity instruments, according to the fair value on the measurement date,, recognize the received services as cost or expense, and increase capital reserve corresponds to it.

21. Recognition of revenue

Recognition and measurement of revenue:

(1) Sale of goods

Revenue from the sale of goods shall be recognized when all of the following conditions are satisfied:

- ① the entity has transferred the significant risks and reward ownership of goods to the buyer;
- ② the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- ③ the amount of revenue can be measured reliably;

- ④relate economic benefit is probably inflow to the enterprise;
- ⑤the associated costs incurred or to be incurred can be measured reliably.

(2) Rendering of services

①The entity recognize revenue from rendering of service when come out of rendering of service can be measured reliably at balance sheet date, and adopt percentage of completion method in recognition of revenue. The method depends on schedule of complete to determined revenue and expense.

the outcome of service can be estimated reliably when all the following conditions are satisfied:

- a. the amount of revenue can be measured reliably;
- b. relate economic benefit is probably inflow to the enterprise;
- c. the complete of schedule could be determined reliably;
- d. the associated costs incurred or to be incurred can be measured reliably.

②When the outcome of rendering of service cannot be measured reliably at balance sheet date:

- a. revenue shall be recognized to the extent of costs incurred that are expected to be recoverable if compensation are predict to be award;
- b. to those cost that without compensation in predict, through to profit and loss account without recognize revenue.

(3) Transfer of asset use right

The revenue of transfer of asset use right including : interest income、 user charges etc, recognized when all the following conditions are satisfied:

- ①the economic benefits related to the transaction are probably will flow into enterprise;
- ②the amounts can be reliably measured.

Interest income, compute base on the funds used time by other peoples and the actual interest rate.

User charges, compute base on the chargeable time and method arranged in the contract or agreement.

22. Government grants

(1) Recognition of government grants:

- ①comply with the conditions attached to the grant;

② the Company can receive the grant.

(2) Category and accounting treatment of government grants:

① A government grant related to an asset shall be recognized as deferred income, when the assets is substantially ready for its intended use, evenly amortized to profit and loss over the useful lives of the related asset. Unamortized amount would be one-off recognized in profit and loss account when the asset is sale, convey, scrap, derogation before its useful life.

② For government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant shall be recognized as deferred income, and recognized in profit and loss over the periods in which the related cost are recognized.

(3) Measurement of government grants:

If the government grants is monetary assets, recognized by the amount received or to be received. If the government grants is non monetary assets, recognized by the fair value; if the fair value cannot be estimated reliably, recognized by the nominal value.

(4) Restitution of recognized government grants:

① If there is relevant deferred income, decrease the carrying value of the deferred income, any exceeds the amount shall be recognized to current profit and loss account.

② If there is no relevant deferred income, recognized to current profit and loss account directly.

23. Deferred income tax assets and deferred income tax liability

The Company uses balance sheet-liability method in calculation of income taxes.

According the difference between carry amount of asset and liability and its tax base, apply tax rate to determine deferred income tax asset or liability according the predict period of recover asset or discharge liability.

(1) Recognition of deferred income tax assets

① Deferred income tax assets shall be recognized according to deductible temporary differences to the extent that is probable that tax profits will be available against which the deductible temporary differences can be utilized, but deferred income tax asset arise from initial recognize of asset and liabilities in transaction that have character listed below would not recognised:

a. The transaction is not business combination;

b. At the time of the transaction, it affects neither accounting profit nor taxable profit (or deductible loss).

② The company and subsidiaries, associated companies and joint venture investments that can be related to deductible temporary differences, while meeting the following conditions, to confirm the corresponding deferred income tax assets:

- a. Temporary differences in the foreseeable future is likely to switch back to; and
- b. It is likely to be used for deductible temporary differences in taxable income in the future.

③ The Company can carry forward for the subsequent year's tax losses and tax credits, to very likely be used to offset tax losses and tax credits amount of future taxable income limit, verify the corresponding deferred income tax assets.

(2) Recognition of deferred income tax liability

Deferred tax liabilities shall be recognized for all taxable temporary differences, except to the extent that the deferred tax liabilities arise from:

- ① the initial recognition of goodwill;
- ② the initial recognition of assets or liabilities, when all the following conditions are satisfied:

- a. the transaction is not a business combination;
- b. at the time of the transaction, it affects neither accounting profit nor taxable profit (or deductible loss).

③ Temporary differences arise from the investments in subsidiaries, associates and interests in joint ventures, when all the following conditions are satisfied:

- a. the parent, investor or venturer 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) The carrying amount of a deferred tax asset should be reviewed at each balance sheet date.

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

24. Operating leases and finance leases

(1) Operating leases

① When the Company as the Lessee under operating lease, lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term. Initial

direct expense undertaken by the Company, recognized to the management expenses, contingent rental incurred recognized as current expenses. If the lease contract including a rent-free period, the Company shall amortize the overall rent expenses on a straight-line basis over the whole lease period, during the rent-free period recognize lease expenses and liability correspond to it. If the lessee's expenses paid by the lessor, the Company shall be reduce this expenses from the total rent expenses, and amortize the balance.

② When the Company as the lessor under operating lease, lease income from operating leases shall be recognised in income on a straight-line basis over the lease term. The initial costs, recognized to the current profit and loss account, however, if the amount is large, shall be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. If the lease contract including a rent-free period, the Company shall recognize the total lease income for the whole lease period, during the rent-free period recognize the income also. If the Company paid some lessee's expenses, the Company shall amortize the income balance (total lease income deduct the expenses) during lease period.

(2) Finance lease

①At the commencement of the lease term, lessees shall recognise finance leases as assets in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, and the amount of present value of the minimum lease payments recognized as long term accounts payable, the difference recognized as unrecognized financial charges. During each lease period, adopt actual interest rate method to amortize the expenses, and recognized to financial expense in current period.

The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, the depreciation period according to the lease period. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the assets shall be depreciated over its useful life. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life

②When the Company as the lessor under finance lease, lessors shall recognise assets held under a finance lease in their balance sheets and present them as a long term accounts receivable at an amount equal to the minimum lease receivable add the initial cost, and simultaneously recognize unguaranteed residual value. The difERENCE between the total of minimum lease receivable、 initial costs 、 unguaranteed residual value and the total of present value shall be recognized as unrealized financing profits, adopt the actual interest rate method to recognize income during the lease period, recording to other operating income.

25. Assets held for sale

(1) Recognition of assets held for sale

An entity shall classify a non-current asset as held for sale if when all the following conditions

are satisfied:

- ① the appropriate level of management must be committed to a plan to sell the asset;
- ② the Company has entered into a irrevocable transfer agreement with buyer;
- ③ the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(2) Accounting treatment

For those assets held for sale, the Company shall adjust the assets' estimated net residual value, let the amount can reflect the fair value less costs to sell, but not in excess of the original carrying amount of the non-current assets, the difference of estimated net residual value after adjustment and the original carrying amount, shall be recognized as assets impairment loss to current profit and loss account.

The entity shall measure a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

① its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and

Its recoverable amount at the date of the subsequent decision not to sell.

26. Summary of significant accounting policies and estimates, and correction of errors

1. Changes in accounting policies

There are no changes in accounting policies during current reporting period.

2. Changes in accounting estimates

There are no changes in accounting estimates during current reporting period.

3. Correct previous accounting period errors

There are no items of correct previous accounting period error in current reporting period.

III. Taxation

The main type of tax and tax rate for the Company are list below:

<u>Type of tax</u>	<u>Tax base</u>	<u>Tax rate %</u>
VAT	Sale of product and raw material	17、 13
Business Tax	Business turnover	3、 5
Consumption tax	Sales amount and quantity of taxable	20% based on price or RMB 0.5 per

	product	kg. (500ml)
	VAT payable, business tax,	
Urban construction tax	consumer tax, Tax that shall not be exempt from tax allowance and deduction	5
	VAT payable, business tax,	
Education Surcharge	consumer tax, Tax that shall not be exempt from tax allowance and deduction	3
	VAT payable, business tax,	
Local education surcharge	consumer tax, Tax that shall not be exempt from tax allowance and deduction	1
Corporation Tax	Taxable profit	25

IV. Enterprise consolidation and consolidation statement

1. Information of subsidiaries in consolidation scope:

(1) Subsidiaries acquired through the establishment or investment method

*The monetary unit is ten thousand unless otherwise stated.

<u>Subsidiary name</u>	<u>Company type</u>	<u>Registration location</u>	<u>Nature of business</u>	<u>*Registered capital</u>	<u>Business scope</u>
	wholly-owned				Wholesales of distilled spirit, construction materials, feeds and assistant materials
Bozhou Gujing Sales Co., Ltd	subsidiary	Bozhou, Anhui	Business trading	8,486	
	wholly-owned				Sale of distilled spirit, general merchandise, construction material
Shanghai Gujing Trade Co., Ltd	subsidiary	Shanghai	Business trading	1,000	foods
	wholly-owned				Department stores, wine, hardware, and wholesale of
Hefei Gujing Trade Co., Ltd	subsidiary	Hefei, Anhui	Business trading	1,000	construction materials
	wholly-owned				
Bozhou Gujing Transportation Co., Ltd	subsidiary	Bozhou, Anhui	Transportation	695	Provision of transportation services to the Company
	wholly-owned				
Bozhou Gujing Glass Co., Ltd	subsidiary	Bozhou, Anhui	Manufacture	6,646	Manufacture and sale of glass products
	wholly-owned				
Bozhou Gujing Waste Reclamation Co., Ltd	subsidiary	Bozhou, Anhui	Recycled	100	Collect and sale of recycled glass bottle, glass, wastebasket

Subsidiary through the establishment or investment method obtained (Continued)

*The monetary unit is ten thousand unless other wise stated.

<u>Subsidiary name</u>	<u>*Actual investment amount as at the end of period</u>	<u>The balance of other project, substantially constitute the net investment in subsidiary.</u>	<u>Shareholding proportion %</u>	<u>Voting rights proportion %</u>
Bozhou Gujing Sales Co., Ltd	8,486	0.00	100.00	100.00
Shanghai Gujing Trade Co., Ltd	1,000	0.00	100.00	100.00
Hefei Gujing Trade Co., Ltd	1,000	0.00	100.00	100.00
Bozhou Gujing Transportation Co., Ltd	695	0.00	100.00	100.00
Bozhou Gujing Glass Co., Ltd	6,646	0.00	100.00	100.00
Bozhou Gujing Waste Reclamation Co., Ltd	100	0.00	100.00	100.00

Subsidiary through the establishment or investment method obtained (Continued)

<u>Subsidiary name</u>	<u>Whether consolidated statements</u>	<u>Minority equity</u>	<u>The amount of minority equity used for decrease the profits and losses of minority shareholders</u>	<u>The balance of parent company's equity, that is equal to the parent shareholders' equity less the subsidiary's current loss undertaken by the minority shareholders according their quotient of the beginning of the period</u>
Bozhou Gujing Sales Co., Ltd	Yes	0.00	0.00	0.00
Shanghai Gujing Trade Co., Ltd	Yes	0.00	0.00	0.00
Hefei Gujing Trade Co., Ltd	Yes	0.00	0.00	0.00
Bozhou Gujing Transportation Co., Ltd	Yes	0.00	0.00	0.00
Bozhou Gujing Glass Co., Ltd	Yes	0.00	0.00	0.00
Bozhou Gujing Waste Reclamation Co., Ltd	Yes	0.00	0.00	0.00

(2) Subsidiary acquired under the common control business combination

*The monetary unit is ten thousand unless other wise stated.

<u>Subsidiary name</u>	<u>Company type</u>	<u>Registration location</u>	<u>Nature of business</u>	<u>*Registered capital(ten thousands)</u>	<u>Business scope</u>
Shanghai Gujing Jinhao Hotel Management Co., Ltd	wholly-owned subsidiary	Shanghai	Hotel Management	5400	Hotel management (Except for catering management, Except for hotel operation) ; Self-owned housing rental; establish branch. (If there is need administrative

Subsidiary acquired under the common control business combination (Continued)

*The monetary unit is ten thousand unless other wise stated.

<u>Subsidiary name</u>	<u>*Actual investment amount</u>	<u>The balance of other project substantially constitute the net investment in subsidiary</u>	<u>Shareholding proportion %</u>	<u>Voting rights proportion %</u>
Shanghai Gujing Jinhao Hotel Management Co., Ltd	26,505.89	0.00	100	100

Subsidiary acquired under the common control business combination (Continued)

<u>Subsidiary name</u>	<u>Whether consolidated statements</u>	<u>Minority equity</u>	<u>The amount of minority equity used for decrease the profits and losses of minority shareholders</u>	<u>The balance of parent company's equity, that is equal to the parent shareholders' equity less the subsidiary's current loss undertaken by the minority shareholders according their quotient of the beginning of the period</u>
Shanghai Gujing Jinhao Hotel Management Co., Ltd	Yes	0.00	0.00	0.00

2. Changes in consolidation scope**(1) Increase of consolidation scope**

Shanghai Gujing Jinhao Hotel Management Co., Ltd: The Company with Gujing Group decided replacement of their shareholdings, each of them hold a wholly-owned subsidiary, the Company hold 100% shareholding of Anhui Ruifuxiang Food Co., Ltd, and the Gujing Group hold 100% shareholding of Shanghai Gujing Jinhao Hotel Management Co., Ltd. After this replacement, the Company hold 100% shareholding of Shanghai Gujing Jinhao Hotel Management Co., Ltd. Since on May 1, 2009 Shanghai Jinhao Hotel Management Co., Ltd has been included in the consolidation scope.

