



ANHUI GUJING DISTILLERY COMPANY LIMITED

2014 Semi-annual Report

August 2014

Section I. Important Reminders, Contents & Definition

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of Anhui Gujing Distillery Company Limited (hereinafter referred to as “the Company”) warrant that this report is factual, accurate and complete without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

All directors attended the board session for reviewing this report.

The Company plans not to distribute cash dividends or bonus shares or turn capital reserve into share capital.

Liang Jinhui, company principal, Ye Changqing, chief of the accounting work, and Zhu Jiafeng, chief of the accounting organ (chief of accounting), hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

This report involves futures plans and some other forward-looking statements, which shall not be considered as virtual promises to investors. Investors are kindly reminded to pay attention to possible risks.

This report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

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Definition

Term	Refers to	Definition
Company, the Company, Gu Jing	Refers to	Anhui Gujing Distillery Company Limited
Group, the Group	Refers to	Anhui Gujing Distillery Company Limited (consolidated)
Gujing Group	Refers to	Anhui Gujing Group Co., Ltd.

Section II. Company Profile

I. Basic information of the Company

Stock abbreviation	GJGJ, GJGB	Stock code	000596, 200596
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	安徽古井贡酒股份有限公司		
Abbr. of the Chinese name of the Company (if any)	古井		
English name of the Company (if any)	ANHUI GUJING DISTILLERY COMPANY LIMITED		
Abbr. of the English name of the Company (if any)	GU JING		
Legal representative of the Company	Liang Jinhui		

II. Contact information

	Company Secretary	Securities Affairs Representative
Name	Ye Changqing	Ma Junwei
Contact address	Gujing Town, Bozhou City, Anhui Province	Gujing Town, Bozhou City, Anhui Province
Tel.	(0558) 5712231	(0558) 5710057
Fax	(0558) 5317706	(0558) 5317706
E-mail	ycq@gujing.com.cn	gjzqb@gujing.com.cn

III. Other information

1. Ways to contact the Company

Did any change occur to the registered address, office address and their postal codes, website address and email address of the Company during the reporting period?

Applicable Inapplicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2013 Annual Report.

2. About information disclosure and where this report is placed

Did any change occur to information disclosure media and where this report is placed during the reporting period?

Applicable Inapplicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2013

Annual Report.

3. Change of the registered information

Did any change occur to the registered information during the reporting period?

Applicable Inapplicable

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the reporting period. The said information can be found in the 2013 Annual Report.

Section III. Highlights of Accounting Data & Financial Indicators

I. Major accounting data and financial indicators

Does the Company adjust retrospectively or restate accounting data of previous years due to change of any accounting policy or correction of any accounting error?

Yes No

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	2,390,158,949.76	2,306,954,677.39	3.61%
Net profit attributable to shareholders of the Company (RMB Yuan)	357,806,197.58	375,752,833.11	-4.78%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	349,115,748.43	366,358,371.54	-4.71%
Net cash flows from operating activities (RMB Yuan)	-76,213,052.44	142,716,150.70	-153.40%
Basic EPS (RMB Yuan/share)	0.71	0.75	-5.33%
Diluted EPS (RMB Yuan/share)	0.71	0.75	-5.33%
Weighted average ROE (%)	9.33%	10.94%	-1.61%
	As at the end of the reporting period	As at the end of last year	+/- (%)
Total assets (RMB Yuan)	5,908,898,994.97	5,816,934,562.27	1.58%
Net assets attributable to shareholders of the Company (RMB Yuan)	3,927,285,740.25	3,742,756,257.05	4.93%

II. Differences between accounting data under domestic and overseas accounting standards

1. Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Applicable Inapplicable

No difference.

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Applicable Inapplicable

No difference.

III. Items and amounts of extraordinary gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	-1,103,550.62	
Capital occupation charges on non-financial enterprises that were recorded into current gains and losses	1,625,047.54	
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of the Company	283,228.08	
Non-operating income and expenses other than the above	10,782,540.53	
Less: Income tax effects	2,896,816.38	
Total	8,690,449.15	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Inapplicable

No such cases during the reporting period.

Section IV. Report of the Board of Directors

I. Overview

In the first half of 2014, adjustment in the distilled spirit industry continued to deepen, with innovation and transformation speeding up. The Board of Directors of the Company had a calm mind in studying and judging the big picture and made adjustments to adapt. Centering on the values of “be honest, make good wine, make ourselves better and make the world better”, we further freed our mind, transformed our ideology, enhanced management and deepened our exploration of markets, which enlarged the market share, improved the operation and management capability and helped realize the normal operation of the main business of distilled spirit. For the reporting period, the Company achieved operating revenues of RMB 2,390,158,949.76, up 3.61% year on year; and net profits of RMB 357,806,197.58, down 4.78% from the same period of last year.

II. Main business analysis

YoY change of major financial data:

Unit: RMB Yuan

	Reporting period	Same period of last year	YoY +/-%	Main reasons for change
Operating revenues	2,390,158,949.76	2,306,954,677.39	3.61%	
Operating costs	734,083,360.31	726,521,456.89	1.04%	
Selling expenses	706,159,566.91	617,749,743.85	14.31%	
Administrative expenses	239,125,781.91	178,529,442.62	33.94%	
Financial expenses	-32,364,892.13	-34,200,295.79	-5.37%	
Income tax expenses	126,941,933.36	133,976,868.93	-5.25%	
Net cash flows from operating activities	-76,213,052.44	142,716,150.70	-153.40%	
Net cash flows from investing activities	-204,715,450.66	-1,013,354,196.93	-79.80%	
Net cash flows from financing activities		-251,800,000.00	-100.00%	The equity distribution for 2013 was carried out in this July.
Net increase in cash and cash equivalents	-280,928,503.10	-1,122,438,046.23	-74.97%	

Major changes to the profit structure or sources of the Company during the reporting period:

Applicable Inapplicable

No major changes occurred to the profit structure or sources of the Company during the reporting period.

Reporting period progress of the future development planning in the disclosed documents of the Company such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.:

Applicable Inapplicable

The Company did not mention any future planning for the reporting period in its disclosed documents such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.

Review the progress of any previously disclosed business plan in the reporting period:

Naught

III. Breakdown of main business

Unit: RMB Yuan

	Operating revenues	Operating costs	Gross profit rate	Increase/decrease of operating revenues over last year	Increase/decrease of operating costs over last year	Increase/decrease of gross profit rate over last year
Classified by industry:						
Manufacture	2,368,129,229.88	713,705,869.42	69.86%	3.22%	-0.15%	1.02%
Classified by product:						
Distilled spirit products	2,326,086,139.93	687,121,871.32	70.46%	3.27%	0.01%	0.96%
Hotel revenue	35,011,065.89	20,656,528.88	41.00%	5.32%	1.87%	2.00%
Other	7,032,024.06	5,927,469.22	15.71%	-17.84%	-20.45%	2.77%
Classified by region:						
Domestic	2,368,129,229.88	713,705,869.42	69.86%	3.22%	-0.15%	1.02%

IV. Core competitiveness analysis

No major change occurred to the core competitiveness of the Company during the reporting period.

