

Anhui Gujing Distillery Company Limited

The First Quarterly Report 2011

§1 Important Notes

1.1 The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior executives of Anhui Gujing Distillery Company Limited (hereinafter referred to as “the Company”) guarantee that this report does not contain any false information, misleading statement or material omission and will take individual and/or joint liabilities for the factuality, accuracy and completeness of this report.

1.2 Financial statements for the first quarter of 2011 have not been audited by an accounting firm.

1.3 Mr. Yu Lin, principal of the Company, Mr. Ye Changqing, principal of the accounting work, and Ms. Xia Xueyun, person in charge of the accounting organ (chief accountant), hereby confirm that the financial statements enclosed in the quarterly report are factual and complete.

[English Translation for Reference Only. Should there be any discrepancy between the two versions, the Chinese version shall prevail.]

§ 2 Company Profile

2.1 Main accounting data and financial indices

Unit: RMB Yuan

	31 Mar. 2011	31 Dec. 2010	Increase/decrease
Total assets (Yuan)	2,164,137,050.32	1,857,931,814.00	16.48%
Owners' equity attributable to shareholders of the Company (Yuan)	1,216,633,680.06	1,049,475,547.82	15.93%
Share capital (share)	235,000,000.00	235,000,000.00	0.00%
Net assets per share attributable to shareholders of the Company (Yuan/share)	5.18	4.47	15.88%
	Jan.-Mar. 2011	Jan.-Mar. 2010	Increase/decrease
Gross revenue (Yuan)	941,428,281.84	566,478,312.99	66.19%
Net profit attributable to shareholders of the Company (Yuan)	167,158,132.24	75,281,653.13	122.04%
Net cash flows from operating activities (Yuan)	-9,490,044.01	104,945,472.37	-109.04%
Net cash flows per share from operating activities (Yuan/share)	-0.04	0.45	-108.89%
Basic EPS (Yuan/share)	0.71	0.32	121.88%
Diluted EPS (Yuan/share)	0.71	0.32	121.88%
Weighted average ROE (%)	14.75%	8.90%	5.85%
Weighted average ROE after deducting non-recurring gains and losses (%)	14.55%	8.62%	5.93%

Unit: RMB Yuan

Items of non-recurring gains and losses	Amount	Notes (if applicable)
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Non-business income	3,147,758.19	
Less: non-business expense	106,126.09	
Less: effect on income tax	760,408.03	
Total	2,281,224.07	-

2.2 As at the end of reporting period, the total number of shareholders and shareholding by the top ten shareholders with shares not subject to trading moratorium

Unit: share

Total number of shareholders at the end of the reporting period	12,679	
Shares held by the top ten shareholders not subject to trading moratorium		
Full name of shareholder	Shares not subject to trading moratorium held at the period-end	Type of share
ANHUI GUJING GROUP COMPANY LIMITED	135,702,011	RMB ordinary shares
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	6,901,904	Domestically listed foreign shares
KGI ASIA LIMITED	4,842,439	Domestically listed foreign shares
CHINA MERCHANTS SECURITIES (HK) CO., LTD	4,688,768	Domestically listed foreign shares
AGRICULTURAL BANK OF CHINA-SOOCHOW VALUE GROWTH DOUBLE POWER STOCK FUND	3,852,862	RMB ordinary shares
UBS (LUXEMBOURG) S.A.	3,698,317	Domestically listed foreign shares
INDUSTRIAL AND COMMERCIAL BANK OF CHINA-GALAXY YINTAI FINANCING DIVIDEND FUND	3,454,868	RMB ordinary shares
INDUSTRIAL AND COMMERCIAL BANK OF CHINA-SOOCHOW JIAHE ADVANCED MIXED TYPE OPEN-ENDED FUND	2,879,654	RMB ordinary shares
INDUSTRIAL AND COMMERCIAL BANK OF CHINA- TIANHONG SELECTED MIXED TYPE FUND	2,455,535	RMB ordinary shares
TRIVEST CHINA FOCUS MASTER FUND	2,272,197	Domestically listed foreign shares

§ 3 Significant Events

3.1 Significant changes in major accounting data, financial highlights and reasons for these changes.

✓ Applicable Non-applicable

1. Notes receivable were up 326.50% as compared to the opening amount, which was mainly because the sales income increased and notes were mainly adopted in settlement;
2. Accounts receivable were up 291.00% as compared to the opening amount, which was mainly because the sales income increased ;
3. Accounts received in advance were up 180.92% as compared to the opening amount, which was mainly due to increase of advances from customers;
4. Business taxes and surcharges were up 73.47% from a year earlier, which was mainly due to increase of the sales income;
5. Selling expense was up 55.65% from a year earlier, which was mainly because the Company

increased input for advertising and market expansion;