(2) Decrease of consolidation scope

Decreased four consolidated companies within consolidation scope compared with last period: Gujing Hotel Bozhou Ltd, Bozhou Gujing Pairuite Packaging Co., Ltd, Anhui Ruifuxiang Food Co., Ltd, Anhui Old Eight Big Distillery Co., Ltd.

①Gujing Hotel Bozhou Ltd: 92.77% of shareholding of Gujing Hotel Bozhou Ltd, that hold by the Company, has been transferred to Anhui Ruijing Land Co., Ltd, Since December 31 2009, not included in the consolidation scope.

②Bozhou Gujing Pairuite Packaging Co., Ltd: 100% of shareholding of Bozhou Gujing Pairuite Packaging Co., Ltd, that hold by the Company, has been transferred to Jiangsu Xin city Print Development Co., Ltd, Since December 1, 2009, not included in the consolidation scope.

③Anhui Ruifuxiang Food Co., Ltd: The Company with Gujing Group decided replacement of their shareholdings, each of them hold a wholly-owned subsidiary, the Company hold 100% shareholding of Anhui Ruifuxiang Food Co., Ltd, and the Gujing Group hold 100% shareholding of Shanghai Gujing Jinhao Hotel Management Co., Ltd. After the replacement, the Company has not hold Anhui Ruifuxiang Food Co., Ltd's shareholding, Since May 1, 2009, not included in the consolidation scope.

④In May 2009, Anhui Old Eight Big Distillery Co., Ltd has been cancelled the registration, since June 1, 2009, not included in the consolidation scope.

3. Subsidiaries included or not included in the consolidation scope during current period

(1) New subsidiary included in the consolidation scope during current period

<u>Subsidiary name</u>	<u>Net assets value as at the end of period</u>	<u>Net profits during current period</u>
Shanghai Gujing Jinhao Hotel Management Co., Ltd	52,953,599.44	-103,272.27

(2) Subsidiaries not included in the consolidation scope during current period

<u>Company name</u>	<u>Net assets value on the disposal date</u>	<u>Net profits from the beginning of the period to the disposal date</u>
Gujing Hotel Bozhou Ltd	14,679,551.23	-324,991.42
Bozhou Gujing Pairuite Packaging Co., Ltd	49,586,608.12	93,136.46
Anhui Ruifuxiang Food Co., Ltd	250,358,656.36	-13,395,604.29
Anhui Old Eight Big Distillery Co., Ltd	30,454,678.88	-184,132.68

4. New subsidiary acquired under the common control business combination

<u>Investee</u>	<u>The grounds for the judgment of the business combination under the common control</u>	<u>Actual controller under the common control</u>	<u>Total revenue from the beginning of the combination period to the combination date</u>	<u>Net profits from the beginning of the combination period to the combination date</u>	<u>Operating cash flows from the beginning of the combination period to the combination date</u>
Shanghai Gujing Jinhao	Controlled by the Gujing Group before	Gujing Group	20,657,972.58	-3,150,017.09	1,441,874.46

Hotel Management Co., and after the business combination,

Ltd and the control is not temporary.

5. Decreased subsidiaries caused by lost rights of control during current period

<u>Name</u>	<u>Date of sales</u>	<u>Recognition of profits and losses</u>
		Differences between disposal consideration
Gujing Hotel Bozhou Ltd	31 December 2009	received and the long-term equity investment corresponding the subsidiary's net assets.
		Differences between disposal consideration
Bozhou Gujing Pairuite Packaging Co., Ltd	30 November 2009	received and the long-term equity investment corresponding the subsidiary's net assets.
		Differences between disposal consideration
Anhui Old Eight Big Distillery Co., Ltd	30 April 2009	received and the long-term equity investment corresponding the subsidiary's net assets.

V. Main notes in the Consolidation Statement

1. Monetary fund

<u>Items</u>	<u>Balance on 31 Dec 2009</u>			<u>Balance on 31 Dec 2008</u>		
	<u>Original currency</u>	<u>Exchange</u>	<u>Presentation currency</u>	<u>Original currency</u>	<u>Exchange</u>	<u>Presentation</u>
Cash on hand						
CNY	86,054.97	1.0000	86,054.97	336,605.66	1.0000	336,605.66
Subtotal			<u>86,054.97</u>			<u>336,605.66</u>
Cash in bank						
CNY	360,911,275.56	1.0000	360,911,275.56	278,204,804.30	1.0000	278,204,804.30
USD	7,969.91	6.8282	54,420.14	17,374.62	6.8346	118,748.58
Subtotal			<u>360,965,695.70</u>			<u>278,323,552.88</u>
Total			<u>361,051,750.67</u>			<u>278,660,158.54</u>

2. Held for trading financial assets

<u>Items</u>	<u>Fair value on 31 Dec 2009</u>	<u>Fair value on 31 Dec 2008</u>
Financial assets at fair value through profit or loss	<u>397,590.00</u>	<u>0.00</u>
Total	<u>397,590.00</u>	<u>0.00</u>

Note: This is refer to the new shares, that has been signed but not listed yet.

3. Notes receivable

(1) Categories of notes receivable

<u>Item</u>	<u>Balance on 31 Dec 2009</u>	<u>Balance on 31 Dec 2008</u>
Bank acceptance bill	<u>72,556,609.11</u>	<u>110,369,921.69</u>
Total	<u>72,556,609.11</u>	<u>110,369,921.69</u>

(2) Details of top five balance of bills that has endorsed to others but not matured yet

<u>Issuing company</u>	<u>Date of draft</u>	<u>Mature date</u>	<u>Balance</u>
Guizhou Shuangsheng Motorcycle Sales Co., Ltd	2009-07-29	2010-01-29	1,000,000.00
Guizhou Anshen Medicine Co., Ltd	2009-07-30	2010-01-30	1,000,000.00
GREE ELECTRIC APPLIANCE (CHONGQING) CO LTD	2009-07-28	2010-01-28	849,559.23
Guizhou Anshen Medicine Co., Ltd	2009-09-01	2010-02-28	768,660.00
COFCO Xinjiang Tunhe Co., Ltd	2009-08-05	2010-02-05	<u>637,349.00</u>
Total			<u>4,255,568.23</u>

4. Accounts receivable

(1) Details of accounts receivable

<u>Items</u>	<u>Balance on 31 Dec 2009</u>				<u>Balance on 31 Dec 2008</u>			
	<u>Book value</u>	<u>Proportion%</u>	<u>Provision for bad debts</u>	<u>Proportion%</u>	<u>Book value</u>	<u>Proportion%</u>	<u>Provision for bad debts</u>	<u>Proportion%</u>
Individual significant amounts	2,070,619.22	8.55	20,706.19	1.06	10,566,286.59	25.77	105,662.87	5.27
Non-significant in amount but in accordance with the characteristics of credit risk portfolio, the risk of the portfolio is high	1,348,015.89	5.57	1,348,015.89	69.09	1,026,183.82	2.51	1,026,183.82	51.13

Other non-significant receivables	<u>20,798,154.93</u>	<u>85.88</u>	<u>582,522.13</u>	<u>29.85</u>	<u>29,402,109.81</u>	<u>71.72</u>	<u>874,800.08</u>	<u>43.60</u>
Total	<u>24,216,790.04</u>	<u>100.00</u>	<u>1,951,244.21</u>	<u>100.00</u>	<u>40,994,580.22</u>	<u>100</u>	<u>2,006,646.77</u>	<u>100.00</u>

(2) Details of provision for bad debts of accounts receivables that classified as individual significance amount or non-significant in amount but conduct impairment test individually:

Name	Book value	Provision for bad	Accrual	Reason
		debts	Proportion%	
Funan Huaiguang Wine Co., Ltd.	<u>2,070,619.22</u>	<u>20,706.19</u>	1.00	According to the policies for bad debts adopted by the Company.
Total	<u>2,070,619.22</u>	<u>20,706.19</u>		

(3) Details of accounts receivables that classified as non-significant in amount but in accordance with the characteristics of credit risk portfolio, the risk of the portfolio is high:

Age	Balance on 31 Dec 2009			Balance on 31 Dec 2008		
	Book value	Provision for bad	debts	Book value	Provision for bad	debts
	Amount	Proportion %		Amount	Proportion %	
More than 3 years	<u>1,348,015.89</u>	<u>5.57</u>	<u>1,348,015.89</u>	<u>1,026,183.82</u>	<u>2.51</u>	<u>1,026,183.82</u>
Total	<u>1,348,015.89</u>	<u>5.57</u>	<u>1,348,015.89</u>	<u>1,026,183.82</u>	<u>2.51</u>	<u>1,026,183.82</u>

(4) The Company no written off account receivable during current period

(5) Details of Accounts receivables due from shareholders who own with 5% or more voting right during the reporting period:

Company name	Balance on 31 Dec 2009		Balance on 31 Dec 2008	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Gujing Group	0.00	0.00	55,835.00	558.35

(6) The balance of top five account receivable:

Company name	Relationship with the Company	Balance	Age	Proportion of total accounts receivable %
Funan County Huaiguang Wines Co., Ltd	Non-related party	2,070,619.22	Within 1 year	8.55
Anhui Fengyuan Pharmaceutical Co., Ltd	Non-related party	1,937,484.14	Within 1 year	8.00
Liu'an Huanyuan Pharmaceutical Co., Ltd	Non-related party	1,789,316.28	Within 1 year	7.39

Farm Industry Commerce Super Market (Group) Co., Ltd	Non-related party	1,569,997.30	Within 1 year	6.48
Kaikaiyuan Biological Pharmacy Co., Ltd	Non-related party	<u>1,258,990.67</u>	Within 1 year	<u>5.20</u>
Total		<u>8,626,407.61</u>		<u>35.62</u>

5. Advance to suppliers

(1) Age analysis

Age	Balance on 31 Dec 2009	Proportion %	Balance on 31 Dec 2008	Proportion %
Within 1 year	2,344,528.09	99.30	8,638,499.38	100.00
1-2years	<u>16,536.73</u>	<u>0.70</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>2,361,064.82</u>	<u>100</u>	<u>8,638,499.38</u>	<u>100.00</u>

(2) There is no advance to suppliers balance due from shareholders who own five or over five percent voting rights as at December 31, 2009.

6. Other accounts receivable

(1) Details of other accounts receivable

Items	Balance on 31 Dec 2009			Balance on 31 Dec 2008				
	Book value	Proportion %	Provision for bad debts	Proportion %	Book value	Proportion %	Provision for bad debts	Proportion %
Individual significant amounts	88,447,372.04	87.95	73,544,565.21	93.02	78,260,384.09	83.57	75,125,019.20	93.63
Non-significant in amount but in accordance with the characteristics of credit risk portfolio, the risk of the portfolio is high	1,061,709.89	1.05	1,061,709.89	1.34	2,364,868.65	2.53	2,364,868.65	2.95
Other non-significant receivables	<u>11,057,606.60</u>	<u>11.00</u>	<u>4,461,871.47</u>	<u>5.64</u>	<u>13,018,505.99</u>	<u>13.90</u>	<u>2,741,846.83</u>	<u>3.42</u>
Total	<u>100,566,688.53</u>	<u>100.00</u>	<u>79,068,146.57</u>	<u>100.00</u>	<u>93,643,758.73</u>	<u>100.00</u>	<u>80,231,734.68</u>	<u>100.00</u>

(2) Details of provision for bad debts of other accounts receivables that classified as individual significance amount or non-significant in amount but conduct impairment test individually:

Details of other accounts receivable	Book value	Amount of bad debts	Provision proportion%	Reasons
Minfa Securities	30,000,000.00	30,000,000.00	100.00	According to the Company's provision for bad debts accou

					ning policy
Hengxin Securities	29,502,438.53	29,502,438.53	100.00		According to the Company's provision for bad debts accounting policy
Capital-Bridge Securities	13,600,000.00	13,600,000.00	100.00		According to the Company's provision for bad debts accounting policy
Anhui Jinyang Media Co., Ltd	8,128,000.00	81,280.00	1.00		According to the Company's provision for bad debts accounting policy
Bozhou Gujing Pairuite Packaging Co., Ltd	<u>7,216,933.51</u>	<u>360,846.68</u>	5.00		According to the Company's provision for bad debts accounting policy
Total	<u>88,447,372.04</u>	<u>73,544,565.21</u>			

(3) Details of other accounts receivable that classified as non-significant in amount but in accordance with the characteristics of credit risk portfolio, the risk of the portfolio is high:

Age	Balance on 31 Dec 2009			Balance on 31 Dec 2008		
	Book value		Provision for bad	Book value		Provision for bad
	Amount	Proportion %	debts	Amount	Proportion %	debts
More than 3 years	<u>1,061,709.89</u>	<u>1.05</u>	<u>1,061,709.89</u>	<u>2,364,868.65</u>	<u>2.53</u>	<u>2,364,868.65</u>
Total	<u>1,061,709.89</u>	<u>1.05</u>	<u>1,061,709.89</u>	<u>2,364,868.65</u>	<u>2.53</u>	<u>2,364,868.65</u>

(4) There is no Other accounts receivable balance due from shareholders who own five or over five percent voting rights as at December 31, 2009.