V. Investment analysis**1. Investments in equities of external parties****(1) Investments in external parties**

Applicable Inapplicable

There was no investment in external parties of the reporting period.

(2) Equity-holdings in financial enterprises

Applicable Inapplicable

There was no equity-holding in financial enterprise of the reporting period.

(3) Securities investments

Applicable Inapplicable

Variety of securities	Code of securities	Name of securities	Initial investment cost	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Closing book value	Gain/losses for reporting	Accounting title	Source of stock
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Stock	Code	Company	(RMB Yuan)	held at period-begin	change at period-begin	held at period-end	change at period-end	(RMB Yuan)	change period (RMB Yuan)	Category	Source
Stock	002374	LPGF	25,199,993.00	1,938,461	1.82%	3,489,229	1.82%	28,053,401.16	0.00	Available-for-sale financial assets	Subscription
Stock	002720	LDRS	9,790.00	1,000	0.00%	1,000	0.00%	17,060.00		Trading financial assets	Subscription
Stock	002727	YXT	12,200.00	1,000	0.00%	1,000	0.00%	12,200.00		Trading financial assets	Subscription
Total			25,221,983.00	1,940,461	--	3,491,229	--	28,082,661.16	0.00	--	--
Disclosure date of the board announcement on approval of the securities investment											
Disclosure date of the general meeting announcement on approval of the securities investment (if any)											

Explain equity-holdings in other listed companies

Applicable Inapplicable

The equities of other listed companies the Company held at the period-end.

2. Wealth management entrustment, derivative investments and entrustment loans

(1) Wealth management entrustment

Applicable Inapplicable

There was no any wealth management entrustment of the Company of the reporting period.

(2) Derivative investments

Applicable Inapplicable

Unit: RMB Ten Thousand Yuan

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment	Actual gain/loss in reporting period

										amount in the Compan y's closing net assets	
		No	Reverse repurcha se of national debt	0			8,000		0	0.00%	390.51
Total				0	--	--	8,000		0	0.00%	390.51
Source of the entrusted funds				Self-owned funds of the Company							
Cases involving lawsuit (if applicable)				Naught							
Disclosure date of the board announcement approving the wealth management entrustment (if any)				30 Aug. 2013							
Disclosure date of the board of shareholders announcement approving the wealth management entrustment (if any)											
Analysis on risks and control measures of derivative products held in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)				The Company had controlled the relevant risks strictly according to the Derivatives Investment Management System.							
Changes of market prices or fair values in the reporting period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.				Naught							
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the reporting period compared to the previous reporting period				Naught							
Specific opinion from independent directors on the Company's				The sustainable development of the main business and the sufficient free idle money, the Company increased the profits through investing in the							

derivatives investment and risk control	reasonable financial derivative instruments, which was in favor of improving the service efficiency of the idle funds; in order to reduce the investment risks of the financial derivative instruments, the Company had set up corresponding supervision mechanism for the financial derivative instrument business and formulated reasonable accounting policy as well as specific principles of financial accounting; the derivative Investment business developed separately took national debts as mortgage object, which was met with the cautious and steady risks management principle and the interest of the Company and shareholders.
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(3) Entrustment loans

Applicable Inapplicable

There was no entrustment loan of the Company of the reporting period.

3. Particulars about the use of raised funds**(1) Overview of the use of raised funds**

Applicable Inapplicable

Unit: RMB Ten Thousand Yuan

Total amount of raised funds	122,749.95
Total amount of raised funds input in the reporting period	2,258.64
Total amount of raised funds accumulatively input	96,815.36
Explanation on overview of the use of raised funds	
The Company's raised funds were used stably as scheduled, without any changes.	

(2) Projects promised to be invested with raised funds

Applicable Inapplicable

Unit: RMB Ten Thousand Yuan

Projects invested with raised capital as promised and investments with over-raised capital	Project changed or not (including partially changed)	Raised capital input as promised	Investment after adjustment (1)	Input in the reporting year	Accumulative input up to the period-end (2)	Investment progress up to the period-end (3)= (2)/(1)	Date when the project reaches the expected usable condition	Profit generated in the reporting period	Reach the expected profit or not	Material change in the project feasibility or not
Projects invested with raised capital as promised										

Technological Transform on the Brewage of High-quality Base Wine	No	13,500	12,194.42	65.9	9,368.14	76.82%	30 Apr. 2014			
Construction of Base Wine Blending & Filling Centre and Ancillary Facilities	No	68,600	65,921.06	1,943.77	53,225.12	80.74%	30 Apr. 2014			No
Construction of Marketing Network	No	27,500	27,500	248.97	17,197.04	62.53%	30 Apr. 2014			No
Construction of Brand Promotion	No	17,000	17,000	0	17,025.06	100.15%	31 Dec. 2012			No
Subtotal of promised investment projects	--	126,600	122,615.48	2,258.64	96,815.36	--	--		--	No
Investments of over-raised capital										
Total	--	126,600	122,615.48	2,258.64	96,790.3	--	--	0	--	--
Reason for failing to reach scheduled progress or projected income (explain one project by one project)	Naught									
Explanation on significant changes in feasibility of projects	There was no such situation of the reporting period.									
Amount, usage and usage progress of over-raised capital	Inapplicable									
Change of the implementation location of any raised funds investment project	Inapplicable									
Adjustment of the implementation method of any raised funds investment project	Inapplicable									
Advanced input and exchange of any raised funds	Applicable									
	In accordance with the explanation of the Particulars on the Private Issuance of A-share of Anhui Gujing Distillery Co., Ltd. and the Listing Announcement, "Before the raised									

investment project	proceeds being in place, the Company can use the self-raised proceeds to input preliminarily in accordance with the actual progress of raised proceeds investment projects; after the raised proceeds being in place, the Company can use the raised proceeds to replace the self-raised proceeds preliminarily input". And the Proposal on Using the Raised Proceeds to Replace the Self-raised Proceeds Preliminarily Input to the Raised Proceeds Investment Projects was reviewed and approved at the 7 th Session of the 6 th Board of Directors, which agreed to use the raised proceeds to replace the self-raised proceeds of RMB 27,058,143.42 preliminarily input to the raised proceeds investment projects. The above funds replacement was completed on 6 Jan. 2012.
Idle raised capital for temporarily supplementing working capital	Inapplicable
Outstanding raised funds in project implementation and reasons	Applicable 1. The Company strictly executed the purchase system and project bidding way, which better controlled the cost of project construction and purchase, and under the premise of guaranteeing the project quality as well as based on the saving principle, the Company further strengthen the expense control, supervision and administration of the project in the process of the execution that reduced the total cost of the raised-funds investment project. 2. The surplus of the marketing network construction project was due to the great changes of the liqueur market environment and the gradually mature of the third party logistics system, at the same time in order to reduce the fixed operation cost, the Company would no longer execute the Hefei logistics center project, which caused the capital surplus of the project.
Usage and whereabouts of unused raise capital	In order to exert the maximum economic benefits of the raised funds, reduce the financial cost and increase the financial cost, the Company permanent supplemented the circulating fund with surplus raised funds and interest of 14,580.66million yuan and at the same time kept the outstanding contract amount and the retained quality guarantee deposit etc. which was of 17,204.30million yuan into the raised funds account that paid according to the contract agreement.
Problems found in the usage and disclosure affairs of raised capital and other situations	Naught.