6. Administrative expense was up 52.60% from a year earlier, which was mainly due to increase of expenditures on plant area brightening, wages for employees and social security;

7. Financial expense was down 249.63% from a year earlier, which was mainly because interest paid for borrowings decreased while interest earnings from term deposits and structural deposits increased;

8. Income tax expense was up 108.69% from a year earlier, which was mainly due to decrease of the total profit for the reporting period;

9. Net profit was up 122.04% from a year earlier, which was mainly due to increase of the sales income.

10. Net cash flows from operating activities were down 109.04%, which was mainly because the sales notes were mainly adopted in bank's acceptance bill settlement.

3.2 Progress of significant events as well as their influence and solutions

3.2.1 Non-standard audit opinion

Applicable Inapplicable

3.2.2 The Company provides funds for the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedure

Applicable Inapplicable

3.2.3 Significant contracts signed and executed concerning routine operation

Applicable Inapplicable

3.2.4 Other

Applicable Inapplicable

3.3 Commitments made by the Company, its shareholders and actual controller

Commitments made by the Company, its directors, supervisors, senior executives, shareholders holding over 5% of the Company's shares, actual controller and other related parties in the reporting period, or such commitments carried down into the reporting period

Applicable Inapplicable

3.4 Warnings of possible loss or large-margin change of the accumulated net profit made during the period from the beginning of the year to the end of the next report period compared with the same period of the last year according to prediction, as well as explanations on the reasons

Applicable Inapplicable

3.5 Other significant events

Applicable Inapplicable

3.5.1 Securities investment

Applicable Inapplicable

3.5.2 Reception of research, interviews and visits in the reporting period

The Company received no field researches, interviews or written inquiries from investors during the reporting period.

3.6 Derivative Investment

Applicable Inapplicable

3.6.1 Derivatives held as at the end of the reporting period

Applicable Inapplicable

§4 Attachments

4.1 Balance sheet

Prepared by Anhui Gujing Distillery Company Limited

31 Mar. 2011

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Consolidation	The Company	Consolidation	The Company
Current Assets:				
Monetary funds	573,038,204.39	381,300,949.59	643,231,404.42	480,737,398.56
Settlement reserves				
Lendings to banks and other financial institutions				
Transactional financial assets				
Notes receivable	409,569,703.69	406,817,592.55	96,030,755.37	95,501,941.37
Accounts receivable	50,121,530.98	141,180.50	12,818,732.56	141,180.50
Accounts paid in advance	5,155,615.52	4,832,831.10	1,829,510.94	1,204,384.85
Premiums receivable				
Reinsurance premiums receivable				
Receivable reinsurance contract reserves				
Interest receivable				
Dividend receivable				
Other accounts receivable	65,191,786.08	266,537,769.48	77,890,785.60	267,012,565.97
Financial assets purchased under agreements to resell				
Inventories	444,961,886.26	408,806,864.46	452,879,486.68	415,921,177.10
Non-current assets due within 1 year				
Other current assets				
Total current assets	1,548,038,726.92	1,468,437,187.68	1,284,680,675.57	1,260,518,648.35
Non-current assets:				
Entrusted loans and advances granted				
Available-for-sale financial assets				
Held-to-maturity investments				
Long-term accounts receivable				
Long-term equity investment		227,891,408.32		227,891,408.32
Investing property	44,006,573.95	44,006,573.95	45,302,486.98	45,302,486.98
Fixed assets	343,140,592.81	131,297,398.66	340,073,469.76	124,128,116.13
Construction in progress	8,104,860.89	5,515,127.64	9,044,377.55	6,563,500.47
Engineering materials				
Disposal of fixed assets				
Production biological assets				
Oil-gas assets				
Intangible assets	196,683,230.94	70,359,752.34	154,446,392.29	27,308,645.11
R&D expense				

