

Anhui Gujing Distillery Company Limited

The First Quarterly Report 2012

§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 2012 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. 2012 | 31 Dec. 2011 | Increase/decrease (%) |
|---|------------------|------------------|-----------------------|
| Total assets (Yuan) | 4,314,015,510.03 | 4,241,819,550.30 | 1.70% |
| Owners' equity attributable to shareholders of the Company (Yuan) | 3,017,207,021.53 | 2,761,115,284.45 | 9.27% |
| Total share capital (share) | 251,800,000.00 | 251,800,000.00 | 0.00% |
| Net assets per share attributable to shareholders of the Company (Yuan/share) | 11.98 | 10.97 | 9.21% |
| | Jan.-Mar. 2012 | Jan.-Mar. 2011 | Increase/decrease (%) |
| Gross revenue (Yuan) | 1,318,602,541.17 | 941,428,281.84 | 40.06% |
| Net profit attributable to shareholders of the Company (Yuan) | 256,091,737.08 | 167,158,132.24 | 53.20% |
| Net cash flows from operating activities (Yuan) | -43,944,281.40 | -9,490,044.01 | -363.06% |
| Net cash flows per share from operating activities (Yuan/share) | -0.17 | -0.04 | -336.30% |
| Basic EPS (Yuan/share) | 1.02 | 0.71 | 43.66% |
| Diluted EPS (Yuan/share) | 1.02 | 0.71 | 43.66% |
| Weighted average ROE | 8.86% | 14.75% | -5.89% |
| Weighted average ROE after deducting non-recurring gains and losses | 8.75% | 14.55% | -5.80% |

Items of non-recurring gains and losses

Applicable Inapplicable

Unit: RMB Yuan

| Items of non-recurring gains and losses | Amount from 1 Jan. 2012 to 31 Mar. 2012 | Notes (if applicable) |
|---|---|-----------------------|
| Non-operating net income | 4,384,694.94 | |
| Effect on income tax | -1,096,173.74 | |
| Total | 3,288,521.20 | |

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 | 10,980 | |
|--|---|------------------------------------|
| 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 |
| KGI ASIA LIMITED | 5,183,214 | Domestically listed foreign shares |
| GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED | 4,495,704 | Domestically listed foreign shares |
| CHINA MERCHANTS SECURITIES (HK) CO., LTD | 4,325,012 | Domestically listed foreign shares |
| UBS (LUXEMBOURG) S.A. | 3,686,917 | Domestically listed foreign shares |
| TRIVEST CHINA FOCUS MASTER FUND | 3,275,143 | Domestically listed foreign shares |
| INDUSTRIAL AND COMMERCIAL BANK OF CHINA- GF WEALTH ACCUMULATION OPEN-ENDED EQUITY FUND | 3,000,000 | RMB ordinary shares |
| INDUSTRIAL AND COMMERCIAL BANK OF CHINA-GALAXY YINTAI FINANCING DIVIDEND FUND | 2,743,848 | RMB ordinary shares |
| INDUSTRIAL AND COMMERCIAL BANK OF CHINA- TIANHONG SELECTED MIXED TYPE FUND | 2,431,935 | RMB ordinary shares |
| AGRICULTURAL BANK OF CHINA-SOOCHOW VALUE GROWTH DOUBLE POWER STOCK FUND | 2,412,712 | RMB ordinary 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 at the period-end increased 42.18% over the year-begin, which was mainly because income increased and more transactions were settled with notes.
- (2) Interest receivable at the period-end decreased 100% over the year-begin, which was mainly because mature term deposits flowed in.
- (3) Construction in progress at the period-end increased 37.89% over the year-begin, which was mainly because of the on-going projects financed with raised funds and those with self-owned funds.
- (4) Accounts payable at the period-end decreased 44.95% over the year-begin, which was mainly because the Company paid for materials.
- (5) Accounts received in advance at the period-end increased 70.94% over the year-begin, which was mainly because sales expanded and goods payments received in advance increased accordingly.
- (6) Operating revenue for the reporting period increased 40.06% over the same period of last year, which was mainly because the sales volume of distilled spirit increased.
- (7) Operating cost for the reporting period increased 38.61% over the same period of last year, which was mainly because sales increased.
- (8) Business taxes and surtaxes for the reporting period increased 38.69% over the same period of last year, which was mainly because sales increased.
- (9) Selling expense for the reporting period increased 67.02% over the same period of

last year, which was mainly because the Company input more effort for sales promotion, causing higher expenses on services and advertising.

(10) Financial expense for the reporting period decreased 235.79% over the same period of last year, which was mainly because the note handling fees received by the Company and the interest income from structural deposits increased.

(11) Operating profit for the reporting period increased 58.54% over the same period of last year, which was mainly because sales income increased.