(3) Change of projects invested with raised funds

Applicable Inapplicable

There was no change of projects invested with raised funds of the Company of the reporting period.

(4) Projects invested with raised funds

Overview of the project	Disclosure date	Index for the disclosed information
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Technological Transform on the Brewage of High-quality Base Wine	29 Nov. 2010	http://www.cninfo.com.cn/
Construction of Base Wine Blending & Filling Centre and Ancillary Facilities	29 Nov. 2010	http://www.cninfo.com.cn/
Construction of Marketing Network	29 Nov. 2010	http://www.cninfo.com.cn/
Construction of Brand Promotion	29 Nov. 2010	http://www.cninfo.com.cn/

4. Analysis to main subsidiaries and stock-participating companies

√ Applicable □ Inapplicable

Main subsidiaries and stock-participating companies

Unit: RMB Yuan

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Bozhou Gujing Sales Co., Ltd	Subsidiary	Business trading	Wholesales of distilled spirit, construction materials, feeds and assistant materials	84,860,000.00	1,393,378,165.08	379,719,256.70	2,326,362,282.45	311,553,404.93	236,849,555.23

5. Particulars about significant projects invested by non-raised funds

√ Applicable □ Inapplicable

Unit: RMB Ten Thousand Yuan

Name of project	Total planned amount of investment	Amount of input during the reporting period	Accumulative amount actually input as of the period-end	Progress of project	Gains from project
Relocation and Technological Transform on the Brewage of Base Wine and the supporting facilities projects	80,000	1,929	69,600	87.00%	
Total	80,000	1,929	69,600	--	--

VI. Predict the operating results of Jan.-Sep. 2014

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-begin to the end of the next reporting period according to prediction, as well as explanations on the reasons:

Applicable Inapplicable

VII. Explanation by the Board of Directors and the Supervisory Committee about the “non-standard audit report” issued by the CPAs firm for the reporting period

Applicable Inapplicable

VIII. Explanation by the Board of Directors about the “non-standard audit report” for last year

Applicable Inapplicable

IX. Implementation of profit allocation during the reporting period

Formulation, execution or adjustment of the Company’s profit distribution policy, especially the cash dividend policy, during the reporting period:

Applicable Inapplicable

According to the Proposal on the Profit Distribution of 2013 of the Company approved by the 2013 Annual General Meeting on 20 Jun. 2014, the Company distributed the cash dividends to the whole shareholders of RMB 3.5 per share based on the current general capital which amounted to RMB 503,600,000 shares.

Special explanation of the cash dividend policy	
Whether conformed with the regulations of the Articles of association or the requirements of the resolutions of the shareholders’ meeting:	Yes
Whether the dividend standard and the proportion were definite and clear:	Yes
Whether the relevant decision-making process and the system were complete:	Yes
Whether the independent director acted dutifully and exerted the proper function:	Yes
Whether the medium and small shareholders had the chances to fully express their suggestions and appeals, of which their legal interest had gained fully protection:	Yes
Whether the conditions and the process met the regulations and was transparent of the adjustment or altered of the cash dividend policy:	Inapplicable

X. Pre-plan for profit allocation and turning capital reserve into share capital for the reporting period

Applicable Inapplicable

The Company planed not to distribute cash dividends and share bonus, as well as not to turn capital reserve into share capital of the half year.

XI. Particulars about researches, visits and interviews received in this reporting period

Applicable Inapplicable

There was no any research, visit and interview received by the Company in the reporting period.

V. Significant Events

I. 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. In the reporting 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 Supervisory Committee 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.

In the reporting 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.

At the end of the reporting period, the Company will constantly optimize and perfect listed corporate governance structure, and improves its standardizing management level.

II. Significant lawsuits or arbitrations

Applicable Inapplicable

The Company was not involved in any significant lawsuit or arbitration during the reporting period.

III. The media’s doubts

Applicable Inapplicable

There was no such a case in the reporting period where most of the media raised the same doubt about the Company.

IV. Bankruptcy and reorganization

Applicable Inapplicable

The Company was not involved in any bankruptcy and reorganization during the reporting period.

V. Asset transactions

1. Asset acquisition

Applicable Inapplicable

There was no any asset acquisition of the Company of the reporting period.

2. Sale of assets

Applicable Inapplicable

There was no any sale of assets of the Company of the reporting period.

3. Business combination

Applicable Inapplicable

There was no any business combination of the Company of the reporting period.

VI. Implementation and influence of equity incentive plan of the Company

Applicable Inapplicable

There was no any equity incentive plan and its execution of the Company of the reporting period.

VII. Significant related-party transactions

1. Related-party transactions concerning routine operation

Applicable Inapplicable

There was no any related-party transaction concerning routine operation of the Company of the reporting period.

2. Related-party transactions arising from asset acquisition or sale

Applicable Inapplicable

There was no any related-party transaction arising from asset acquisition or sale of the Company of the reporting period.

3. Significant related-party transactions concerning joint investment in external parties

Applicable Inapplicable

There was no any significant related-party transaction concerning joint investment in external parties of the Company of the reporting period.

4. Credits and liabilities with related parties

Applicable Inapplicable

There was no any credit and liability with related parties of the Company of the reporting period.

5. Other significant related-party transactions

Applicable Inapplicable

There was no any other significant related-party transaction of the Company of the reporting period.

VIII. Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties

Applicable Inapplicable

The controlling shareholder or its related parties did not occupy the Company's funds for non-operating purposes during the reporting period.

IX. Significant contracts and fulfillment thereof

1. Trusteeship, contracting and leasing

(1) Trusteeship

Applicable Inapplicable

The Company did not make any entrustment in the reporting period.

(2) Contracting

Applicable Inapplicable

The Company was not involved in any contracting in the reporting period.

(3) Leasing

Applicable Inapplicable

The Company was not involved in any leasing in the reporting period.

2. Guarantees provided by the company

Applicable Inapplicable

The Company did not provide any guarantee in the reporting period.

(1) Illegal provision of guarantees for external parties

Applicable Inapplicable

The Company did not illegally provide any guarantee for any external party in the reporting period.

3. Other significant contracts

Applicable Inapplicable

There was no other significant contract of the Company in the reporting period.

4. Other significant transactions

Applicable Inapplicable

The Company was not involved in any other significant transaction in the reporting period.

X. Commitments made by the Company or any shareholder holding over 5% of the Company's shares in the reporting period or such commitments carried down into the reporting period

Applicable Inapplicable

No such commitments in the reporting period.

XI. Engagement and disengagement of the CPAs firm

Has the semi-annual financial report been audited?

Yes No

XII. Punishments and rectifications

Applicable Inapplicable

No punishment or rectification in the reporting period.

XIII. Delisting risk due to violation of laws or regulations

Applicable Inapplicable

No such risk in the reporting period.

XIV. Other significant events

Applicable Inapplicable

No other significant event in the reporting period that needs to be explained.