Goodwill				
Long-term deferred expenses	1,549,429.21	1,549,429.21	1,770,776.25	1,770,776.25
Deferred income tax assets	22,613,635.60	21,187,756.69	22,613,635.60	21,187,756.69
Other non-current assets				
Total of non-current assets	616,098,323.40	501,807,446.81	573,251,138.43	454,152,689.95
Total assets	2,164,137,050.32	1,970,244,634.49	1,857,931,814.00	1,714,671,338.30
Current liabilities:				
Short-term borrowings				
Borrowings from Central Bank				
Customer bank deposits and due to banks and other financial institutions				
Borrowings from banks and other financial institutions				
Transactional financial liabilities				
Notes payable				
Accounts payable	84,387,578.84	64,554,301.63	125,477,892.08	114,914,319.09
Accounts received in advance	257,015,678.32	539,064,959.82	91,491,403.51	300,050,355.69
Financial assets sold for repurchase				
Handling charges and commissions payable				
Employee's compensation payable	147,027,459.49	88,286,732.42	125,967,749.54	74,580,660.62
Tax payable	320,217,180.98	208,397,678.19	334,701,132.86	226,903,366.29
Interest payable				
Dividend payable				
Other accounts payable	133,018,320.42	45,567,161.76	125,010,186.17	55,588,232.84
Reinsurance premiums payable				
Insurance contract reserves				
Payables for acting trading of securities				
Payables for acting underwriting of securities				
Non-current liabilities due within 1 year				
Other current liabilities	1,087,038.38	692,250.19	1,257,788.19	863,000.00
Total current liabilities	942,753,256.43	946,563,084.01	803,906,152.35	772,899,934.53
Non-current liabilities:				
Long-term borrowings				
Bonds payable				
Long-term payables				
Specific payables				
Estimated liabilities				
Deferred income tax liabilities				
Other non-current liabilities	4,750,113.83	4,351,000.00	4,550,113.83	4,151,000.00
Total non-current liabilities	4,750,113.83	4,351,000.00	4,550,113.83	4,151,000.00
Total liabilities	947,503,370.26	950,914,084.01	808,456,266.18	777,050,934.53

Owners' equity (or shareholders' equity)				
Paid-up capital (or share capital)	235,000,000.00	235,000,000.00	235,000,000.00	235,000,000.00
Capital reserves	336,039,042.92	288,262,657.08	336,039,042.92	288,262,657.08
Less: Treasury stock				
Specific reserves				
Surplus reserves	97,283,190.70	92,180,930.43	97,283,190.70	92,180,930.43
Provisions for general risks				
Retained profits	548,311,446.44	403,886,962.97	381,153,314.20	322,176,816.26
Foreign exchange difference				
Total equity attributable to owners of the Company	1,216,633,680.06	1,019,330,550.48	1,049,475,547.82	937,620,403.77
Minority interests				
Total owners' equity	1,216,633,680.06	1,019,330,550.48	1,049,475,547.82	937,620,403.77
Total liabilities and owners' equity	2,164,137,050.32	1,970,244,634.49	1,857,931,814.00	1,714,671,338.30

4.2 Income statement

Prepared by Anhui Gujing Distillery Company Limited

Jan. - Mar. 2011

Unit: RMB Yuan

Items	Jan.-Mar. 2011		Jan.-Mar. 2010	
	Consolidation	The Company	Consolidation	The Company
I. Total operating revenues	941,428,281.84	555,599,718.45	566,478,312.99	327,905,847.75
Including: Sales income	941,428,281.84	555,599,718.45	566,478,312.99	327,905,847.75
Interest income				
Premium income				
Handling charge and commission income				
II. Total operating cost	722,099,801.28	448,289,585.09	467,368,972.04	282,863,004.59
Including: Cost of sales	240,266,709.53	233,134,564.38	163,655,228.92	141,931,767.05
Interest expenses				
Handling charge and commission expenses				
Surrenders				
Net claims paid				
Net amount withdrawn for the insurance contract reserve				
Expenditure on policy dividends				
Reinsurance premium				
Taxes and associate charges	147,019,532.28	139,625,655.73	84,753,534.24	80,782,730.70
Selling and distribution expenses	217,095,182.66		139,472,551.83	
Administrative expenses	124,075,764.99	78,865,985.21	81,305,983.68	60,827,487.62
Financial expenses	-6,357,388.18	-3,336,620.23	-1,818,326.63	-678,980.78
Asset impairment loss				
Add: Gain/(loss) from change in fair value ("-" means loss)				

Gain/(loss) from investment (“-” means loss)			232,608.14	177,764.48
Including: share of profits in associates and joint ventures				
Foreign exchange gains (“-” means loss)				
III. Business profit (“-” means loss)	219,328,480.56	107,310,133.36	99,341,949.09	45,220,607.64
Add: non-operating income	3,147,758.19	1,055,726.54	2,476,802.59	2,149,675.56
Less: non-operating expense	106,126.09	39,123.05	80,037.10	27,794.00
Including: loss from non-current asset disposal				
IV. Total profit (“-” means loss)	222,370,112.66	108,326,736.85	101,738,714.58	47,342,489.20
Less: Income tax expense	55,211,980.42	26,616,590.14	26,457,061.45	11,989,136.98
V. Net profit (“-” means loss)	167,158,132.24	81,710,146.71	75,281,653.13	35,353,352.22
Attributable to owners of the Company	167,158,132.24	81,710,146.71	75,281,653.13	35,353,352.22
Minority shareholders' income				
VI. Earnings per share				
(I) basic earnings per share	0.71	0.35	0.32	0.15
(II) diluted earnings per share	0.71	0.35	0.32	0.15
VII. Other comprehensive incomes				
VIII. Total comprehensive incomes	167,158,132.24	81,710,146.71	75,281,653.13	35,353,352.22
Attributable to owners of the Company	167,158,132.24	81,710,146.71	75,281,653.13	35,353,352.22
Attributable to minority shareholders				