(12) Total profit for the reporting period increased 58.35% over the same period of last year, which was mainly because sales income increased.

(13) Income tax expense for the reporting period increased 73.91% over the same period of last year, which was mainly because total profit increased.

(14) Net profit for the reporting period increased 53.20% over the same period of last year, which was mainly because sales income increased.

(15) Net cash flows from operating activities for the reporting period decreased 363.06% over the same period of last year, which was mainly because the weight of settlements with notes increased and holdover taxes from 2011 were paid in the reporting period.

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 Non-applicable

| Raised investment project | Budget input (1) | Accumulative invested amount (2) | Investment progress as at the end of the period (3)=(2)/(1) | Change or not | Remark |
|--|------------------|----------------------------------|---|---------------|--------|
| Technological Transform on the Brewage of High-quality Base Wine | 12,194.42 | 1,509.79 | 12.38% | No | |
| Construction of Base Wine Blending & Filling Centre and Ancillary Facilities | 65,921.06 | 7,102.73 | 10.77% | No | |
| Construction of Marketing Network | 27,500.00 | 11,146.75 | 40.53% | No | |
| Construction of Brand Communication | 17,000.00 | 8,022.98 | 47.19% | No | |
| Total | 122,615.48 | 27,782.25 | 22.66% | No | |

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 reporting 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

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 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 Attachment

4.1 Balance sheet

Prepared by Anhui Gujing Distillery Company Limited

31 Mar. 2012

Unit: RMB Yuan

| Items | Closing Amount | | Opening amount | |
|--|------------------|------------------|------------------|------------------|
| | Consolidation | Parent Company | Consolidation | Parent Company |
| Current assets: | | | | |
| Monetary funds | 1,880,825,929.70 | 1,779,943,267.50 | 2,082,032,491.33 | 1,885,937,555.53 |
| Settlement reserves | | | | |
| Lendings to banks and other financial institutions | | | | |
| Transactional financial assets | | | | |
| Notes receivable | 697,464,258.23 | 688,364,258.23 | 490,543,018.49 | 481,125,332.25 |
| Accounts receivable | 38,817,660.94 | 7,342,972.46 | 37,685,831.22 | 1,857,487.49 |
| Accounts paid in advance | 282,036,073.00 | 195,522,238.03 | 233,262,710.73 | 148,873,681.27 |
| Premiums receivable | | | | |
| Reinsurance premiums receivable | | | | |
| Receivable reinsurance contract reserves | | | | |
| Interest receivable | | | 4,451,540.35 | 4,395,740.35 |
| Dividend receivable | | | | |
| Other accounts receivable | 11,453,186.99 | 191,971,944.78 | 7,882,417.86 | 263,635,938.96 |
| Financial assets | | | | |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| purchased under agreements to resell | | | | |
| Inventories | 557,823,278.87 | 516,293,171.77 | 578,157,069.43 | 545,878,714.66 |
| Non-current assets due within 1 year | | | | |
| Other current assets | | | | |
| Total current assets | 3,468,420,387.73 | 3,379,437,852.77 | 3,434,015,079.41 | 3,331,704,450.51 |
| 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 | | 267,989,408.32 | | 247,991,408.32 |
| Investing property | 32,242,497.23 | 32,242,497.23 | 32,558,410.26 | 32,558,410.26 |
| Fixed assets | 353,013,971.86 | 145,327,008.53 | 362,778,190.84 | 152,140,192.21 |
| Construction in progress | 183,420,195.37 | 189,339,586.04 | 133,017,100.51 | 132,982,180.51 |
| Engineering materials | | | | |
| Disposal of fixed assets | | | | |
| Production biological assets | | | | |
| Oil-gas assets | | | | |
| Intangible assets | 247,003,999.99 | 123,932,489.44 | 248,594,232.04 | 124,709,474.17 |
| R&D expense | | | | |
| Goodwill | | | | |
| Long-term deferred expenses | 8,736,386.15 | 4,001,985.89 | 9,678,465.54 | 4,536,265.22 |
| Deferred income tax assets | 21,178,071.70 | 20,167,034.56 | 21,178,071.70 | 20,167,034.56 |
| Other non-current assets | | | | |
| Total of non-current assets | 845,595,122.30 | 783,000,010.01 | 807,804,470.89 | 715,084,965.25 |
| Total assets | 4,314,015,510.03 | 4,162,437,862.78 | 4,241,819,550.30 | 4,046,789,415.76 |
| 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 | 121,022,939.98 | 105,213,707.46 | 219,823,856.45 | 225,568,150.93 |
| Accounts received in advance | 231,790,342.70 | 958,229,443.67 | 135,597,187.88 | 590,174,171.08 |
| Financial assets sold for repurchase | | | | |
| Handling charges and commissions payable | | | | |
| Employee's compensation payable | 170,111,229.31 | 82,135,674.04 | 192,762,077.27 | 102,876,125.19 |
| Tax payable | 506,751,123.29 | 283,087,043.47 | 671,079,511.43 | 446,265,127.40 |
| Interest payable | | | | |
| Dividend payable | | | | |
| Other accounts payable | 255,100,166.37 | 98,353,074.85 | 248,890,018.78 | 89,012,417.91 |
| 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 | 1,556,781.56 | 1,348,500.00 | 2,075,708.75 | 1,798,000.00 |
| Total current liabilities | 1,286,332,583.21 | 1,528,367,443.49 | 1,470,228,360.56 | 1,455,693,992.51 |
| Non-current liabilities: | | | | |
| Long-term borrowings | | | | |
| Bonds payable | | | | |
| Long-term payables | | | | |
| Specific payables | | | | |
| Estimated liabilities | | | | |
| Deferred income tax liabilities | | | | |
| Other non-current liabilities | 10,475,905.29 | 10,354,500.20 | 10,475,905.29 | 10,354,500.20 |
| Total non-current liabilities | 10,475,905.29 | 10,354,500.20 | 10,475,905.29 | 10,354,500.20 |
| Total liabilities | 1,296,808,488.50 | 1,538,721,943.69 | 1,480,704,265.85 | 1,466,048,492.71 |
| Owners' equity (or shareholders' equity) | | | | |
| Paid-up capital (or share capital) | 251,800,000.00 | 251,800,000.00 | 251,800,000.00 | 251,800,000.00 |
| Capital reserves | 1,546,738,493.19 | 1,498,962,107.35 | 1,546,738,493.19 | 1,498,962,107.35 |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Less: Treasury stock | | | | |
| Specific reserves | | | | |
| Surplus reserves | 147,070,297.60 | 141,968,037.33 | 147,070,297.60 | 141,968,037.33 |
| Provisions for general risks | | | | |
| Retained profits | 1,071,598,230.74 | 730,985,774.41 | 815,506,493.66 | 688,010,778.37 |
| Foreign exchange difference | | | | |
| Total equity attributable to owners of the Company | 3,017,207,021.53 | 2,623,715,919.09 | 2,761,115,284.45 | 2,580,740,923.05 |
| Minority interests | | | | |
| Total owners' equity | 3,017,207,021.53 | 2,623,715,919.09 | 2,761,115,284.45 | 2,580,740,923.05 |
| Total liabilities and owners' equity | 4,314,015,510.03 | 4,162,437,862.78 | 4,241,819,550.30 | 4,046,789,415.76 |