Section VI. Change in Shares & Shareholders

I. Change in shares

Unit: Share

	Before the change		Increase/decrease (+, -)					After the change	
	Number	Percentage	New shares	Bonus shares	Capitalization of capital reserve	Other	Subtotal	Number	Percentage
I. Shares subject to trading moratorium	900	0.00%						900	0.00%
3. Other domestic shares	900	0.00%						900	0.00%
Shares of domestic natural person	900	0.00%						900	0.00%
II. Shares not subject to trading moratorium	503,599,100	100.00%						503,599,100	100.00%
1. Ordinary shares denominated in RMB	383,599,100	76.17%						383,599,100	76.17%
2. Domestically listed foreign shares	120,000,000	23.83%						120,000,000	23.83%
III. Total shares	503,600,000	100.00%						503,600,000	100.00%

Reasons for changes in shares

 Applicable Inapplicable

Approval of share changes

 Applicable Inapplicable

Transfer of share ownership

 Applicable Inapplicable

Effects of changes in shares on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes over the last year and the last reporting period

 Applicable Inapplicable

Other contents that the Company considers necessary or is required by the securities regulatory authorities to disclose

 Applicable Inapplicable

Change of the total shares, shareholder structure, asset structure and liability structure

 Applicable Inapplicable

II. Total number of shareholders and their shareholdings

Unit: Share

Total number of common	36,799	Total number of preferred	0
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shareholders at the end of the reporting period				share holders who had resumed their voting right at the end of the reporting period (if any) (see note 8)				
Shareholdings of shareholders holding more than 5% shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease during the reporting period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status of shares	Number of shares
ANHUI GUJING GROUP COMPANY LIMITED	State-owned Corporation	53.89%	271,404,022			271,404,022	Pledged	114,000,000
SPECIAL ACCOUNT, AGREED TO BUY BACK OF GF SECURITIES CO., LTD	Other	2.98%	15,000,000			15,000,000		
KGI ASIA LIMITED	Foreign corporation	1.62%	8,182,194			8,182,194		
GREENWOODS CHINA ALPHA MASTER FUND	Foreign corporation	1.33%	6,704,739			6,704,739		
UBS (LUXEMBOURG) S.A.	Foreign corporation	1.24%	6,240,062			6,240,062		
National Social Security Fund 103 Group	State-owned corporation	1.14%	5,742,783			5,742,783		
CMS (HK) Co., Ltd.	State-owned corporation	1.10%	5,520,432			5,520,432		
NORGES BANK	Foreign corporation	1.09%	5,467,350			5,467,350		
GUOTAI JUNAN	Foreign corporation	0.88%	4,422,798			4,422,798		

SECURITIES(HONGKONG) LIMITED								
CCB—Bosera Theme Industry Stock Securities Investment Funds	State-owned corporation	0.85%	4,292,006			4,292,006		
Explanation on associated relationship or persons acting in concert among the above-mentioned shareholders:	Among the shareholders above, no affiliated relationship exists between the Company's controlling shareholder—Anhui Gujing Group Company Limited—and other shareholders, nor they are parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies. As for other shareholders, the Company does not know whether they are related parties or whether they belong to parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.							
Particulars about shares held by the top ten shareholders holding shares not subject to trading moratorium								
Name of shareholder	Number of tradable shares held at the year-end	Type of shares						
		Type	Number					
ANHUI GUJING GROUP COMPANY LIMITED	271,404,022	Renminbi ordinary shares						
SPECIAL ACCOUNT, AGREED TO BUY BACK OF GF SECURITIES CO., LTD	15,000,000	Renminbi ordinary shares						
KGI ASIA LIMITED	8,182,194	Domestically listed foreign shares						
GREENWOODS CHINA ALPHA MASTER FUND	6,704,739	Domestically listed foreign shares						
UBS (LUXEMBOURG) S.A.	6,240,062	Domestically listed foreign shares						
National Social Security Fund 103 Group	5,742,783	Renminbi ordinary shares						
CMS (HK) Co., Ltd.	5,520,432	Domestically listed foreign shares						
NORGES BANK	5,467,350	Domestically listed foreign shares						
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	4,422,798	Domestically listed foreign shares						
CCB—Bosera Theme Industry Stock Securities Investment Funds	4,292,006	Renminbi ordinary shares						

Explanation on associated relationship or/and persons acting in concert among the top ten tradable shareholders and between the top ten tradable shareholders and the top ten shareholders	Among the shareholders above, no affiliated relationship exists between the Company's controlling shareholder—Anhui Gujing Group Company Limited—and other shareholders, nor they are parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies. As for other shareholders, the Company does not know whether they are related parties or whether they belong to parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.
Explanation on the top 10 shareholders participating in the margin trading business (if any) (see Note 4)	Naught

Did any shareholder of the Company carry out an agreed buy-back in the reporting period?

Yes No

The shareholder of the agreed buyback special account of GF Securities Co., Ltd. was Puning Xinhong Industrial Investment Co., Ltd. The number of shares and the proportion involved in the agreed buy-tack at the beginning of the reporting period were the same with those at the end of the reporting period, i.e. 15,000,000 shares, a stake of 2.98%.

III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable Inapplicable

The controlling shareholder of the Company did not change in the reporting period.

Change of the actual controller in the reporting period

Applicable Inapplicable

The actual controller of the Company did not change in the reporting period.

IV. Any shareholding increase plan proposed or implemented by any shareholder or its act-in-concert party during the reporting period

Applicable Inapplicable

To the best knowledge of the Company, no shareholder or its act-in-concert party proposed or implemented any shareholding increase plan during the reporting period.

Section VII. Section VIII. Directors, Supervisors & Senior

Management Staff

I. Change of shareholdings of directors, supervisors and senior management staff

Applicable Inapplicable

There was no change in the shareholdings of directors, supervisors and senior management staff in the reporting period. For details, please refer to the 2013 Annual Report.

II. Change of directors, supervisors and senior management staff

Applicable Inapplicable

Name	Position	Type	Date	Reason
Liang Jinhui	Chairman	Elected	23 Apr. 2014	See details on the announcement that disclosed on www.cninfo.com on 24 Apr. 2014 (No. 2014-013)
Zhou Qingwu	General manager	Engaged	23 Apr. 2014	See details on the announcement that disclosed on www.cninfo.com on 24 Apr. 2014 (No. 2014-013)
Yan Lijun	General manager assistant	Engaged	20 Jun. 2014	See details on the announcement that disclosed on www.cninfo.com on 21 Jun. 2014 (No. 2014-021)
Yu Lin		Left	23 Apr. 2014	See details on the announcement that disclosed on www.cninfo.com on 24 Apr. 2014 (No. 2014-013)
Zong Zhaoji		Left as the term expired	20 Jun. 2014	See details on the announcement that disclosed on www.cninfo.com on 24 Jun. 2014 (No. 2014-021)

Section VIII. Financial Report

I. Audit report

Has this semi-annual report been audited?

Yes No

The semi-annual financial report has not been audited.