Where there were business combinations under the same control in the reporting period, the combined parties achieved net profits of RMB 0.00 before the combinations.

4.3 Cash flow statement

Prepared by Anhui Gujing Distillery Company Limited

Jan. - Mar. 2011

Unit: RMB Yuan

Items	Jan.-Mar. 2011		Jan.-Mar. 2010	
	Consolidation	The Company	Consolidation	The Company
I. Cash flows from operating activities:				
Cash received from sale of commodities and rendering of service	586,868,716.66	346,419,870.58	520,156,442.62	358,518,844.04
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 deposits 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 borrowings from banks and other financial institutions				
Net increase of funds in repurchase business				
Tax refunds received	138,809.11		184,112.19	
Other cash received relating to operating activities	31,565,057.14	16,358,701.87	20,996,094.83	4,742,004.85
Subtotal of cash inflows from operating activities	618,572,582.91	362,778,572.45	541,336,649.64	363,260,848.89
Cash paid for goods and services	104,723,857.60	96,062,192.08	199,671,657.01	171,698,399.40
Net increase of customer lendings and advances				
Net increase of funds deposited in the central bank and amount due from banks				
Cash for paying claims of the original insurance contracts				
Cash for paying interest, handling charges and commissions				
Cash for paying policy dividends				
Cash paid to and for employees	57,143,445.33	27,493,783.36	33,714,288.97	19,572,165.03
Various taxes paid	345,406,524.42	253,758,704.52	150,558,596.32	100,743,883.72
Other cash payment relating to operating activities	120,788,799.57	27,143,193.56	52,446,634.97	7,963,297.91
Subtotal of cash outflows from operating activities	628,062,626.92	404,457,873.52	436,391,177.27	299,977,746.06
Net cash flows from operating activities	-9,490,044.01	-41,679,301.07	104,945,472.37	63,283,102.83
II. Cash flows from investing activities:				
Cash received from disposal of investments			397,590.00	283,075.00
Cash received from return on investments			232,608.14	177,764.48
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	64,799.30	3,275.55	8,000.00	
Net cash received from disposal of subsidiaries or other business units				
Other cash received relating to investing activities				

Subtotal of cash inflows from investing activities	64,799.30	3,275.55	638,198.14	460,839.48
Cash paid to acquire fixed assets, intangible assets and other long-term assets	60,767,955.32	57,760,423.45	2,440,007.10	2,999,929.00
Cash paid for investment				
Net increase of pledged loans				
Net cash paid to acquire subsidiaries and other business units				
Other cash payments relating to investing activities				
Subtotal of cash outflows from investing activities	60,767,955.32	57,760,423.45	2,440,007.10	2,999,929.00
Net cash flows from investing activities	-60,703,156.02	-57,757,147.90	-1,801,808.96	-2,539,089.52
III. Cash flows from financing activities:				
Cash received from capital contributions				
Including: Cash received from minority shareholder investments by subsidiaries				
Cash received from borrowings				
Cash received from issuance of bonds				
Other cash received relating to financing activities				
Subtotal of cash inflows from financing activities				
Repayment of borrowings			5,000,000.00	5,000,000.00
Cash paid for interest expenses and distribution of dividends or profit			79,200.00	79,200.00
Including: dividends or profit paid by subsidiaries to minority shareholders				
Other cash payments relating to financing activities				
Sub-total of cash outflows from financing activities			5,079,200.00	5,079,200.00
Net cash flows from financing activities			-5,079,200.00	-5,079,200.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents				
V. Net increase in cash and cash equivalents	-70,193,200.03	-99,436,448.97	98,064,463.41	55,664,813.31
Add: Cash and cash equivalents at the period-begin	643,231,404.42	480,737,398.56	361,051,750.67	279,382,070.44
VI. Cash and cash equivalents at the period-end	573,038,204.39	381,300,949.59	459,116,214.08	335,046,883.75

4.4 Auditor's report

Auditor's opinion: un-audited