4.2 Income statement

Prepared by Anhui Gujing Distillery Company Limited Jan. - Mar. 2012 Unit: RMB Yuan

| Items | Jan.-Mar. 2012 | | Jan.-Mar. 2011 | |
|---|------------------|----------------|----------------|----------------|
| | Consolidation | The Company | Consolidation | The Company |
| I. Total operating revenues | 1,318,602,541.17 | 801,383,474.80 | 941,428,281.84 | 555,599,718.45 |
| Including: Sales income | 1,318,602,541.17 | 801,383,474.80 | 941,428,281.84 | 555,599,718.45 |
| Interest income | | | | |
| Premium income | | | | |
| Handling charge and commission income | | | | |
| II. Total operating cost | 970,874,208.54 | 734,477,989.72 | 722,099,801.28 | 448,289,585.09 |
| Including: Cost of sales | 333,021,724.15 | 325,780,827.50 | 240,266,709.53 | 233,134,564.38 |
| 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 | 203,896,317.96 | 202,578,858.39 | 147,019,532.28 | 139,625,655.73 |
| Selling and distribution expenses | 362,599,634.15 | 160,000,085.42 | 217,095,182.66 | |
| Administrative | 92,703,872.45 | 55,225,336.74 | 124,075,764.99 | 78,865,985.21 |