II. Financial statements

Currency unit for the statements in the notes to these financial statements: RMB Yuan

1. Consolidated balance sheet

Prepared by Anhui Gujing Distillery Company Limited

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	1,076,502,207.86	1,381,930,710.96
Settlement reserves		
Intra-group lendings		
Transactional financial assets	29,260.00	
Notes receivable	339,936,339.04	154,408,425.31
Accounts receivable	5,856,940.09	6,374,469.99
Accounts paid in advance	91,607,740.00	90,217,698.50
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable	12,162,291.01	
Dividend receivable		
Other accounts receivable	7,340,429.98	6,296,326.20
Financial assets purchased under agreements to resell		80,093,922.21
Inventories	1,148,532,147.86	1,075,033,137.30
Non-current assets due within 1 year		
Other current assets	1,020,000,000.00	900,000,000.00
Total current assets	3,701,967,355.84	3,694,354,690.47
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	28,053,401.16	24,075,687.00

Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment		
Investing property	33,603,272.85	35,188,079.66
Fixed assets	1,584,436,002.80	1,266,481,752.59
Construction in progress	116,049,642.83	377,338,939.54
Engineering materials	3,611,632.44	
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	311,050,005.57	315,224,921.54
R&D expense		
Goodwill		
Long-term deferred expenses	88,172,105.91	60,898,594.60
Deferred income tax assets	41,955,575.57	43,371,896.87
Other non-current assets		
Total of non-current assets	2,206,931,639.13	2,122,579,871.80
Total assets	5,908,898,994.97	5,816,934,562.27
Current liabilities:		
Short-term borrowings		
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Transactional financial liabilities		
Notes payable	193,060,000.00	235,770,000.00
Accounts payable	295,426,072.34	442,935,399.44
Accounts received in advance	293,315,829.20	147,257,393.88
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee's compensation payable	89,027,951.68	231,343,202.17
Tax payable	370,490,985.40	599,513,448.19
Interest payable		
Dividend payable	176,260,000.00	
Other accounts payable	520,392,839.12	373,903,452.51
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	1,625,047.54	3,112,595.04
Total current liabilities	1,939,598,725.28	2,033,835,491.23
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities	709,215.45	
Other non-current liabilities	41,305,313.99	40,342,813.99
Total non-current liabilities	42,014,529.44	40,342,813.99
Total liabilities	1,981,613,254.72	2,074,178,305.22
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	503,600,000.00	503,600,000.00
Capital reserves	1,297,078,549.31	1,294,095,263.69
Less: Treasury stock		
Specific reserves		
Surplus reserves	256,902,260.27	256,902,260.27
Provisions for general risks		
Retained profits	1,869,704,930.67	1,688,158,733.09
Foreign exchange difference		
Total equity attributable to owners of the Company	3,927,285,740.25	3,742,756,257.05
Minority interests		
Total owners' (or shareholders') equity	3,927,285,740.25	3,742,756,257.05
Total liabilities and owners' (or shareholders') equity	5,908,898,994.97	5,816,934,562.27

Legal representative: Liang Jinhui
Changqing

Person-in-charge of the accounting work: Ye

Chief of the accounting division: Zhu Jiafeng

2. Balance sheet of the Company

Prepared by Anhui Gujing Distillery Company Limited

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	934,533,665.08	1,040,360,357.51
Transactional financial assets	20,730.00	
Notes receivable	146,356,835.17	81,472,414.44

Accounts receivable	825,907.69	1,297,542.13
Accounts paid in advance	14,770,903.07	1,288,277.31
Interest receivable	11,581,289.65	
Dividend receivable		
Other accounts receivable	132,420,559.46	139,654,563.53
Redemptory monetary capital for sale		80,093,922.21
Inventories	1,133,074,618.37	1,036,496,459.02
Non-current assets due within 1 year		
Other current assets	1,020,000,000.00	900,000,000.00
Total current assets	3,393,584,508.49	3,280,663,536.15
Non-current assets:		
Available-for-sale financial assets	28,053,401.16	24,075,687.00
Held-to-maturity investments		
Long-term accounts receivable	4,646,216.76	4,494,950.37
Long-term equity investment	308,089,408.32	308,089,408.32
Investing property	31,621,950.77	33,124,717.82
Fixed assets	1,385,475,887.14	1,057,111,133.85
Construction in progress	114,134,649.19	377,239,903.56
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	194,595,581.09	197,787,553.94
R&D expense		
Goodwill		
Long-term deferred expenses	87,944,854.71	59,482,540.30
Deferred income tax assets	33,006,144.05	34,095,084.20
Other non-current assets		
Total of non-current assets	2,187,568,093.19	2,095,500,979.36
Total assets	5,581,152,601.68	5,376,164,515.51
Current liabilities:		
Short-term borrowings		
Transactional financial liabilities		
Notes payable	62,560,000.00	26,150,000.00
Accounts payable	287,594,758.87	437,297,694.54
Accounts received in advance	1,081,735,670.56	830,722,853.80
Employee's compensation payable	50,737,503.56	87,936,100.97
Tax payable	161,589,673.33	205,717,464.45
Interest payable		
Dividend payable	176,260,000.00	
Other accounts payable	197,546,018.19	153,888,199.87

Non-current liabilities due within 1 year		
Other current liabilities	1,625,047.54	3,112,595.04
Total current liabilities	2,019,648,672.05	1,744,824,908.67
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities	709,215.45	
Other non-current liabilities	41,305,313.99	40,342,813.99
Total non-current liabilities	42,014,529.44	40,342,813.99
Total liabilities	2,061,663,201.49	1,785,167,722.66
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	503,600,000.00	503,600,000.00
Capital reserves	1,249,302,163.47	1,246,318,877.85
Less: Treasury stock		
Specific reserves		
Surplus reserves	251,800,000.00	251,800,000.00
Provisions for general risks		
Retained profits	1,514,787,236.72	1,589,277,915.00
Foreign exchange difference		
Total owners' (or shareholders') equity	3,519,489,400.19	3,590,996,792.85
Total liabilities and owners' (or shareholders') equity	5,581,152,601.68	5,376,164,515.51

Legal representative: Liang Jinhui
Changqing

Person-in-charge of the accounting work: Ye

Chief of the accounting division: Zhu Jiafeng

3. Consolidated income statement

Prepared by Anhui Gujing Distillery Company Limited

Unit: RMB Yuan

Item	Jan.-Jun. 2014	Jan.-Jun. 2013
I. Total operating revenues	2,390,158,949.76	2,306,954,677.39
Including: Sales income	2,390,158,949.76	2,306,954,677.39
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	1,971,374,239.07	1,809,750,924.11