(5) List the balance of top five other accounts receivable:

Company name	Relationship with the Company	Balance	Age	Proportion of total other accounts receivable %
Minfa securities	Non-related party	30,000,000.00	More than 3 years	29.83
Hengxin Securities	Non-related party	29,502,438.53	More than 3 years	29.34
Capital-Bridge Securities	Non-related party	13,600,000.00	More than 3 years	13.52
Anhui Jinyang Media Co., Ltd	Related party	8,128,000.00	Within 1 year	8.08
Bozhou Gujing Pairuite Packaging Co., Ltd	Non-related party	<u>7,216,933.51</u>	Within 1 year	<u>7.18</u>
Total		<u>88,447,372.04</u>		<u>87.95</u>

7. Inventory

(1) Details of inventory:

Items	Balance on 31 Dec 2009			Balance on 31 Dec 2008		
	Book value	Provision for impairment	Carrying value	Book value	Provision for impairment	Carrying value
Raw material and wrappage	49,712,215.95	5,585,827.22	44,126,388.73	107,262,274.22	11,007,706.20	96,254,568.02
Self-made semi-manufactured goods and work-in-process	283,993,834.13	0.00	283,993,834.13	302,628,477.80	20,492.31	302,607,985.49
Finished goods	40,700,389.02	2,590,482.74	38,109,906.28	74,959,710.54	1,710,903.08	73,248,807.46
Total	<u>374,406,439.10</u>	<u>8,176,309.96</u>	<u>366,230,129.14</u>	<u>484,850,462.56</u>	<u>12,739,101.59</u>	<u>472,111,360.97</u>

(2) Provision for Impairment

Items	Balance on 31 Dec	Provision in	Reversal in	Write off in	Balance on 31 Dec
Raw material and wrappage	11,007,706.20	5,585,827.22	0.00	11,007,706.20	5,585,827.22
Self-made semi-	20,492.31	0.00	0.00	20,492.31	0.00
Finished goods	<u>1,710,903.08</u>	<u>2,149,006.54</u>	<u>0.00</u>	<u>1,269,426.88</u>	<u>2,590,482.74</u>
Total	<u>12,739,101.59</u>	<u>7,734,833.76</u>	<u>0.00</u>	<u>12,297,625.39</u>	<u>8,176,309.96</u>

(3) The amount of provision for inventory impairment calculated basis on the differences between inventory carrying value on 31 December 2009, and the net realisable value . The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes and dues. The write off of provision for inventory impairment are caused by carry down delivered inventories.

8. Long-term equity investment

(1) Details of long-term equity investment

Items	Balance on 31 Dec 2009			Balance on 31 Dec 2008		
	Book value	Provision for impairment	Carrying value	Book value	Provision for impairment	Carrying value
Cost method	300,000.00	0.00	300,000.00	300,000.00	0.00	300,000.00
Total	<u>300,000.00</u>	<u>0.00</u>	<u>300,000.00</u>	<u>300,000.00</u>	<u>0.00</u>	<u>300,000.00</u>

Supplementary statement:

Name of investee	Initial investment cost	proportion of shareholding %	proportion of voting rights%	Explanation for the difference between shareholding	Cash dividends in yea

proportion and voting rights

proportion

I. Long-term equity investments

measured at cost method:

Anhui Gujing Hotel Management Co., Ltd	300,000.00	30.00	30.00	0.00
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(2) The long-term equity investment disclosed above, that belong to Shanghai Gujing Jinhao Hotel Management Co., Ltd, due to Shanghai Gujing Jinhao did not participate operation and management, therefore account by cost method.

9. Investment Property

Investment property adopt the cost model

<u>Items</u>	<u>Balance on 31</u>	<u>Increment</u>	<u>Decrement</u>	<u>Balance on 31</u>
	<u>Dec 2008</u>			<u>Dec 2009</u>
I. Total costs	<u>48,867,342.45</u>	<u>8,704,698.36</u>	<u>6,294,875.46</u>	<u>51,277,165.35</u>
①Buildings and structures	47,652,542.45	8,704,698.36	6,294,875.46	50,062,365.35
②Land use right	1,214,800.00	0.00	0.00	1,214,800.00
II. Total accumulated depreciation and accumulated amortization:	<u>18,796,421.96</u>	<u>4,370,733.18</u>	<u>3,162,087.05</u>	<u>20,005,068.09</u>
①Buildings and structures	18,687,104.12	4,346,479.75	3,162,087.05	19,871,496.82
②Land use right	109,317.84	24,253.43	0.00	133,571.27
III. Total net value :	<u>30,070,920.49</u>			<u>31,272,097.26</u>
①Buildings and structures	28,965,438.33			30,190,868.53
②Land use right	1,105,482.16			1,081,228.73
IV. Total accumulated impairment loss :	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
①Buildings and structures	0.00	0.00	0.00	0.00
②Land use right	0.00	0.00	0.00	0.00
V. Total carrying value	<u>30,070,920.49</u>			<u>31,272,097.26</u>
①Buildings and structures	28,965,438.33			30,190,868.53
②Land use right	1,105,482.16			1,081,228.73

Note: The reduction of investment property resulting from the changes of consolidation scope: historical cost of RMB3,879,821.52, accumulated depreciation of RMB1,634,586.88 and net carrying value of RMB2,245,234.64. The provision for depreciation and impairment of investment property for the year 2009 is RMB 2,539,020.09.

10. Fixed assets and accumulated depreciation

(1) Classification of fixed assets

<u>Items</u>	<u>Balance on 31 Dec</u>	<u>Increment</u>	<u>Decrement</u>	<u>Balance on 31 Dec</u>
	<u>2008</u>			<u>2009</u>
i . Total book values:	<u>1,058,625,189.23</u>	<u>33,450,372.48</u>	<u>300,543,838.21</u>	<u>791,531,723.50</u>
Buildings and structures	570,742,802.06	18,431,869.34	77,132,799.37	512,041,872.03
Machineries and equipments	376,196,927.55	9,754,934.68	192,875,396.98	193,076,465.25
Vehicles	26,558,590.18	2,927,788.22	5,645,585.34	23,840,793.06
Office equipment and others	85,126,869.44	2,335,780.24	24,890,056.52	62,572,593.16
ii . Total accumulated depreciation	<u>498,745,749.86</u>	<u>55,666,975.42</u>	<u>121,898,398.67</u>	<u>432,514,326.61</u>
Buildings and structures	258,131,160.63	24,294,180.73	26,134,818.49	256,290,522.87
Machineries and equipments	177,501,892.64	23,678,358.22	76,938,336.96	124,241,913.90
Vehicles	14,020,692.16	3,024,497.31	3,816,856.36	13,228,333.11
Office equipment and others	49,092,004.43	4,669,939.16	15,008,386.86	38,753,556.73
iii. Total net value	<u>559,879,439.37</u>			<u>359,017,396.89</u>
Buildings and structures	312,611,641.43			255,751,349.16
Machineries and equipments	198,695,034.91			68,834,551.35
Vehicles	12,537,898.02			10,612,459.95
Office equipment and others	36,034,865.01			23,819,036.43
iv . Total accumulated impairment loss	<u>27,779.58</u>	<u>1,766,845.57</u>	<u>27,779.58</u>	<u>1,766,845.57</u>
Buildings and structures	0.00	599,315.17	0.00	599,315.17
Machineries and equipments	27,779.58	1,167,530.40	27,779.58	1,167,530.40
Vehicles	0.00	0.00	0.00	0.00
Office equipment and others	0.00	0.00	0.00	0.00
v . Total carrying value	<u>559,851,659.79</u>			<u>357,250,551.32</u>
Buildings and structures	312,611,641.43			255,152,033.99

Machineries and equipments	198,667,255.33	67,667,020.95
Vehicles	12,537,898.02	10,612,459.95
Office equipment and others	36,034,865.01	23,819,036.43

Note: The reduction of fixed assets resulting from changes in the scope of consolidation including: historical cost of RMB254,863,800.56, accumulated depreciation of RMB 94,980,590.13, provision for impairment of RMB 27,779.58, the net carrying value of RMB 159,855,430.85. The increased accumulated depreciation of fixed assets including RMB 54,139,475.25, which is for current year.

(2) During current period, the amount of fixed assets that are transferred from completion of construction in progress is RMB 13,216,651.71.

(3) Details of temporary idle assets:

<u>Items</u>	<u>Book value</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment loss</u>	<u>Carrying value</u>	<u>Reason for not provide impairment</u>	<u>Estimated start use date</u>
Buildings and structures	44,072,413.83	34,918,220.25	0.00	9,154,193.58	No impairment loss exist	In the year 2010
Machineries and equipments	9,775,963.49	8,258,723.78	0.00	1,517,239.71	No impairment loss exist	In the year 2010
Total	<u>53,848,377.32</u>	<u>43,176,944.03</u>	<u>0.00</u>	<u>10,671,433.29</u>		

(4) The Company has no finance leased fixed assets during current period.

(5) Details of fixed assets leasing out by operating lease:

<u>Items</u>	<u>Book value</u>	<u>Accumulated depreciation</u>	<u>Net value</u>
Machineries and equipments	10,169,113.34	6,220,811.10	3,948,302.24
Vehicles	129,305.69	123,299.99	6,005.70
Electric Equipment and others	6,119,764.27	2,919,379.52	3,200,384.75
Total	<u>16,418,183.30</u>	<u>9,263,490.61</u>	<u>7,154,692.69</u>

(6) Details of fixed assets which have not completed the process of property right certificate:

<u>Item</u>	<u>Book value</u>	<u>Accumulated depreciation</u>	<u>Net value</u>
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Buildings and structures	<u>54,908,246.95</u>	<u>23,940,645.13</u>	<u>30,967,601.82</u>
Total	<u>54,908,246.95</u>	<u>23,940,645.13</u>	<u>30,967,601.82</u>

(7) The Company has no pledged and warranted fixed assets during current period.

(8) Assets held for sale

<u>Name of assets</u>	<u>Book value</u>	<u>Accumulated depreciation</u>	<u>Carrying value</u>	<u>Estimated expense of sales</u>	<u>Estimated date of sale</u>
Buildings and structures	<u>1,382,424.15</u>	<u>399,838.98</u>	<u>982,585.17</u>	Uncertainty	According to the contract
Total	<u>1,382,424.15</u>	<u>399,838.98</u>	<u>982,585.17</u>		

According to < The law of land administration of the People’s Republic of China>, <The law of Urban Real Estate administration of the People’s Republic of China>, <Anhui approach to state-owned land reserves> and the spirit comment by Government of Bozhou City on June 25, 2008, and consultation between State-owned land reserves center(“center”) of Bozhou and the ex-subsidiary Bozhou Gujing Printing Ltd, and sign an agreement of retake state-owned land for construction with compensation on July 10, 2008, the center retake the right of state-owned construction land, building, and attachment of East Bozhou Weiwu Avenue with compensation to the Bozhou Gujing Printing Ltd, that the land area are 27,611.6 square meter(about 41.4174 acres), the area of building and attachment are 15,157.45 square meter. The compensation paid by the centre are 14,207,842.23, which include compensation fee 1,863,783.00 for land and 12,344,059.23 for building and attachment ,the price is according to the estimated report which is issued by Anhui Jiandi Real Estate land evaluation Ltd on 30 April 2008 and 12 May 2008. The payable time is on the date of transfer the land by the centre completely, and the fee would be paid to Bozhou Gujing Printing Ltd once the transfer fees are collected.

Due to the reason of deregistration of Bozhou Gujing Printing Ltd, Bozhou Pairuite Package Ltd(“Pairuite”) will accept the right, and the company have not received the amount yet. According to the transfer shareholding agreement signed in Novemeber 2009, Jiangsu Xincheng Printing Developmet Co., Ltd decided to transfer shareholding of Pairuite, and in accordance with requirement of the agreement, the relevant rights and liabilities required in original contract, accepted by the Company.

Up to the reporting date, the risk and reward of above assets has not transferred yet.