| | | | | |
|--|----------------|---------------|----------------|----------------|
| expenses | | | | |
| Financial expenses | -21,347,340.17 | -9,107,118.33 | -6,357,388.18 | -3,336,620.23 |
| Asset impairment loss | | | | |
| Add: Gain/(loss) from change in fair value (“-” means loss) | | | | |
| Gain/(loss) from investment (“-” means loss) | | | | |
| Including: share of profits in associates and joint ventures | | | | |
| Foreign exchange gains (“-” means loss) | | | | |
| III. Business profit (“-” means loss) | 347,728,332.63 | 66,905,485.08 | 219,328,480.56 | 107,310,133.36 |
| Add: non-operating income | 4,790,792.59 | 3,495,035.95 | 3,147,758.19 | 1,055,726.54 |
| Less: non-operating expense | 406,097.65 | 84,471.00 | 106,126.09 | 39,123.05 |
| Including: loss from non-current asset disposal | | | | |
| IV. Total profit (“-” means loss) | 352,113,027.57 | 70,316,050.03 | 222,370,112.66 | 108,326,736.85 |
| Less: Income tax expense | 96,021,290.49 | 27,341,053.99 | 55,211,980.42 | 26,616,590.14 |
| V. Net profit (“-” means loss) | 256,091,737.08 | 42,974,996.04 | 167,158,132.24 | 81,710,146.71 |
| Attributable to owners of the Company | 256,091,737.08 | 42,974,996.04 | 167,158,132.24 | 81,710,146.71 |
| Minority shareholders' income | | | | |
| VI. Earnings per share | | | | |
| (I) basic earnings per share | 1.02 | 0.17 | 0.71 | 0.35 |
| (II) diluted earnings per share | 1.02 | 0.17 | 0.71 | 0.35 |
| VII. Other comprehensive incomes | | | | |
| VIII. Total comprehensive incomes | 256,091,737.08 | 42,974,996.04 | 167,158,132.24 | 81,710,146.71 |
| Attributable to owners of the Company | 256,091,737.08 | 42,974,996.04 | 167,158,132.24 | 81,710,146.71 |
| Attributable to minority shareholders | | | | |

4.3 Cash flow statement

Prepared by Anhui Gujing Distillery Company Limited

Jan. - Mar. 2012

Unit: RMB Yuan

| Items | Jan.-Mar. 2012 | | Jan.-Mar. 2011 | |
|--|------------------|------------------|----------------|----------------|
| | Consolidation | The Company | Consolidation | The Company |
| I. Cash flows from operating activities: | | | | |
| Cash received from sale of commodities and rendering of service | 1,362,864,829.02 | 1,001,871,652.26 | 586,868,716.66 | 346,419,870.58 |
| 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 | |
| Other cash received relating to operating activities | 51,475,126.56 | 26,409,516.42 | 31,565,057.14 | 16,358,701.87 |
| Subtotal of cash inflows from operating activities | 1,414,339,955.58 | 1,028,281,168.68 | 618,572,582.91 | 362,778,572.45 |
| Cash paid for goods and services | 478,336,140.51 | 459,798,991.87 | 104,723,857.60 | 96,062,192.08 |
| 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 | 105,398,201.61 | 68,712,747.47 | 57,143,445.33 | 27,493,783.36 |
| Various taxes paid | 702,280,109.38 | 370,956,513.07 | 345,406,524.42 | 253,758,704.52 |
| Other cash payment relating to operating activities | 172,269,785.48 | 58,203,934.92 | 120,788,799.57 | 27,143,193.56 |
| Subtotal of cash outflows from operating activities | 1,458,284,236.98 | 957,672,187.33 | 628,062,626.92 | 404,457,873.52 |
| Net cash flows from operating activities | -43,944,281.40 | 70,608,981.35 | -9,490,044.01 | -41,679,301.07 |
| II. Cash flows from investing activities: | | | | |
| Cash received from disposal of investments | | | | |
| Cash received from return on investments | | | | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 386,600.00 | 327,600.00 | 64,799.30 | 3,275.55 |
| 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 | 386,600.00 | 327,600.00 | 64,799.30 | 3,275.55 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 157,648,880.23 | 156,932,869.38 | 60,767,955.32 | 57,760,423.45 |
| Cash paid for investment | | 19,998,000.00 | | |
| 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 | 157,648,880.23 | 176,930,869.38 | 60,767,955.32 | 57,760,423.45 |
| Net cash flows from investing activities | -157,262,280.23 | -176,603,269.38 | -60,703,156.02 | -57,757,147.90 |
| 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 | | | | |
| Cash paid for interest expenses and distribution of dividends or profit | | | | |
| Including: dividends or profit paid by subsidiaries to minority shareholders | | | | |
| Other cash payments relating to financing activities | | | | |
| Subtotal of cash outflows from financing activities | | | | |
| Net cash flows from financing activities | | | | |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | | | |
| V. Net increase in cash and cash equivalents | -201,206,561.63 | -105,994,288.03 | -70,193,200.03 | -99,436,448.97 |
| Add: Cash and cash equivalents at the period-begin | 2,082,032,491.33 | 1,885,937,555.53 | 643,231,404.42 | 480,737,398.56 |
| VI. Cash and cash equivalents at the period-end | 1,880,825,929.70 | 1,779,943,267.50 | 573,038,204.39 | 381,300,949.59 |

4.4 Auditor's report
Auditor's opinion: un-audited