Including: Cost of sales	734,083,360.31	726,521,456.89
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	324,862,025.08	320,387,063.09
Selling and distribution expenses	706,159,566.91	617,749,743.85
Administrative expenses	239,125,781.91	178,529,442.62
Financial expenses	-32,364,892.13	-34,200,295.79
Asset impairment loss	-491,603.01	763,513.45
Add: Gain/(loss) from change in fair value (“-” means loss)	7,270.00	
Gain/(loss) from investment (“-” means loss)	54,652,112.80	581,538.48
Including: share of profits in associates and joint ventures		
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	473,444,093.49	497,785,291.76
Add: non-operating income	12,858,123.06	13,333,882.69
Less: non-operating expense	1,554,085.61	1,389,472.41
Including: loss from non-current asset disposal	1,389,957.09	1,268,843.71
IV. Total profit (“-” means loss)	484,748,130.94	509,729,702.04
Less: Income tax expense	126,941,933.36	133,976,868.93
V. Net profit (“-” means loss)	357,806,197.58	375,752,833.11
Including: Net profit achieved by combined parties before the combinations		
Attributable to owners of the Company	357,806,197.58	375,752,833.11
Minority shareholders' income		
VI. Earnings per share	--	--
(I) Basic earnings per share	0.71	0.75
(II) Diluted earnings per share	0.71	0.75
VII. Other comprehensive	2,983,285.62	-4,899,459.25

incomes		
VIII. Total comprehensive incomes	360,789,483.20	370,853,373.86
Attributable to owners of the Company	360,789,483.20	370,853,373.86
Attributable to minority shareholders		

Legal representative: Liang Jinhui
Changqing

Person-in-charge of the accounting work: Ye

Chief of the accounting division: Zhu Jiafeng

4. Income statement of the Company

Prepared by Anhui Gujing Distillery Company Limited

Unit: RMB Yuan

Item	Jan.-Jun. 2014	Jan.-Jun. 2013
I. Total sales	1,320,382,051.92	1,266,183,592.34
Less: cost of sales	749,212,509.40	732,026,686.34
Business taxes and surcharges	307,286,754.62	295,760,161.37
Distribution expenses	50,515,240.37	60,800,957.44
Administrative expenses	159,555,096.01	134,997,985.02
Financial costs	-27,114,146.94	-32,699,748.91
Impairment loss	-423,137.26	336,363.46
Add: gain/(loss) from change in fair value (“-” means loss)	3,635.00	
Gain/(loss) from investment (“-” means loss)	54,206,211.10	581,538.48
Including: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	135,559,581.82	75,542,726.10
Add: non-business income	7,100,407.46	5,319,101.86
Less: non-business expense	616,845.02	1,032,917.90
Including: loss from non-current asset disposal	945,068.04	970,408.62
III. Total profit (“-” means loss)	142,043,144.26	79,828,910.06
Less: income tax expense	40,273,822.54	20,500,967.95
IV. Net profit (“-” means loss)	101,769,321.72	59,327,942.11
V. Earnings per share	--	--
(I) Basic earnings per share	0.20	0.12
(II) Diluted earnings per share	0.20	0.12
VI. Other comprehensive income	2,983,285.62	-4,899,459.25
VII. Total comprehensive income	104,752,607.34	54,428,482.86

Legal representative: Liang Jinhui
Changqing

Person-in-charge of the accounting work: Ye

Chief of the accounting division: Zhu Jiafeng

5. Consolidated cash flow statement

Prepared by Anhui Gujing Distillery Company Limited

Unit: RMB Yuan

Item	Jan.-Jun. 2014	Jan.-Jun. 2013
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	2,427,634,003.82	2,388,476,781.91
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 intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received	590,000.00	
Other cash received relating to operating activities	213,011,013.81	423,118,271.69
Subtotal of cash inflows from operating activities	2,641,235,017.63	2,811,595,053.60
Cash paid for goods and services	730,037,605.84	694,259,783.60
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	527,351,397.79	417,115,008.72
Various taxes paid	1,014,623,162.62	955,081,121.16
Other cash payment relating to operating activities	445,435,903.82	602,422,989.42
Subtotal of cash outflows from operating activities	2,717,448,070.07	2,668,878,902.90
Net cash flows from operating activities	-76,213,052.44	142,716,150.70
II. Cash flows from investing activities:		
Cash received from withdrawal of investments	980,093,922.21	
Cash received from return on investments	54,652,112.80	581,538.48
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	286,406.47	
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities	1,100,000.00	
Subtotal of cash inflows from investing activities	1,036,132,441.48	581,538.48
Cash paid to acquire fixed assets, intangible assets and other long-term assets	220,818,632.14	213,935,735.41
Cash paid for investment	1,020,029,260.00	800,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities		
Net cash flows from investing activities	1,240,847,892.14	1,013,935,735.41
Net cash paid to acquire	-204,715,450.66	-1,013,354,196.93

subsidiaries and other business units		
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		251,800,000.00
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		251,800,000.00
Net cash flows from financing activities		-251,800,000.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-280,928,503.10	-1,122,438,046.23
Add: Opening balance of cash and cash equivalents	1,306,930,710.96	2,409,650,352.09
VI. Closing balance of cash and cash equivalents	1,026,002,207.86	1,287,212,305.86

Legal representative: Liang Jinhui
Changqing

Person-in-charge of the accounting work: Ye

Chief of the accounting division: Zhu Jiafeng

6. Cash flow statement of the Company

Prepared by Anhui Gujing Distillery Company Limited

Unit: RMB Yuan

Item	Jan.-Jun. 2014	Jan.-Jun. 2013
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,327,478,616.09	1,455,720,537.05
Tax refunds received		
Other cash received relating to operating activities	127,214,689.74	206,306,800.65
Subtotal of cash inflows from operating activities	1,454,693,305.83	1,662,027,337.70
Cash paid for goods and services	525,512,650.29	534,007,644.68
Cash paid to and for employees	252,876,294.81	215,108,866.37
Various taxes paid	503,939,848.51	602,748,898.68
Other cash payment relating to operating activities	75,252,706.56	174,542,357.54
Subtotal of cash outflows from operating activities	1,357,581,500.17	1,526,407,767.27
Net cash flows from operating activities	97,111,805.66	135,619,570.43
II. Cash flows from investing activities:		
Cash received from retraction of investments	980,093,922.21	
Cash received from return on investments	54,206,211.10	581,538.48
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	145,352.00	
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities	1,100,000.00	
Subtotal of cash inflows from investing activities	1,035,545,485.31	581,538.48
Cash paid to acquire fixed assets, intangible assets and other long-term assets	218,463,253.40	208,563,835.34
Cash paid for investment	1,020,020,730.00	800,000,000.00
Net cash paid to acquire subsidiaries and other business		

units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	1,238,483,983.40	1,008,563,835.34
Net cash flows from investing activities	-202,938,498.09	-1,007,982,296.86
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
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		251,800,000.00
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities		251,800,000.00
Net cash flows from financing activities		-251,800,000.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-105,826,692.43	-1,124,162,726.43
Add: Opening balance of cash and cash equivalents	1,040,360,357.51	2,290,346,607.43
VI. Closing balance of cash and cash equivalents	934,533,665.08	1,166,183,881.00