11. Construction in progress

(1) Details of construction in progress

<u>Items</u>	<u>Balance on 31 Dec 2009</u>			<u>Balance on 31 Dec 2008</u>		
	<u>Book value</u>	<u>Provision for impairment</u>	<u>Carrying value</u>	<u>Book value</u>	<u>Provision for impairment</u>	<u>Carrying value</u>

Extract filtering wine pot project	150,000.00	0.00	150,000.00	60,000.00	0.00	60,000.00
Ruifuxiang flour project	0.00	0.00	0.00	40,251,482.32	0.00	40,251,482.32
Ruifuxiang thermoelectricity project	0.00	0.00	0.00	23,949,529.98	0.00	23,949,529.98
35T boiler transform project	0.00	0.00	0.00	6,998,527.61	0.00	6,998,527.61
Breweries Industrial Park	2,230,267.01	0.00	2,230,267.01	2,706,357.87	0.00	2,706,357.87
ERPsystem	0.00	0.00	0.00	1,232,791.50	0.00	1,232,791.50
Line renovation	901,891.20	0.00	901,891.20	0.00	0.00	0.00
Technically improvement project	0.00	0.00	0.00	0.00	0.00	0.00
Other projects	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>23,250.00</u>	<u>0.00</u>	<u>23,250.00</u>
Total	<u>3,282,158.21</u>	<u>0.00</u>	<u>3,282,158.21</u>	<u>75,221,939.28</u>	<u>0.00</u>	<u>75,221,939.28</u>

(2) Changes in construction in progress

<u>Name of projects</u>	<u>Budget value</u>	<u>Balance on 31</u>	<u>Increment</u>	<u>Transferred to</u>	<u>Other</u>	<u>Balance on 31</u>
		<u>Dec 2008</u>		<u>Fixed assets</u>	<u>decrement</u>	<u>Dec 2009</u>
Extract filtering wine pot project	876,929.48	60,000.00	150,000.00	60,000.00	0.00	150,000.00
Ruifuxiang flour project	74,410,000.00	40,251,482.32	7,877,221.31	0.00	48,128,703.63	0.00
Ruifuxiang thermoelectricity project	88,490,000.00	23,949,529.98	5,899,480.50	0.00	29,849,010.48	0.00
35T boiler transform project	7,550,000.00	6,998,527.61	100,000.00	7,098,527.61	0.00	0.00
Breweries Industrial Park	7,000,000.00	2,706,357.87	2,974,000.00	3,450,090.86	0.00	2,230,267.01
ERPsystem	4,100,000.00	1,232,791.50	67,448.90	0.00	1,300,240.40	0.00
Line renovation	1,000,000.00	0.00	901,891.20	0.00	0.00	901,891.20
Technically improvement project	2,584,783.24	0.00	2,584,783.24	2,584,783.24	0.00	0.00
Other projects	3,170,095.96	<u>23,250.00</u>	<u>0.00</u>	<u>23,250.00</u>	<u>0.00</u>	<u>0.00</u>
Total		<u>75,221,939.28</u>	<u>20,554,825.15</u>	<u>13,216,651.71</u>	<u>79,277,954.51</u>	<u>3,282,158.21</u>

Supplementary statement:

<u>Name of projects</u>	<u>Project input over its budget %</u>	<u>Achieved project schedule%</u>	<u>Accumulated interest capitalization</u>	<u>Including: interest</u>		
				<u>capitalization</u>	<u>Rate of interest</u>	<u>Sources of</u>
				<u>during current</u>	<u>capitalization%</u>	<u>financing</u>
				<u>period</u>		
Extract filtering wine pot project	100.00	82.89	0.00	0.00	0.00	Self-owned
Ruifuxiang flour project	64.68	70.00	1,231,301.62	304,997.32	6.12	Bank loan and self-owned
Ruifuxiang thermoelectricity proj	33.73	40.00	821,288.86	203,435.86	6.12	Bank loan and self-

ect						owned
35T boiler transform project	94.02	100.00	0.00	0.00	0.00	Self-owned
Breweries Industrial Park	81.15	60.74	0.00	0.00	0.00	Self-owned
ERPsystem	31.71	100.00	0.00	0.00	0.00	Self-owned
Line renovation	90.19	95%	0.00	0.00	0.00	Self-owned
Technically improvement project	100.00	100.00	0.00	0.00	0.00	Self-owned
Other projects	100.00	100.00	2,052,590.48	508,433.18	0.00	Self-owned

Note: Other changes of which refers to changes scope of the consolidation to reduce the construction in progress RMB77,977,714.11; ERP system project completion transferred to intangible assets RMB1,300,240.40.

12. Project Material

Items	Balance on 31 Dec 2008	Increment	Decrement	Balance on 31 Dec 2009
dedicated materials	8,000.00	0.00	8,000.00	0.00
dedicated equipments	<u>1,286,344.98</u>	<u>54,320.68</u>	<u>1,298,165.66</u>	<u>42,500.00</u>
Total	<u>1,294,344.98</u>	<u>54,320.68</u>	<u>1,306,165.66</u>	<u>42,500.00</u>

13. Intangible assets and accumulated amortization

(1) Intangible assets

Items	Balance on 31 Dec 2008	Increment	Decrement	Balance on 31 Dec 2009
i . Total book values:	<u>191,881,234.91</u>	<u>1,778,444.40</u>	<u>55,623,455.66</u>	<u>138,036,223.65</u>
Land use rights	153,731,234.91	0.00	55,623,455.66	98,107,779.25
Trade mark privileges	38,150,000.00	0.00	0.00	38,150,000.00
Software	0.00	1,778,444.40	0.00	1,778,444.40
ii . Total accumulated amortization:	<u>55,778,913.82</u>	<u>2,954,618.26</u>	<u>2,579,319.62</u>	<u>56,154,212.46</u>
Land use rights	18,058,913.82	2,694,273.82	2,566,819.62	18,186,368.02
Trade mark privileges	37,720,000.00	82,500.00	12,500.00	37,790,000.00
Software	0.00	177,844.44	0.00	177,844.44
iii . Total net value :	<u>136,102,321.09</u>	<u>0.00</u>	<u>0.00</u>	<u>81,882,011.19</u>
Land use rights	135,672,321.09	0.00	0.00	79,921,411.23
Trade mark privileges	430,000.00	0.00	0.00	360,000.00

Software	0.00	0.00	0.00	1,600,599.96
iv. Total accumulated impairment				
loss:	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Land use rights	0.00	0.00	0.00	0.00
Trade mark privileges	0.00	0.00	0.00	0.00
Software	0.00	0.00	0.00	0.00
v. Total carrying value:	<u>136,102,321.09</u>	<u>0.00</u>	<u>0.00</u>	<u>81,882,011.19</u>
Land use rights	135,672,321.09	0.00	0.00	79,921,411.23
Trade mark privileges	430,000.00	0.00	0.00	360,000.00
Software	0.00	0.00	0.00	1,600,599.96

Note: Current period the intangible assets impairment is RMB 2,954,618.26.

(2) During current period, there is no intangible asset which has restriction on right of ownership.

(3) Intangible assets held for sale

<u>Name of assets</u>	<u>Book value</u>	<u>Accumulated amortization</u>	<u>Carrying value</u>	<u>Estimated expense of sales</u>	<u>Estimated date of sale</u>
Land use rights	<u>7,678,872.00</u>	<u>528,121.79</u>	<u>7,150,750.21</u>	Uncertainty	In the year 2010
Total	<u>7,678,872.00</u>	<u>528,121.79</u>	<u>7,150,750.21</u>		

Note: The reason of intangible assets held for sale as at 31 December 2009, Please refer to V 10 (9) .

14. Long-term deferred expense

<u>Item</u>	<u>Balance on 31 Dec 2008</u>	<u>Increment</u>	<u>Amortization</u>	<u>Other decrement</u>	<u>Balance on 31 Dec 2009</u>
Decoration Fee	<u>2,372,932.77</u>	<u>0.00</u>	<u>461,634.04</u>	<u>1,911,298.73</u>	<u>0.00</u>
Total	<u>2,372,932.77</u>	<u>0.00</u>	<u>461,634.04</u>	<u>1,911,298.73</u>	<u>0.00</u>

Note: The other decrement is caused by the changes of consolidation scope.

15. Deferred tax assets

(1) Recognized of deferred tax assets

<u>Items</u>	<u>Balance on 31 Dec 2009</u>	<u>Balance on 31 Dec 2008</u>
Deferred tax assets:		

Bad debit provisions	731,428.07	1,265,338.57
Provision of impairment loss for inventory	2,044,077.48	327,368.78
Provision of impairment loss for fixed asset	0.00	6,944.90
Unrecognized profits or losses from intragroup transactions	1,513,083.34	0.00
Deductible losses	<u>17,551,404.38</u>	<u>0.00</u>
Total	<u>21,839,993.27</u>	<u>1,599,652.25</u>

(2) Details of temporary differences:

<u>Items</u>	<u>Amount of temporary differences</u>	
	<u>Balance on 31 Dec 2009</u>	<u>Balance on 31 Dec 2008</u>
Provision for bad debits	2,925,712.28	5,061,354.28
Provision of impairment loss for inventory	8,176,309.96	1,309,475.14
Provision of impairment loss for fixed asset	0.00	27,779.58
Unrecognized profits or losses from intragroup transactions	6,052,333.36	0.00
Deductible losses	<u>70,205,617.50</u>	<u>0.00</u>
Total	<u>87,359,973.10</u>	<u>6,398,609.00</u>

(3) Details of unrecognized deferred tax assets:

<u>Items</u>	<u>Balance on 31 Dec 2009</u>	<u>Remarks</u>
Provision for bad debits	19,523,419.63	
Provision of impairment loss for fixed asset	441,711.39	
Deductible losses	<u>8,779,644.84</u>	
Total	<u>28,744,775.86</u>	

(4) The deductible losses of unrecognized deferred tax assets in the following years at maturity

<u>Particular Year</u>	<u>Balance</u>	<u>Remarks</u>
Year 2010	7,884,786.97	
Year 2011	5,954,367.07	
Year 2012	10,177,307.33	

Year 2013	10,210,466.71
Year 2014	<u>891,651.27</u>
Total	<u>35,118,579.35</u>

16.Provision for assets impairment

Items	<u>Balance on 31</u>		<u>Decrement</u>			<u>Balance on 31</u>
	<u>Dec 2008</u>	<u>Increment</u>	<u>Reversal</u>	<u>Write-off</u>	<u>Other</u>	<u>Dec 2009</u>
					<u>decrement</u>	
Bad debit provisions	82,238,381.45	1,422,125.73	1,972,885.39	0.00	668,231.01	81,019,390.78
Provision of impairment						
loss for inventory	12,739,101.59	7,734,833.76	0.00	12,297,625.39	0.00	8,176,309.96
Provision of impairment						
loss for fixed asset	<u>27,779.58</u>	<u>1,766,845.57</u>	<u>0.00</u>	<u>0.00</u>	<u>27,779.58</u>	<u>1,766,845.57</u>
Total	<u>95,005,262.62</u>	<u>10,923,805.06</u>	<u>1,972,885.39</u>	<u>12,297,625.39</u>	<u>696,010.59</u>	<u>90,962,546.31</u>

17. Short-term loan

(1) Categories of Short-term loan

<u>Category</u>	<u>Balance on 31 Dec 2009</u>	<u>Balance on 31 Dec 2008</u>
Pledge bank loan	0.00	45,000,000.00
Guaranteed bank loan	<u>0.00</u>	<u>30,000,000.00</u>
Total	<u>0.00</u>	<u>75,000,000.00</u>

(2) Up to 31 December 2009, there is no overdue loan.

18.Accounts payable

(1) Age analysis

<u>Age</u>	<u>Balance on 31 Dec 2009</u>	<u>Balance on 31 Dec 2008</u>
Within 1 year	62,354,585.84	108,365,601.57
More than 1 year	<u>3,974,279.12</u>	<u>1,532,662.16</u>
Total	<u>66,328,864.96</u>	<u>109,898,263.73</u>

(2) The details of accounts payable, which is significant in amount and the account's age more than

one year:

<u>Name of company</u>	<u>Balance</u>	<u>Age</u>	<u>Outstanding reasons</u>	<u>Repayment after the balance sheet date</u>
Shenzhen City Guomei Paper Packaging Co., Ltd	567,569.82	1-3 years	Business termination	0.00
Liyang City Construction Installation Co.,Ltd	490,485.32	2-3 years	Project final payment	0.00
Shanghai Tianshi Print Co., Ltd	474,696.76	2-3 years	Business termination	0.00
Bozhou City Friendly Colour Printing Co., Ltd	408,509.35	1-3 years	Business termination	0.00
Tianshi Print (Shengzhen) Co., Ltd	<u>243,732.61</u>	2-3years	Business termination	<u>0.00</u>
Total	<u>2,184,993.86</u>			<u>0.00</u>

(3) There is no Accounts payable balance due to shareholders who own five or over five percent voting rights as at December 31, 2009.

(4) Details of accounts payable balance due to related parties please refer to VI.5.

19.Advance from customers

(1) Age analysis

<u>Age</u>	<u>Balance on 31 Dec 2009</u>	<u>Balance on 31 Dec 2008</u>
With in 1 year	91,095,280.57	52,147,196.59
More than 1 year	<u>7,204,942.73</u>	<u>6,270,453.89</u>
Total	<u>98,300,223.30</u>	<u>58,417,650.48</u>

(2) There is no Advance from customers balance due to shareholders who own five or over five percent voting rights as at December 31, 2009.

(3) The details of advance from customers, which is significant in amount and the account's age more than one year:

<u>Company name</u>	<u>Relationship with the Company</u>	<u>Balance</u>	<u>Age</u>	<u>Proportion of total advance from customers %</u>
Hua County Confectionery Wine and Tobacco Co., Ltd	Non-related party	342,400.00	1-2 years	0.35
Lai'an Shize Trade Company	Non-related party	300,120.00	1-2 years	0.31
Ningguo City Xingyuan Grocery Store	Non-related party	218,941.00	1-2 years	0.22

Yeji Test Site Hengxing Trade Business Department	Non-related party	188,800.00	1-2 years	0.19
Changheng County Huaheng Road Supermarket	Non-related party	<u>69,000.00</u>	1-2 years	<u>0.07</u>
Total		<u>1,119,261.00</u>		<u>1.14</u>

20. Payroll payables

<u>Items</u>	<u>Balance on 31 Dec 2008</u>	<u>Increased provision</u>	<u>Payment</u>	<u>Balance on 31 Dec 2009</u>
1. Salary, bonus and allowance	64,774,448.74	164,340,729.61	184,516,297.10	44,598,881.25
2. Employee welfare	0.00	13,732,973.80	13,732,973.80	0.00
3. Social insurance:	32,448,729.96	31,139,140.15	36,572,540.35	27,015,329.76
Including: ① Medical insurance	7,165,796.36	5,042,532.33	11,741,752.16	466,576.53
② Basic retirement insurance	24,324,409.72	23,247,599.78	22,210,288.67	25,361,720.83
③ Unemployment insurance	288,496.41	1,103,944.41	672,233.59	720,207.23
④ Injury insurance	620,504.32	789,449.64	1,002,202.81	407,751.15
⑤ Pregnancy insurance	49,523.15	955,613.99	946,063.12	59,074.02
4. Housing accumulation fund	1,413,559.31	20,656,771.03	5,666,908.73	16,403,421.61
5. Retire welfare	0.00	0.00	0.00	0.00
6. Labour union fee and employee education fee	5,101,945.15	5,129,798.45	4,639,848.49	5,591,895.11
7. Non-monetary welfare	0.00	2,722,238.54	2,722,238.54	0.00
8. Redemption of termination of labor contract	4,279,534.35	579,830.69	4,859,365.04	0.00
9. Others:	0.00	0.00	0.00	0.00
Including: share payment by cash	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>108,018,217.51</u>	<u>238,301,482.27</u>	<u>252,710,172.05</u>	<u>93,609,527.73</u>

(2) As at 31 December 2009, there is no payroll balance belongs to default amount. The reduction of RMB7,729,632.58 in this year due to the changes in scope of consolidation.