Legal representative: Liang Jinhui
Changqing

Person-in-charge of the accounting work: Ye

Chief of the accounting division: Zhu Jiafeng

7. Consolidated Statement of Changes in Owners' Equity

Prepared by Anhui Gujing Distillery Company Limited

Jan.-Jun. 2014

Unit: RMB Yuan

Item	Jan.-Jun. 2014									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	503,600,000	1,294,095,263.69			256,902,260.27		1,688,158,733.09			3,742,756,257.05
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	503,600,000	1,294,095,263.69			256,902,260.27		1,688,158,733.09			3,742,756,257.05
III. Increase/ decrease in the period (“-” means decrease)		2,983,285.62					181,546,197.58			184,529,483.20
(I) Net profit							357,806,197.58			357,806,197.58
(II) Other comprehensive incomes		2,983,285.62								2,983,285.62
Subtotal of (I) and (II)		2,983,285.62					357,806,197.58			360,789,483.20
(III) Capital paid in and reduced by owners										
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others										
(IV) Profit distribution							-176,260,000.00			-176,260,000.00
1. Appropriations to surplus reserves										

2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)							-176,260,000.00			-176,260,000.00
4. Other										
(V) Internal carry-forward of owners' equity										
1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
(VI) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VII) Other										
IV. Closing balance	503,600,000.00	1,297,078,549.31			256,902,260.27		1,869,704,930.67			3,927,285,740.25

Jan.-Jun. 2013

Unit: RMB Yuan

Item	Jan.-Jun. 2013									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	503,600,000.00	1,297,032,031.07			218,736,964.73		1,356,119,112.84			3,375,488,108.64
Add: retrospective adjustment due to business combination under the same control										
Add: change of accounting policy										

Correction of errors in previous periods									
Other									
II. Balance at the beginning of the year	503,600,000.	1,297,032,031.07			218,736,964.73		1,356,119,112.84		3,375,488,108.64
III. Increase/ decrease in the period (“-” means decrease)		-2,936,767.38			38,165,295.54		332,039,620.25		367,268,148.41
(I) Net profit							622,004,915.79		622,004,915.79
(II) Other comprehensive incomes		-2,936,767.38							-2,936,767.38
Subtotal of (I) and (II)		-2,936,767.38					622,004,915.79		619,068,148.41
(III) Capital paid in and reduced by owners									
1. Capital paid in by owners									
2. Amounts of share-based payments recognized in owners' equity									
3. Others									
(IV) Profit distribution					38,165,295.54		-289,965,295.54		-251,800,000.00
1. Appropriations to surplus reserves					38,165,295.54		-38,165,295.54		
2. New increase of capital (or share capital) from surplus reserves									
3. Surplus reserves for making up losses							-251,800,000.00		-251,800,000.00
4. Other									
(V) Internal carry-forward of owners' equity									
1. New increase of capital (or share capital) from capital public reserves									
2. New increase of									

capital (or share capital) from surplus reserves									
3. Surplus reserves for making up losses									
4. Other									
(VI) Specific reserve									
1. Withdrawn for the period									
2. Used in the period									
(VII) Other									
IV. Closing balance	503,600,000.00	1,294,095,263.69			256,902,260.27		1,688,158,733.09		3,742,756,257.05

Legal representative: Liang Jinhui
Changqing

Person-in-charge of the accounting work: Ye

Chief of the accounting division: Zhu Jiafeng

8. Statement of Changes in Owners' Equity of the Company

Prepared by Anhui Gujing Distillery Company Limited
Jan.-Jun. 2014

Unit: RMB Yuan

Item	Jan.-Jun. 2014							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	503,600,000.00	1,246,318,877.85			251,800,000.00		1,589,277,915.00	3,590,996,792.85
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	503,600,000.00	1,246,318,877.85			251,800,000.00		1,589,277,915.00	3,590,996,792.85
III. Increase/ decrease in the period ("-" means decrease)		2,983,285.62					-74,490,678.28	-71,507,392.66
(I) Net profit							101,769,321.72	101,769,321.72
(II) Other comprehensive incomes		2,983,285.62						2,983,285.62
Subtotal of (I) and (II)		2,983,285.62					101,769,321.72	104,752,607.34
(III) Capital paid in and								

reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								
3. Others								
(IV) Profit distribution							-176,260,000.00	-176,260,000.00
1. Appropriations to surplus reserves								
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)							-176,260,000.00	-176,260,000.00
4. Other								
(V) Internal carry-forward of owners' equity								
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other								
IV. Closing balance	503,600,000.00	1,249,302,163.47			251,800,000.00		1,514,787,236.72	3,519,489,400.19

Jan.-Jun. 2013

Unit: RMB Yuan

Item	Jan.-Jun. 2013							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	503,600,000.00	1,249,255,645.23			213,634,704.46		1,219,700,782.58	3,186,191,132.27
Add: change of accounting policy								

Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	503,600,000.00	1,249,255,645.23			213,634,704.46		1,219,700,782.58	3,186,191,132.27
III. Increase/ decrease in the period (“-” means decrease)		-2,936,767.38			38,165,295.54		369,577,132.42	404,805,660.58
(I) Net profit							659,542,427.96	659,542,427.96
(II) Other comprehensive incomes		-2,936,767.38						-2,936,767.38
Subtotal of (I) and (II)		-2,936,767.38					659,542,427.96	656,605,660.58
(III) Capital paid in and reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								
3. Others								
(IV) Profit distribution					38,165,295.54		-289,965,295.54	-251,800,000.00
1. Appropriations to surplus reserves					38,165,295.54		-38,165,295.54	
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)							-251,800,000.00	-251,800,000.00
4. Other								
(V) Internal carry-forward of owners' equity								
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other								

IV. Closing balance	503,600, 000.00	1,246,31 8,877.85			251,800, 000.00		1,589,27 7,915.00	3,590,99 6,792.85
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Legal representative: Liang Jinhui
Changqing

Person-in-charge of the accounting work: Ye

Chief of the accounting division: Zhu Jiafeng

III. Company history

Authorized by document WGZGZ (1996) No.053 of Anhui Administrative Bureau of State-owned Property, Anhui Gujing Distillery Company Limited (“the Company”) was established as a limited liability company with net assets of 37,716.77 million yuan and state-owned shares of 155,000,000 shares and considered Anhui Gujing Group as the only promoter. The registration place was Haozhou Anhui China. The Company was established on 5 March 1996 by document of WZM (1996) No.42 of Anhui People’s Government. The Company set up plenary session on 28 May 1996 and registered in Anhui on 30 May 1996 with business license of 14897271-1.

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 RMB 1.00 per share. Those A share and B share are listed in Shenzhen Stock exchange.

Headquarter of the Company is located in Gujing Haozhou Anhui. The Company and its subsidiaries (the Group) specialize in producing and selling white spirit.

Registered capitals of the Company were RMB 235,000,000 with stocks of 235,000,000, of which 155,000,000 shares were issued in China, B shares of 60,000,000 shares and A shares of 20,000,000 shares. The book value of the stocks of the Company was of RMB 1 Yuan per share.

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 that day, outstanding shares with restrict condition on disposal are 135,250,000, representing 57.55% of total equity, the share without restrict condition are 99,750,000, representing 42.45% of total equity.

The Company issued <Announcement of release restriction shares by Anhui Gujing Distillery Company Limited> on July 17, 2008, 11,750,000 outstanding shares with restrict condition on disposal are listed in stock market on July 18, 2008. Up to that day, outstanding shares with restrict condition on disposal are 123,500,000, representing 52.55% of total

equity, the share without restrict condition are 111,500,000, representing 47.45% of total equity.