21 . Tax payable

<u>Types of tax</u>	<u>Balance on</u>	<u>Balance on</u>
	<u>31Dec 2009</u>	<u>31 Dec 2008</u>
VAT	35,464,119.82	20,692,904.98
Consumption tax	89,119,822.32	77,985,456.85
Business Tax	525,262.60	589,910.68
Urban construction tax	2,302,165.58	1,890,804.27
Corporation Tax	39,178,993.61	58,138,169.78
Property tax	0.00	56,381.52
Withholding of individual income tax	1,123,042.48	186,529.58
Stamp duty tax	0.00	207,126.28
Education Surcharge	1,647,934.12	1,364,951.88
Others	<u>1,178,015.72</u>	<u>542,087.76</u>
Total	<u>170,539,356.25</u>	<u>161,654,323.58</u>

22. Other accounts payable

(1) Age analysis

<u>Age</u>	<u>Balance on</u>	<u>Balance on</u>
	<u>31Dec 2009</u>	<u>31 Dec 2008</u>
Within 1 year	55,287,979.08	89,647,150.23
More than 1 year	<u>41,979,640.53</u>	<u>18,309,545.86</u>
Total	<u>97,267,619.61</u>	<u>107,956,696.09</u>

(2) The details of other accounts payable, which is significant in amount and the account's age more than one year:

<u>Company name</u>	<u>Balance</u>	<u>Age</u>	<u>Outstanding reasons</u>	<u>Repayment after the balance sheet date</u>
Anhui Ruijing Business Travel(Group) Co., Ltd	11,000,693.76	1-2 years	Not mature	0.00
Anhui Anzhen investment Co., Ltd	5,000,000.00	More than 3 years	Unable to contact creditor	0.00
Bozhou Jieyun Automobile Transportation Co., Ltd	600,000.00	1-2 years	Security deposit	0.00

Anhui Jingzhong Group Trade Co., Ltd	400,000.00	1-2 years	Security deposit	0.00
Jiangsu Xincheng Print Development Co., Ltd	<u>330,000.00</u>	1-2 years	Security deposit	<u>0.00</u>
Total	<u>17,330,693.76</u>			<u>0.00</u>

(3) Details of other accounts payable balance due to shareholders who own 5% or more than 5% voting right as at 31 December 2009 is as followed:

<u>Shareholder name</u>	<u>Balance</u>	<u>Age</u>	<u>Proportion of total other accounts receivable%</u>	<u>Arrearage reason</u>
				Transfer controlled shareholding of subsidiaries
Gujing Group	2,071,720.99	Within 1 year	2.13	

23. Non-current liabilities due within one year

(1) Category:

<u>Item</u>	<u>Balance on 31Dec 2009</u>	<u>Balance on 31 Dec 2008</u>
Long-term borrowings due within one year	<u>5,000,000.00</u>	<u>11,000,000.00</u>
Total	<u>5,000,000.00</u>	<u>11,000,000.00</u>

(2) Long-term borrowings due within one year

①Categories of long-term borrowing due within one year :

<u>Types</u>	<u>Balance on 31Dec 2009</u>	<u>Balance on 31 Dec 2008</u>
Pledge loan	<u>5,000,000.00</u>	<u>11,000,000.00</u>
Total	<u>5,000,000.00</u>	<u>11,000,000.00</u>

Details of pledge of the long-term borrowing due within one year please refer to VI. 4 (4) .

②The top five balance of long-term borrowing due within one year :

<u>Creditors</u>	<u>The start date</u>	<u>The termination date</u>	<u>Currency</u>	<u>Rate%</u>	<u>Balance on 31Dec 2009</u>	<u>Balance on 31Dec 2008</u>
CCB Bozhou	31.3.2005	30.3.2010	RMB	5.85	5,000,000.00	11,000,000.00

24. Long-term Loans

<u>Item</u>	<u>Balance on 31Dec 2009</u>	<u>Balance on 31 Dec 2008</u>
Pledge loan	<u>0.00</u>	<u>151,000,000.00</u>
Total	<u>0.00</u>	<u>151,000,000.00</u>

25. Other current liabilities

<u>Items</u>	<u>Total subsidies</u>	<u>Document of approval</u>	<u>Balance on 31 Dec 2008</u>	<u>Increment</u>	<u>Amortization</u>	<u>Other decrement</u>	<u>Balance on 31Dec 2009</u>
coal-fired industrial boiler and glass furnace saving energy renovation project	2,740,000.00	Fagaihuanzi[2007]No.2500	1,530,000.00	1,210,000.00	153,000.00	0.00	2,587,000.00
organic wastewater governance project	6,000,000.00	Caijian[2007]No.1476	6,000,000.00	0.00	0.00	6,000,000.00	0.00
wastewater governance comprehensive renovation project	2,400,000.00	Caijian[2008]No.925	2,400,000.00	0.00	0.00	2,400,000.00	0.00
Bozhou city logistics center project	<u>600,000.00</u>	<u>Fagaifuwu[2009]No.341</u>	<u>0.00</u>	<u>600,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>600,000.00</u>
Total	<u>11,740,000.00</u>		<u>9,930,000.00</u>	<u>1,810,000.00</u>	<u>153,000.00</u>	<u>8,400,000.00</u>	<u>3,187,000.00</u>

Note: The other decrement is due to the changes of consolidation scope.

26. Share capital

<u>Items</u>	<u>Chang in current year (+, -)</u>							<u>Unit of quantity:</u>
	<u>Balance on 31 Dec 2008</u>	<u>Allotment of shares</u>	<u>Bonus shares</u>	<u>Transfer reserve into shares</u>	<u>Relieve restriction on sales</u>	<u>Others</u>	<u>Subtotal</u>	<u>share</u>
(1) Unlisted shares								
① Sponsor shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Including:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares held by states	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares held by domesti	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

c legal persons								
Shares held by					0.00			
overseas legal persons	0.00	0.00	0.00	0.00		0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
② Raising shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
③ Internal staff shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
④ Preference shares or others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Including: Allotment of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Unlisted shares	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
(2) Listed shares								
Domestically listed RMB shares	51,500,000.00	0.00	0.00	0.00	123,500,000.00	0.00	123,500,000.00	175,000,000.00
Including: Executives shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Domestically listed foreign shares	60,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	60,000,000.00
Total Listed shares	<u>111,500,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>123,500,000.00</u>	<u>0.00</u>	<u>123,500,000.00</u>	<u>235,000,000.00</u>
(3) Restricted listed shares	<u>123,500,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-123,500,000.00</u>	<u>0.00</u>	<u>-123,500,000.00</u>	<u>0.00</u>
(4) Total shares	<u>235,000,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>235,000,000.00</u>

(1) The aforesaid listed shares are listed with face value RMB 1.00 each. There is no change of total shares during the report period.

(2) The Company issued <Announcement of release restriction shares by Anhui Gujing Distillery Company Limited> on July 24, 2009, 123,500,000 outstanding shares with restrict condition on disposal are listed in stock market on 29 July,2009. Up to December 31, 2008, outstanding shares with restrict condition on disposal are 123,500,000.

27. Capital Reserves

Categories	Balance on 31 Dec 2008	Increment	Decrement	Balance on 31 Dec 2009
Share premium	568,653,862.14	0.00	265,058,856.36	303,595,005.78
Other capital	<u>22,469,753.14</u>	<u>0.00</u>	<u>0.00</u>	<u>22,469,753.14</u>

reserves				
Total	<u>591,123,615.28</u>	<u>0.00</u>	<u>265,058,856.36</u>	<u>326,064,758.92</u>

Note:

The decrement amount is due to combination of Shanghai Gujing Jinhao Hotel Management Co., Ltd, which is under common control.

28. Surplus reserve

<u>Category</u>	<u>Balance on</u> <u>31 Dec 2008</u>	<u>Increment</u>	<u>Decrement</u>	<u>Balance on</u> <u>31Dec 2009</u>
Statutory surplus				
reserve	<u>52,283,759.34</u>	<u>17,693,522.15</u>	<u>0.00</u>	<u>69,977,281.49</u>
Total	<u>52,283,759.34</u>	<u>17,693,522.15</u>	<u>0.00</u>	<u>69,977,281.49</u>

29. Undistributed profits

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
Balance at the end of the year of 2008(Before adjustment)	60,135,327.85	25,558,460.48
Total adjustment for the balance at the beginning of the year of 2009	-5,575,074.87	-4,486,510.13
Balance at the beginning of the year of 2009(After adjustment)	54,560,252.98	21,071,950.35
Add: Current distributable net profits for owners of parent company	140,089,179.69	33,488,302.63
Less: Appropriation of statutory surplus reserves	17,693,522.15	0.00
Appropriation of discretionary surplus reserve	0.00	0.00
Appropriation of normal risk provision	0.00	0.00
Appropriation of ordinary shares dividend	0.00	0.00
Transfer from ordinary shares dividend to share capital	<u>0.00</u>	<u>0.00</u>
Undistributed profits at the end of the year of 2009	<u>176,955,910.52</u>	<u>54,560,252.98</u>

30. Operating Revenues and Operating Costs

(1) Operating Revenues and operating costs

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
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Main operating incomes	1,298,075,423.13	1,447,368,685.39
Other operating incomes	<u>43,350,906.30</u>	<u>17,259,886.30</u>
Total operating income	<u>1,341,426,329.43</u>	<u>1,464,628,571.69</u>
Main operating Costs	489,180,060.27	840,033,103.36
Other operating Costs	<u>36,521,160.55</u>	<u>16,098,628.56</u>
Total operating costs	<u>525,701,220.82</u>	<u>856,131,731.92</u>

(2) Main business (listed according to categories of products)

Products or categories	For year 2009			For year 2008		
	Operating incomes	Operating Costs	Operating profit	Operating incomes	Operating Costs	Operating profit
Wine	1,036,670,048.32	312,214,003.50	724,456,044.82	835,603,940.19	372,396,593.04	463,207,347.15
Alcohol	36,440,625.75	41,340,021.96	-4,899,396.21	241,340,120.29	215,369,564.46	25,970,555.83
Deep processing of farm products	26,016,262.50	23,410,821.53	2,605,440.97	139,149,690.80	117,563,446.66	21,586,244.14
Others	<u>198,948,486.56</u>	<u>112,215,213.28</u>	<u>86,733,273.28</u>	<u>231,274,934.11</u>	<u>134,703,499.20</u>	<u>96,571,434.91</u>
Total	<u>1,298,075,423.13</u>	<u>489,180,060.27</u>	<u>808,895,362.86</u>	<u>1,447,368,685.39</u>	<u>840,033,103.36</u>	<u>607,335,582.03</u>

(3) Main business (listed according to different districts)

Items	For year 2009				For year 2008	
	Operating incomes	Operating Costs	Operating incomes	Operating Costs	Operating incomes	Operating Costs
Northern mainland	126,546,873.17	41,612,173.94	84,934,699.23	112,629,038.46	69,522,618.11	43,106,420.35
Middle of mair	1,063,022,803.91	409,793,549.32	653,229,254.59	1,249,887,662.32	718,133,831.74	531,753,830.58
Southern mainland	105,367,219.97	34,647,707.82	70,719,512.15	28,800,219.92	17,777,535.16	11,022,684.76
Southeast Asia	<u>3,138,526.08</u>	<u>3,126,629.19</u>	<u>11,896.89</u>	<u>56,051,764.69</u>	<u>34,599,118.35</u>	<u>21,452,646.34</u>
Total	<u>1,298,075,423.13</u>	<u>489,180,060.27</u>	<u>808,895,362.86</u>	<u>1,447,368,685.39</u>	<u>840,033,103.36</u>	<u>607,335,582.03</u>

(4) Details of operating revenues from top five clients:

Clients name	Operating revenues	Proportion of total operating revenues%
The first	90,731,398.23	6.76
The second	33,870,470.37	2.52
The third	33,322,871.78	2.48
The fourth	21,432,481.78	1.60
The fifth	<u>20,913,930.74</u>	<u>1.56</u>

Total	<u>200,271,152.90</u>	<u>14.92</u>
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31. Business tax and surtax

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
Consumption tax	155,126,390.98	134,127,229.03
Business tax	5,263,143.63	5,052,636.99
Urban construction tax and Education surcharge	27,971,000.05	22,577,974.01
Flood protection fee	<u>70,004.96</u>	<u>42,863.49</u>
Total	<u>188,430,539.62</u>	<u>161,800,703.52</u>

Please refer to III taxation for the details of tax rate and scale.

32. Financial expenses

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
Interest expenses	6,158,845.69	18,502,232.71
Less: Interest Incomes	1,790,408.74	2,010,426.72
Exchange gain (or loss)	8,089.57	21,418.62
Bank charges	106,575.17	89,328.44
Total	<u>4,483,101.69</u>	<u>16,602,553.05</u>

33. Assets impairment loss

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
Bad debts	-550,759.66	3,750,366.23
Inventories impairment loss	7,734,833.76	3,163,784.52
Fixed assets impairment loss	<u>1,766,845.57</u>	<u>27,779.58</u>
Total	<u>8,950,919.67</u>	<u>6,941,930.33</u>

34. Investment income

<u>Source of investment income</u>	<u>For year 2009</u>	<u>For year 2008</u>
Gains from disposal of subsidiaries	3,918,553.39	97,297.83
Gains from held for trading financial assets	<u>196,140.14</u>	<u>0.00</u>
Total	<u>4,114,693.53</u>	<u>97,297.83</u>

35. Non-operating income

(1) Details of non-operating income:

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
Gains from disposal of non-current assets	159,986.84	1,079,650.04
Including: Gains from disposal of fixed assets	159,986.84	1,079,650.04
Government grants	2,451,455.54	2,499,700.00
Gains from penalties	2,463,502.23	4,982,513.91
Others	<u>2,046,132.96</u>	<u>2,349,330.34</u>
Total	<u>7,121,077.57</u>	<u>10,911,194.29</u>

(2) Government Grants

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>	<u>Explanation</u>
Subsidy received	721,360.00	1,600,000.00	
Returned tax	1,650,095.54	799,700.00	
Others	<u>80,000.00</u>	<u>100,000.00</u>	
Total	<u>2,451,455.54</u>	<u>2,499,700.00</u>	

36. Non-operating expenses

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
Loss on disposal of non-current assets	2,406,781.32	7,734,963.08
Include: Loss on disposal of fixed assets	2,406,781.32	7,734,963.08
Donation	0.00	274,075.00
Losses on scrap	3,658,335.73	0.00
Fines	69,970.95	5,980.00
Others	<u>115,426.23</u>	<u>255,360.39</u>
Totals	<u>6,250,514.23</u>	<u>8,270,378.47</u>

37. Income Tax Expense

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
Income Tax for current year	46,445,199.15	42,915,118.83
Deferred Income Tax Expense	<u>-20,491,217.10</u>	<u>-292,030.57</u>
Total	<u>25,953,982.05</u>	<u>42,623,088.26</u>

38. Calculation for Basic EPS and Diluted EPS

Reporting period profits	For year 2009		For year 2008	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net profits attributable to ordinary shareholders	0.60	0.60	0.14	0.14
Net profits attributable to ordinary shareholders that have deducted extraordinary profits or losses.	0.59	0.59	0.13	0.13

Basic Earnings Per Share = $P_0 \div S$

$$S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$$

Including: P_0 : is the net profits attributable to ordinary shareholders or net profits attributable to ordinary shareholders that have deducted extraordinary profits or losses; S : is weighted average number of ordinary shares outstanding during the period; S_0 : is the total number of ordinary shares outstanding at the beginning of the period; S_1 : is incremental ordinary shares issued as a result of the conversion of surplus to ordinary shares or distribution of shares dividend; S_i : is incremental ordinary shares issued as a result of the conversion of a debt instrument to ordinary shares or issued new shares; S_j : Decrement shares that are the number of ordinary shares bought back, etc; S_k : is the number of shrink stocks during the reporting period; M_0 : is the number of month during the reporting period; M_i : is the accumulative months that is from the next month of incremental shares to the month of end of reporting period; M_j is the accumulative months that is from the next month of decrement shares to the month of end of reporting period.

Diluted Earnings Per Share = $P_1 / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{weighted average number of increased ordinary shares from Options and warrants、Share options、Convertible debenture, etc})$

Including: P_1 : is the net profits attributable to ordinary shareholders or net profits attributable to ordinary shareholders that have deducted extraordinary profits or losses, and need to consider the effects of all dilutive potential ordinary shares, as well as adjusted according to <Enterprise Accounting Standard> and relevant policies.

40. Notes of cash flow statement

(1) Cash received related to other operating activities

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
Security Deposit	33,256,473.35	15,831,368.80
Government Grant	2,338,172.48	1,700,000.00
Others	<u>63,769,523.05</u>	<u>48,993,502.51</u>
Total	<u>99,364,168.88</u>	<u>66,524,871.31</u>

(2) Cash paid related to other operating activities

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
Advertisement fee	101,127,711.35	50,677,394.10
Business trip fee	18,188,345.95	17,229,479.31
Security Deposit	20,073,878.28	25,584,046.45
Transportation fee	11,574,328.42	15,302,394.25
Others	<u>65,228,101.07</u>	<u>57,191,562.57</u>
Total	<u>216,192,365.07</u>	<u>165,984,876.68</u>

41. Supplemental information for cash flow statement

(1) Supplemental information for cash flow statement

<u>(1) Adjusting net profit to cash flow from operating activities:</u>	<u>For year 2009</u>	<u>For year 2008</u>
Net profits	140,053,401.16	33,385,843.17
Add: Provision for assets impairment loss	8,950,919.67	6,941,930.33
Depreciation of fixed assets 、 oil and gas assets and productibility biological assets	56,678,495.34	83,179,065.49
Amortization of intangible assets	2,954,618.26	4,493,491.46
Amortization of Long-term deferred expenses	461,634.04	372,730.64
Loss on disposal of fixed assets 、 intangible assets and other long-term assets (The gain is listed beginning with “-“)	2,246,794.48	6,655,313.04
Losses on scraped fixed assets (The gain is listed beginni	3,658,335.73	0.00

ng with “-“)		
Losses from fluctuation in fair values (The gain is listed beginning with “-“)	0.00	0.00
Financial costs (The gain is listed beginning with “-“)	6,166,935.26	18,523,651.33
Losses on investment (The gain is listed beginning with “-“)	-4,114,693.53	-97,297.83
Decrease of deferred income tax assets (The increase is listed beginning with “-“)	-20,491,217.10	-292,030.57
Increase of deferred income tax liabilities (The decrease is listed beginning with “-“)	0.00	0.00
Decrease of inventories (The increase is listed beginning with “-“)	44,233,129.08	21,496,594.76
Decrease of operating receivables (The increase is listed beginning with “-“)	27,719,946.25	16,333,636.70
Increase of operating payables (The decrease is listed beginning with “-“)	81,421,431.28	50,962,055.26
Others	<u>0.00</u>	<u>0.00</u>
Net cash flow arising from operating activities	<u>349,939,729.92</u>	<u>241,954,983.78</u>
(2) <u>Significant investment and financing activities that not relate to cash flows:</u>		
Debts convert to capital	0.00	0.00
Convertible corporate bond due within 1 year	0.00	0.00
Finance leased fixed assets	0.00	0.00
(3) <u>Net increase (decrease) of cash and cash equivalents:</u>		
Ending balance of cash	361,051,750.67	278,660,158.54
Less: Beginning balance of cash	278,660,158.54	159,724,965.83
Add : Ending balance of cash equivalents	0.00	0.00
Less: Beginning balance of cash equivalents	<u>0.00</u>	<u>0.00</u>
Net increase of cash and cash equivalents	<u>82,391,592.13</u>	<u>118,935,192.71</u>

2. Details of acquirement or disposal of subsidiaries and other business units

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
I . Relevant informations of acquirement of subsidiaries and other business units:		
1. The price of acquirement of subsidiaries and other business units	301,008,300.00	0.00
2. Cash and cash equivalents payment for acquirement of subsidiaries and other business units	14,700,200.00	0.00
Less: Cash and cash equivalents held by the subsidiaries and other business units	5,954,793.51	0.00
3. Net cash payment for acquirement of subsidiaries and other business units	8,745,406.49	0.00
4. Net assets value of the acquired subsidiary	<u>49,906,854.63</u>	<u>0.00</u>
Current assets	8,508,369.41	0.00
Non-current assets	199,093,241.72	0.00
Current liabilities	31,694,756.50	0.00
Non-current liabilities	126,000,000.00	0.00
II . Relevant informations of disposal of subsidiaries and other business units:		
1. The price of disposal of subsidiaries and other business units	383,886,160.07	0.00
2. Cash and cash equivalents received from disposal of subsidiaries and other business units	48,742,661.45	0.00
Less: Cash and cash equivalents held by the subsidiaries and other business units	39,215,352.60	0.00
3. Net cash received from disposal of subsidiaries and other business units	9,527,308.85	0.00
4. Net assets value of the disposal subsidiary	345,079,494.59	<u>0.00</u>
Current assets	190,769,424.03	0.00
Non-current assets	310,391,146.55	0.00
Current liabilities	147,681,075.99	0.00
Non-current liabilities	8,400,000.00	0.00

3. Cash and cash equivalent

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
(1) Cash	361,051,750.67	278,660,158.54
Including: Cash on hand	86,054.97	336,605.66
unrestricted bank deposit	360,965,695.70	278,323,552.88
(2) Cash equivalents	0.00	0.00
Including: Bond investment due within three month	<u>0.00</u>	<u>0.00</u>
(3) Ending balance of cash and cash equivalents	<u>361,051,750.67</u>	<u>278,660,158.54</u>

42. Notes for Statement of Changes in Shareholders' Equity

The retrospective adjustments arising from business combinations under common control during the reporting period are listed below:

(1) Capital reserves

<u>Categories</u>	<u>Balance on 31 Dec 2008 (before adjustment)</u>	<u>Adjustment amount</u>	<u>Balance on 31 Dec 2008 (after adjustment)</u>
Share premium	510,021,915.56	58,631,946.58	568,653,862.14
Other capital reserves	<u>22,469,753.14</u>	<u>0.00</u>	<u>22,469,753.14</u>
Total	<u>532,491,668.70</u>	<u>58,631,946.58</u>	<u>591,123,615.28</u>

(2) Undistributed profits

<u>Item</u>	<u>Balance on 31 Dec 2008 (before adjustment)</u>	<u>Adjustment amount</u>	<u>Balance on 31 Dec 2008 (after adjustment)</u>
The beginning balance of the undistributed profits	<u>60,135,327.85</u>	<u>-5,575,074.87</u>	<u>54,560,252.98</u>

VI. Related party relationships and transactions

1. Details of the Company's parent company

<u>Parent company's name</u>	<u>Relationship with the Company</u>	<u>Type of enterprise</u>	<u>Place of registration</u>	<u>Authorized representative</u>	<u>Nature of business</u>	<u>Registered capital</u>
Gujing Group	Controlling shareholder	State-owned enterprises	Anhui Bozhou	Cao Jie	Beverage, Construction materials, and plastic productions manufacture	353,380,000.00

Supplementary statement:

<u>Parent company's name</u>	<u>Shareholding proportion%</u>	<u>Voting rights proportion%</u>	<u>The Company's final controller</u>	<u>Code of organization</u>
Gujing Group	61.15	61.15	Anhui Province, Bozhou City government	151947437

2. Details of the Company's subsidiaries

Please refer IV. 1 for details of the Company's subsidiaries.

3. Details of other related parties of the Company:

<u>Names</u>	<u>Relationships with the company</u>	<u>Code of organization</u>
Anhui Gujing Comprehensive Service Co., Ltd	Same controlling shareholder	151940040
Bozhou Zhenli Hengbao Co., Ltd	Same controlling shareholder	71395940-6
Gujing Tianshi Printing Co., Ltd	Same controlling shareholder	71395908-6
Gujing Jiufang Medicine Manufacture Co., Ltd	Same controlling shareholder	15194598-4
Anhui Ruijing Trade Travel(Group) Co., Ltd	Same controlling shareholder	14912443-1
Bozhou Gujing Thermoelectricity Co., Ltd	Same controlling shareholder	15194236-1
Anhui Ruijing Famous Wine Marketing Co., Ltd	Same controlling shareholder	667916375
Anhui Gujing Hotel (Group) Co., Ltd	Same controlling shareholder	15194483-4
Anhui JinYang Media Ltd	Same controlling shareholder	705048960
Anhui Bozhou Gujing Employee Hospital	Same controlling shareholder	777376154
Dongfang Ruijing Enterprise Investment Development Co., Ltd	Same controlling shareholder	768363191
Shanghai Ruijing Enterprise Development Co., Ltd	Same controlling shareholder	764296358
Anhui Ruijing Property Co., Ltd	Same controlling shareholder	697383485
Anhui Ruifuxiang Food Co., Ltd	Same controlling shareholder	779088922
Bozhou Gujing Hotel Co., Ltd	Same controlling shareholder	15194003-2

4. Related party transactions

(1) Purchase of goods and services:

<u>Related parties</u>	<u>Transaction types</u>	<u>Transaction details</u>	<u>For year 2009</u>		<u>For year 2008</u>	
			<u>Amount</u>	<u>The proportion of similar transactions</u>	<u>Amount</u>	<u>The proportion of similar</u>

				<u>(%)</u>		<u>transactions (%)</u>
	Accept labor					
Anhui JinYang Media Co.,Ltd	service	Advertisement	89,157,528.50	84.74	44,848,023.50	95.65
	Purchase of					
Anhui Ruifuxiang Food Co., Ltd	goods	Alcohol	15,420,309.76	100.00	0.00	0.00
		Water、				
Bozhou Gujing Thermoelectricity Co., Ltd	Purchase of goods	electricity and gas	8,770,453.50	47.62	33,977,052.14	81.17
Anhui Gujing Comprehensive Service Co., Ltd	Purchase of goods	Materials	0.00	0.00	15,422.40	0.00
Total			<u>113,348,291.76</u>		<u>78,840,498.04</u>	

(2) Sales of goods and services:

			<u>For year 2009</u>		<u>For year 2008</u>	
			<u>Amount</u>	<u>The proportion of similar transactions (%)</u>	<u>Amount</u>	<u>The proportion of similar transactions (%)</u>
<u>Related parties</u>	<u>Transaction types</u>	<u>Transaction details</u>				
Anhui Gujing Group Co., Ltd	Sales of goods	Material	56,665.54	0.66	478,078.18	3.00
		Water、				
		electricity and				
		gas and				
Anhui Gujing Comprehensive Service Co., Ltd	Sales of goods	Material	0.00	0.00	622,611.09	5.00
Bozhou Gujing Thermoelectricity Co., Ltd	Sales of goods	Wine	0.00	0.00	126,579.48	1.00
Gujing Jiufang Medicine Manufacture Co., Ltd	Sales of goods	Alcohol	0.00	0.00	958,066.67	7.00
		Water、				
		electricity and				
Bozhou Gujing Hotel Co., Ltd	Sales of goods	gas	210,347.88	2.47	360,258.56	3.00
Anhui Ruijing Vintage Wine Marketing Co., Ltd	Sales of goods	Wine	39,629,400.40	3.05	769.23	0.00
		Water、				
		electricity and				
Anhui Bozhou Gujing Employee Hospital	Sales of goods	gas	7,494.60	0.09	16,690.76	0.00
Total			<u>39,903,908.42</u>		<u>2,563,053.97</u>	

(3) Lease assets

<u>Lessor name</u>	<u>Lessee name</u>	<u>Termination</u>		<u>Lease incomes</u>	<u>Judgement for recognize lease income</u>
		<u>Start date of the lease</u>	<u>date of the lease</u>		

Shanghai Gujing Jinhao Hotel Management Co., Ltd	Dongfang Ruijing Enterprise Investment Development Co., Ltd	1-1-2009	31-12-2009	71,160.00	Market price
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(4) Guarantee by related parties

Up to 31 December 2009, Bozhou City Gujing Hotel Co., Ltd provided securities guarantees for the Company's non-current liability due within one year in amount RMB 5 million. Bozhou City Gujing Hotel Co., Ltd using their properties as mortgage.

(5) Replacement of assets

On 25 February 2009, according to the agreement with Gujing Group, the date of 31 August 2008 was set as benchmark date; the price of asset replaced out by the company is 286,308,100.00 that the value is determined according to No 004 of Kaiyuan(Jing)PingBaoZi[2008] <Value assessment report of Anhui Ruifuxiang Food Ltd 's Shareholder's equity>, which is issued by Kaiyuan Asset Evaluation Ltd in 6 October 2008; the price of replace in asset is 301,008,300.00 estimated according to No 003 of Kaiyuan(Jing)PingBaoZi[2008] Value assessment report of Shanghai Gujing Jinhao Hotel Administration Ltd's Shareholder's equity>. The difference of 14,700,200.00 would be paid to Gujing Group in cash by the company. Up to 31 December 2009, the transaction has completed.

(6) Transfer shareholding

On 25 November 2009, the Company according to the agreement with Anhui Ruijing Property Co., Ltd, the Company has transferred 92.77% shareholding of Gujing Hotel to Anhui Ruijing Property Co., Ltd, in accordance with the assessed value, the shareholding transferred in RMB16,583,600, up to 31 December 2009, the transaction has completed, and the Company has recognized investment income in RMB2,965,380.32 , that generated by above transfer shareholding transaction.

5. The details of account payables and receivables among related parties:

(1) The balance of payables and receivables among related parties

<u>Items</u>	<u>Related parties</u>	<u>Balance on 31 Dec 2009</u>	<u>Balance on 31 Dec 2008</u>
<u>Accounts receivable</u>			
	Gujing Group	0.00	55,835.00
	Bozhou zhenlihenbao Co., Ltd	0.00	4,925.00

Gujing Jiufang Medicine Manufacture Co., Ltd	0.00	85,277.20
Anhui RuijingTrade Travel(Group) Co.,Ltd	0.00	44,377.05
Bozhou Gujing Thermoelectricity Co., Ltd	0.00	1,453.00
<u>Other accounts</u>		
<u>receivable</u>		
Anhui Jin Yang Media Co.,Ltd	8,128,000.00	3,300,384.09
<u>Accounts payable</u>		
Anhui Gujing Comprehensive Service Co., Ltd	0.00	29,760.00
Anhui RuijingTrade Travel(Group) Co.,Ltd	0.00	5,843.20
Bozhou Gujing Thermoelectricity Co., Ltd	0.00	151,063.05
<u>Other accounts payable</u>		
Gujing Group	2,071,720.99	33,500,000.00
Anhui RuijingTrade Travel(Group) Co.,Ltd	13,006,128.51	7,296,446.16
Bozhou Gujing Thermoelectricity Co., Ltd	0.00	31,591.70

VII. Contingency

Up to 31 December 2009, there are no contingency events that needs to be disclosed.

VIII. Commitment

Up to 31 December 2009, there are no commitment events that needs to be disclosed.

IX. Events after the Balance Sheet Date

According to the profit distribution planning, that approved by the Fifth Board of Directors, Twentieth Meeting, that hold on March 31, 2010. Basis on the total 235 million shares in the year 2009, Using undistributed profits to issue cash dividend by RMB 3.50 per 10 shares.

As at the balance sheet date, except for the above events , there is no other significant events after the balance sheet date.

X. Other significant events

Gujing Group has apply proposal to Government of Bozhou about restructuring employee identity of the Group(including the company) by issue document of [2008]145 in 22 December 2008, which is approval by deliberation of interim meeting of Fifth Board of Director, second

Congress of Seventh trade union, the proposal is approval by Government of Bozhou in 26 December 2008 by No 116 of Bozhengmi[2008]. According to document approval by government and relate restructuring proposal, laborer who does not renew contract with the company and its subsidiaries Bozhou Feed Factory, Bozhou Gujing Sales Co., Ltd, Bozhou Gujing Transportation Co., Ltd Anhui Old Eight Big Distillery Co., Ltd, Hefei Gujing Trade Co., Ltd, Shanghai Gujing Trade Co., Ltd would compensate by the company; laborer renew contract with the company would award compensation fund which 30% is paid the company and 70% is paid by Gujing Group; deputy manager of department and important technique staff would award compensation fund from Gujing Group; for laborer from other subsidiaries, subsidiaries paid compensation fund in one time to those who do not renew contract, for those laborer who renew contract, subsidiaries respond to 30% of compensation fund that Gujing Group respond to the insufficient part of compensation fund belong to 2007, 2008 and salary relate to efficient of work, 70% of compensation fund is paid by Gujing Group. The number of employee involves to compensation fund of the company and subsidiaries are 5,508, and compensation fund is expect in 143 million, and will be paid according to the fact.

Except formulate mention above, other settlement allowance (including but not limited to social insurance of previous) because of restructuring will respond by Gujing Group.

Up to the reporting date, total amount of compensation fund RMB 149,075,656.65 has been paid to employee who release contract in one time or employee who did not release from contract, the company and subsidiaries respond for RMB 42,388,679.22, and Gujing Group respond for RMB 106,686,977.43, furthermore, the interest of balance of economic compensation is RMB 2,004,081.16, Gujing Group used to repay the modified pensions which of RMB36,329,390.80, that should be paid during 1 January 1996 to 30 June 2007.

XI. Main notes to financial statements of parent company

1. Accounts receivable

(1) Account receivable listed according to the categories:

<u>Categories</u>	<u>Balance on 31 Dec 2009</u>	
	<u>Book value</u>	<u>Provision for bad debts</u>

	<u>Balance</u>	<u>Proportion%</u>	<u>Balance</u>	<u>Proportion%</u>
Individual significant amounts	0.00	0.00	0.00	0.00
Non-significant in amount but in accordance with the characteristics of credit risk portfolio, the risk of the portfolio is high	0.00	0.00	0.00	0.00
Other non-significant receivables	<u>593,180.80</u>	<u>100.00</u>	<u>223,715.76</u>	<u>100.00</u>
Total	<u>593,180.80</u>	<u>100.00</u>	<u>223,715.76</u>	<u>100.00</u>

Supplementary statement:

Balance on 31 Dec 2008

<u>Categories</u>	<u>Book value</u>		<u>Provision for bad debts</u>	
	<u>Balance</u>	<u>Proportion%</u>	<u>Balance</u>	<u>Proportion%</u>
Individual significant amounts	0.00	0.00	0.00	0.00
Non-significant in amount but in accordance with the characteristics of credit risk portfolio, the risk of the portfolio is high	0.00	0.00	0.00	0.00
Other non-significant receivables	<u>153,831.00</u>	<u>100.00</u>	<u>3,452.62</u>	<u>100.00</u>
Total	<u>153,831.00</u>	<u>100.00</u>	<u>3,452.62</u>	<u>100.00</u>

(2) There is no Accounts receivable balance due from shareholders who own five or over five percent voting rights as at December 31, 2009.

2. Other accounts receivable

(1) Other accounts receivable listed according to the categories:

<u>Items</u>	<u>Balance on 31 Dec 2009</u>				<u>Balance on 31 Dec 2008</u>			
	<u>Book value</u>	<u>Proportion%</u>	<u>Provision for bad debts</u>	<u>Proportion%</u>	<u>Book value</u>	<u>Proportion%</u>	<u>Provision for bad debts</u>	<u>Proportion%</u>
Individual significant amounts	230,833,910.24	99.64	73,463,285.21	99.97	74,960,000.00	64.21	74,960,000.00	99.03
Non-significant in amount but in accordance with the characteristics of credit risk portfolio, the risk of the portfolio is high	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other non-significant receivables	<u>845,147.97</u>	<u>0.36</u>	<u>24,231.48</u>	<u>0.03</u>	<u>41,789,129.73</u>	<u>35.79</u>	<u>736,834.05</u>	<u>0.97</u>
Total	<u>231,679,058.21</u>	<u>100.00</u>	<u>73,487,516.69</u>	<u>100.00</u>	<u>116,749,129.73</u>	<u>100.00</u>	<u>75,696,834.05</u>	<u>100.00</u>

(2) Details of provision for bad debts of other accounts receivables that classified as individual significance amount or non-significant in amount but conduct impairment test individually:

<u>Details of other accounts</u>	<u>Book value</u>	<u>Amount of bad debts</u>	<u>Provision proportion%</u>	<u>Reasons</u>
<u>receivable</u>				
Minfa Securities	30,000,000.00	30,000,000.00	100	The securities has bankrupted
Hengxin Securities	29,502,438.53	29,502,438.53	100	The securities has bankrupted
Capital-Bridge Securities	13,600,000.00	13,600,000.00	100	The securities has bankrupted
Bozhou Gujing Pairuite Packaging Co., Ltd	7,216,933.51	360,846.68	5	According to the Company's provision for bad debts accounting policy
Shanghai Jinhao Hotel Management Co., Ltd	126,000,000.00	0.00	0	Not provided bad debts for intra-group companies
Bozhou Gujing Glass Co.,Ltd	<u>22,128,448.32</u>	<u>0.00</u>	0	Not provided bad debts for intra-group companies
Total	<u>228,447,820.36</u>	<u>73,463,285.21</u>		

(3) There is no Other accounts receivable balance due from shareholders who own five or over five percent voting rights as at December 31, 2009.

(4) List the amount of top five other accounts receivable:

<u>Company name</u>	<u>Relationships with the Company</u>	<u>Balance</u>	<u>Nature</u>	<u>Age</u>	<u>Proportion of total other accounts receivable%</u>
Shanghai Jinhao Hotel Management Co., Ltd	Subsidiary	126,000,000.00	Temporary borrowing	Within 1 year	54.39
Minfa Securities	Non related parties	30,000,000.00	Security deposit of national debentures	More than 3 years	12.95
Hengxin Securities	Non related parties	29,502,438.53	Security deposit of national debentures	More than 3 years	12.73

Bozhou Gujing Glass Co.,Ltd	Subsidiary	22,128,448.32	Intra –group transaction debts	More than 3 years	10.58
Capital-Bridge Securities	Non related parties	<u>13,600,000.00</u>	Security deposit of national debentures	More than 3 years	<u>5.87</u>
Total		<u>221,230,886.85</u>			<u>96.52</u>

(5) Details of other accounts receivable balance due from related parties:

<u>Company name</u>	<u>Relationships with the Company</u>	<u>Balance</u>	<u>Proportion of total other accounts receivable%</u>
Shanghai Jinhao Hotel Management Co., Ltd	Subsidiary	126,000,000.00	54.39
Bozhou Gujing Glass Co.,Ltd	Subsidiary	<u>22,128,448.32</u>	<u>10.58</u>
Total		<u>148,128,448.32</u>	<u>64.97</u>

3. Long-term equity investment

(1) Circumstance of the long-term equity investment

<u>Name of investee company</u>	<u>Accounting Method</u>	<u>Initial investment cost</u>	<u>Proportion of shareholding %</u>	<u>Proportion of voting rights%</u>	<u>Explanation for the difference between shareholding proportion and voting rights proportion</u>
Bozhou Gujing Sales Co., Ltd	cost method	84,428,042.21	100.00	100.00	
Bozhou Gujing Transportation Co., Ltd	cost method	6,875,743.00	99.00	99.00	
Bozhou Gujing Glass Co.,Ltd	cost method	65,795,666.00	99.00	99.00	
Anhui Old Eight Big Distillery Co., Ltd	cost method	28,000,000.00	93.00	93.00	
Bozhou Pairuite Packaging Co., Ltd	cost method	49,900,000.00	99.80	99.80	
Shanghai Gujing Trading Co., Ltd	cost method	9,900,000.00	99.00	99.00	
Anhui Ruifuxiang Food Co., Ltd	cost method	265,113,634.51	100.00	100.00	
Hefei Gujing Trading Co., Ltd	cost method	9,900,000.00	99.00	99.00	
Bozhou City Gujing Hotel Co., Ltd	cost method	16,271,917.40	92.77	92.77	
Shanghai Gujing Jinhao Hotel Management Co., Ltd	cost method	<u>49,906,854.63</u>	100.00	100.00	
Total		<u>586,091,857.75</u>			

Supplementary statement:

<u>Name of investee company</u>	<u>Balance on 31 Dec 2008</u>	<u>Changes in current</u> <u>year</u>	<u>Balance on 31 Dec 20</u> <u>09</u>	<u>Provision for</u>		<u>Cash dividend</u>
				<u>Provision</u> <u>for</u>	<u>impairment</u> <u>loss for</u> <u>current year</u>	
Bozhou Gujing Sales Co., Ltd	84,428,042.21	436,455.68	84,864,497.89	0.00	0.00	128,057,903.19
Bozhou Gujing Transportation Co., Ltd	6,875,743.00	0.00	6,875,743.00	0.00	0.00	0.00
Bozhou Gujing Glass Co.,Ltd	65,795,666.00	0.00	65,795,666.00	0.00	0.00	0.00
Anhui Old Eight Big Distillery Co., Ltd	28,000,000.00	-28,000,000.00	0.00	0.00	0.00	0.00
Bozhou Pairuite Packaging Co., Ltd	49,900,000.00	-49,900,000.00	0.00	0.00	0.00	0.00
Shanghai Gujing Trading Co., Ltd	9,900,000.00	0.00	9,900,000.00	0.00	0.00	0.00
Anhui Ruifuxiang Food Co., Ltd	265,113,634.51	-265,113,634.51	0.00	0.00	0.00	0.00
Hefei Gujing Trading Co., Ltd	9,900,000.00	0.00	9,900,000.00	0.00	0.00	403,467.78
Bozhou City Gujing Hotel Co., Ltd	16,271,917.40	-16,271,917.40	0.00	0.00	0.00	0.00
Shanghai Gujing Jinhao Hotel Management Co., Ltd	0.00	49,906,854.63	49,906,854.63	0.00	0.00	0.00
Total	<u>536,185,003.12</u>	<u>-308,942,241.60</u>	<u>227,242,761.52</u>	<u>0.00</u>	<u>0.00</u>	<u>128,461,370.97</u>

4. Operating Revenues and Operating Costs

(1) Operating Revenues and operating costs

<u>Items</u>	<u>For year 2009</u>	<u>For year 2008</u>
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Main operating incomes	671,408,073.63	564,516,475.71
Other operating incomes	<u>48,337,801.75</u>	<u>47,771,222.47</u>
Total operating income	<u>719,745,875.38</u>	<u>612,287,698.18</u>
Main operating Costs	334,858,251.68	405,746,865.60
Other operating Costs	<u>43,048,201.47</u>	<u>52,974,023.48</u>
Total operating costs	<u>377,906,453.15</u>	<u>458,720,889.08</u>

(2) Main business (listed according to categories of products)

<u>Name of product</u>	<u>For year 2009</u>		<u>For year 2008</u>	
	<u>Operating incomes</u>	<u>Operating Costs</u>	<u>Operating incomes</u>	<u>Operating Costs</u>
Wine	661,597,076.96	326,283,238.28	523,908,369.65	365,673,288.92
Alcohol	0.00	0.00	40,608,106.06	40,073,576.68
Sales of material	16,393,006.99	16,094,007.47	9,816,559.02	9,323,593.65
Sales of water、electricity and gas	8,330,919.31	9,436,093.24	6,834,036.09	9,603,835.42
Others	<u>33,424,872.12</u>	<u>26,093,114.16</u>	<u>31,120,627.36</u>	<u>34,046,594.41</u>
Total	<u>719,745,875.38</u>	<u>377,906,453.15</u>	<u>612,287,698.18</u>	<u>458,720,889.08</u>

(3) Details of operating revenues from top five clients:

<u>Clients name</u>	<u>Operating revenues</u>	<u>Proportion of total operating revenues%</u>
The first	654,333,484.15	90.91
The second	8,578,980.50	1.19
The third	1,236,968.30	0.17
The fourth	1,110,850.40	0.15
The fifth	<u>711,750.00</u>	<u>0.10</u>
Total	<u>665,972,033.35</u>	<u>92.52</u>

5、Investment income

(1) listed according to the source of investment income

<u>Source of investment income</u>	<u>For year 2009</u>	<u>For year 2008</u>
Remittance of profits from subsidiaries	128,461,370.97	112,305,752.38
Gains from disposal of subsidiaries	1,275,830.74	1,428,579.46
Gains from held for trading financial assets	<u>150,197.53</u>	<u>0.00</u>
Total	<u>129,887,399.24</u>	<u>113,734,331.84</u>

6. Supplemental information for cash flow statement

<u>Supplemental information</u>	<u>For year 2009</u>	<u>For year 2008</u>
1. Adjusting net profit to cash flow from operating activities:		
Net profits	180,931,102.28	40,670,530.26
Add: Provision for assets impairment loss	5,882,699.40	1,975,286.38
Depreciation of fixed assets、oil and gas assets and productibility biological assets	22,316,275.41	21,032,345.55
Amortization of intangible assets	974,914.28	793,964.84
Amortization of Long-term deferred expenses	0.00	0.00
Loss on disposal of fixed assets、intangible assets and other long-term assets (The gain is listed beginning with “-“)	2,429,803.13	1,884,551.03
Losses on scraped fixed assets (The gain is listed beginning with “-“)	3,658,335.73	0.00
Losses from fluctuation in fair values (The gain is listed beginning with “-“)	0.00	0.00
Financial costs (The gain is listed beginning with “-“)	2,545,193.26	4,523,605.00
Losses on investment (The gain is listed beginning with “-“)	-129,887,399.24	-113,734,331.84
Decrease of deferred income tax assets (The increase is listed beginning with “-“)	-18,947,861.18	0.00
Increase of deferred income tax liabilities (The decrease is listed beginning with “-“)	0.00	0.00
Decrease of inventories (The increase is listed beginning with “-“)	38,709,733.26	51,158,068.25
Decrease of operating receivables (The increase is listed beginning with “-“)	-173,348,100.97	98,567,891.96
Increase of operating payables (The decrease is listed beginning with “-“)	89,991,044.77	<u>-46,605,226.91</u>
Net cash flow arising from operating activities	<u>25,255,740.13</u>	<u>60,266,684.52</u>
2. Significant investment and financing activities that not relate to cash flows:		
Debts convert to capital	0.00	0.00

Convertible corporate bond due within 1 year	0.00	0.00
Finance leased fixed assets	0.00	0.00

3. Net increase (decrease) of cash and cash equivalents:

Ending balance of cash	279,382,070.44	160,876,265.53
Less: Beginning balance of cash	160,876,265.53	52,029,679.84
Add : Ending balance of cash equivalents	0.00	0.00
Less: Beginning balance of cash equivalents	<u>0.00</u>	<u>0.00</u>
Net increase of cash and cash equivalents	<u>118,505,804.91</u>	<u>108,846,585.69</u>

XII. Supplemental information

1. List of current extraordinary profits or losses

<u>Items</u>	<u>Amount</u>
Profits and losses from disposal non-current assets, including write off the provided assets impairment	-1,986,576.82
Tax return, relief from ultra vires approval or no formal approval file	0.00
The government subsidy recognized into current profit and loss, except those government subsidies that closely related to the Company's business, according to national policies, and according to standard unified quota or ration	2,451,455.54
The collected fees for possession of funds recognized into current profit and loss	0.00
Gains from the investment costs paid less than the acquirer's interest in the fair value of the bargainor's identifiable net assets(During acquire subsidiary、 joint venture and associates)	0.00
Profits and losses from exchange of non-monetary assets	0.00
Profits and losses from investment or management of assets entrusted to others	0.00
The provison for impairment of assets due to force majeure factors, such as incurred natural disasters	0.00
Profits and losses from debt restructuring	0.00
Restructuring expenses, such as replacement of employees 、 integration expenses, etc	0.00

Profits and losses from the any amount exceed fair values when there is non under fair value transactions	0.00
The net profits and losses of subsidiary that is from beginning of the period to the combination date, the subsidiary generated from the business combination that is under the same control	-3,150,017.09
Profits and losses from contingent events that irrelevant to the Company's normal business	0.00
Except for effective hedging operations that relevant to the Company's normal business, the profits and losses from fair value changes from held for trading financial assets and held for trading financial liabilities, as well as the investment gains from disposal held for trading financial assets、 held for trading financial liabilities and available-for-sale financial assets	196,140.14
Reversal of provision for impairment of receivable that carry impairemt test individually	0.00
Profits and losses from external entrusted loan	0.00
Profits and losses from fair value changes of investment property that adopt fair value model as subsequent measurement method	0.00
The impact on current profit and loss, that according to tax, accounting and other laws and regulations requirement to carry out one time adjustment for current profit and loss	0.00
Trustee fee income from entrusted operations	0.00
Other non operating income and expenses except from above mentioned items	4,324,238.01
Other profit and loss items that satisfied the definition of extraordinary profits or losses	0.00
Subtotal	<u>1,835,239.78</u>
Less: the amount from income tax effect	-192,107.13
the impact from minority interests	1,915.10
Total	<u>2,025,431.81</u>

3.Yield Rate of Net Assets and Earnings Per Share

<u>Profit in the report period</u>	<u>Weighted</u>	<u>Earnings Per Share(Yuan per share)</u>
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	<u>Average Yield Rate of Net</u>	<u>Basic EPS</u>	<u>Basic EPS</u>
	<u>Assets%</u>		
Net profits attributable to ordinary shareholders	16.95	0.60	0.60
Net profits attributable to ordinary shareholders that have deducted extraordinary profits or losses.	17.10	0.59	0.59

4. Reasons and explanation for extraordinary items of financial statements

(1) Monetary funds: the increase of 29.57% from the starting balance to closing balance, that is mainly due to increasing AR received during current year.

(2) Notes receivable: the decrease of 34.26% from the starting balance to closing balance, that is mainly due to increased transfer endorsed notes for purchase of materials.

(3) Accounts receivable: the decrease of 40.93% from the starting balance to closing balance, that is mainly due to changes in the consolidation scope.

(4) Advances to suppliers: the decrease of 72.67% from the starting balance to closing balance, that is mainly due to decreased material procurement.

(5) Construction in progress: the decrease of 95.64% from the starting balance to closing balance, that is mainly due to changes in the consolidation scope.

(6) Deferred tax assets: the increase of 12.65 times from the starting balance to closing balance, that is mainly due to the parent company obtained profits, and recognized deferred tax assets.

(7) Accounts payable: the decrease of 39.65% from the starting balance to closing balance, that is mainly due to decreased material procurement.

(8) Advances from customers: the increase of 68.27% from the starting balance to closing balance, that is mainly due to the Company's sales volume increased.

(9) Non current liabilities due within one year: the decrease of 54.55% from the starting balance to closing balance, that is mainly due to decreased long term borrowings due within one year.

(10) Long-term loan: the decrease of RMB 151,000,000.00 from the starting balance to closing balance, that is mainly due to repaid bank loan in current period.

(11) Other non current liabilities: the decrease of 67.91% from the starting balance to closing balance, that is mainly due to changes in the consolidation scope.

(12) Capital reserve: the decrease of 44.84% from the starting balance to closing balance, that is mainly due to under the common control business combination, the Company write off the capital reserves.

(13) Operating cost: the decrease of 38.60% from the previous reporting period to current reporting period, that is mainly due to changes in the consolidation scope.

(14) Selling expenses: the increase of 34.80% from the previous reporting period to current reporting period, that is mainly due to increased advertising expenses.

(15) Financial expenses: the decrease of 73.00% from the previous reporting period to current reporting period, that is mainly due to repaid the large amount of loans.

(16) Investment income: the increase of 41.29 times from the previous reporting period to current reporting period, that is mainly due to the Company obtained gains by disposal subsidiaries during current period.

(17) Income tax expenses: the increase of 39.11% from the previous reporting period to current reporting period, that is mainly due to the parent company obtained profits, and recognized deferred tax assets.

5.Approval of financial statements

This financial statement are approved and authorized for issuance by the Board of Directors on 31 March 2010.

Company name : Anhui Gujing Distillery Company

Chapter XI Documents Available for Reference

- I . Financial statements carrying the signatures and stamps of the Company's legal representative, the Chief Financial Officer and the person in charge of accounting.
- II . Original Auditor's Report stamped by the CPAs firm and signed and stamped by registered accountants.
- III. Original copies of all documents and the announcements thereof disclosed in the report period on China Securities Journal and Shanghai Securities News.
- IV. Other relevant documents.