The Company issued <Announcement of release restriction shares by Anhui Gujing Distillery Company Limited> on July 24, 2009, 123,500,000 outstanding shares with restrict condition on disposal are listed in stock market on 29 July, 2009. Up to that day, the Company's all shares are all tradable.

As approved by the CSRC Document Zheng-Jian-Xu-Ke [2011] No. 943, the Company privately offered 16,800,000 ordinary shares (A-shares) to special investors on 15 Jul. 2011, with a par value of RMB 1 and the price of RMB 75.00 per share, raising RMB 1,260,000,000.00 in total, the net amount of raised funds stood at RMB 1,227,499,450.27 after deducting RMB 32,500,549.73 of various issuance expenses. Certified Public Accountants verified the raised capital upon its arrival and issued the Capital Verification Report Reanda-Yan-Zi [2011] No. 1065.

In accordance with the resolutions made at the 2011 Annual Shareholders' General Meeting, basing on the total share capital of 251,800,000 shares, the Company decided to transfer the capital reserves to share capital by 10 shares upon each 10 shares to the A-share holders registered in the Company on 27 Apr. 2012 and the B-share holders registered in the Company on 4 May 2012, thus the total share capital increased to RMB 503,600,000 after the capitalization. Reanda Certified Public Accountants verified the raised capital (Capital Verification Report Reanda-Yan-Zi [2012] No. 1022). Up to 4 May 2012, the Company has transferred RMB 251,800,000 of capital reserves to share capital.

Pursuant to the decision of annual shareholders meeting in 2012, the Company that considered 251,800,000 shares as base number on 31 December 2013 transferred capital reserve into share capital at a rate of "10 shares for per 10 shares" accounting for 251,800,000 shares and implemented in the year of 2012. Upon the transference, the registered capitals increased to RMB 503,600,000.

By 30 Jun. 2014, the Company issued 503,600,000 shares. More details please refer to Note VII, 28

The approved business of the Company including procurement of grain (operating with business license), manufacture of distilled spirits, wine distilling facilities, packaging material, bottles, alcohol, grease (limited to byproducts from wine manufacture), and research and development of high-tech, biotechnology development, agricultural and sideline products deep processing, as well as sale of self-manufacturing products.

The Company and the final parent company is Anhui Gujing Group Co., Ltd in China.

Financial statement of the Company will be released on 11 Aug. 2014 by the board of directors.

II. Basis for the preparation of 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 15 Feb. 2006 and 38 accounting policies, application guides of ASBE, explanations and other relevant stipulations of ASBE (ASBE), and disclosure stipulations “Compiling stipulations of public information disclosure No.15---general rules of financial statement” (revised in 2010).

In line with relevant rules of ASBE, financial accounting of the Group is based on accrual system. Except financial instruments and instrument real estate, the financial statement is calculated on the basis of history costs. Available-for-sale non-current assets are calculated by the lower one of fair value deducting estimated costs and original costs meeting the standard of available-for-sale. If assets confront impairment, it shall be withdrawn provision for impairment in line with relevant stipulations.

III. 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 of the Group on 30 June 2013, operating results, cash flow from January to June in 2013 and other relevant information. The financial statement of the Group met the relevant disclosure requirements of financial statement and notes of “Compiling stipulations of public information disclosure No.15---general rules of financial statement” (revised in 2010).

IV. Main accounting policies and accounting estimates

1. Accounting year

Accounting year is divided to annual term and medium term. Accounting medium refers to reporting period shorter than a complete accounting period. The Company employs a period of calendar days from 1 Jan. to 31 Dec. each year as accounting year.

2. Bookkeeping base currency

The Company’s bookkeeping base currency is Renminbi (“RMB”). Currency used to compile the financial statement is RMB.

3. Accounting treatment of the business combination

Business combination refers to combination of two or more than two corporations to establish a reporting entity. Business combination is divided to combination under the same control and combination not under the same control.

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

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, any excess is adjusted to retained earnings. Other direct expenses occur when the Group conducting business combinations is recognized in current profit and loss. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

Those assets and liabilities obtained by the Company during the business combination should be recognized in the carrying value of the equity of the merged party on the merger date. The difference between the carrying amount of the net assets obtained and carrying amount of the merger consideration (or total par value of issued shares) paid 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.

Direct costs of a business combination shall be reckoned into current gains and losses.

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

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. In business combination not under the same control, acquirer refers to party obtaining control of other combining corporations in the date of acquisition and acquiree refers to corporation participating in combination. Date of acquire refers to the date the acquirer actually obtaining control of the acquiree.

As for combination not under the same control, costs of combination includes assets that acquirers occur in the date of combination in order to obtain control of acquirees, loans, fair value of issued equity securities, intermediary costs such as audit, legal services and evaluation consultation, and other administrative fees occurred in the reporting period. As for trading costs that acquirers as combination consideration issue equity securities or debt securities, it shall be reckoned into initial accounts of equity securities or debt securities. As for business combination realized by several exchanges and trades, in the combined financial

statement of the Group, the Company shall recalculate the stock right obtained by acquirees before the date of acquisition in line with fair value of the stock right in the date of acquisition. When the Group acts as the combination party, the cost of a business combination paid by the acquirer is the aggregate of the fair value at the acquisition date of assets given (including share equity of the acquiree held before the combination date), liabilities incurred or assumed, and equity securities issued by the acquirer. Any excess of the cost of a business combination over the acquirer's interest in the fair value of the acquiree's identifiable net assets is recognized as goodwill, while any excess of the acquirer's interest in the fair value of the acquiree's identifiable net assets over the cost of a business combination is recognized in profit or loss. The cost of equity securities or liability securities as on combination consideration offering is recognized in initial recording capital on equity securities or liability securities. Other direct expenses occur when the Group conducting business combinations is recognized in current profit and loss. The difference between the fair value and the carrying amount of the assets given is recognized in profit or loss. The Group, at the acquisition date, recognized the acquiree's identifiable asset, liabilities and contingent liabilities at their fair value at that date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

As for deductible temporary difference of acquirers obtained by acquirers which can't be confirmed due to failure of meeting the confirmation requirements of deferred income tax assets, if there is newly information proving the existence of relevant situation in the date of acquisition in a year after the acquisition date and financial benefits of deductible temporary difference of acquirers in the date of acquisition are estimated to be realized, deferred income tax assets shall be confirmed. At the same time, goodwill shall be decreased. If goodwill is insufficient, the difference shall be reckoned into current gains and losses; except the above circumstance, reliable deferred income tax assets relevant to the Company shall be reckoned into current gains and losses.

For a business combination not involving enterprise under common control, which achieved in stages that involves multiple exchange transactions, according to "The notice of the Ministry of Finance on the issuance of Accounting Standards Interpretation No. 5" (CaiKuai [2012] No. 19) on the "package deal" criterion (see Note 4.4.2), to judge the multiple exchange transactions whether they are the "package deal". If it belong to the "package deal" in reference to the preceding paragraphs of this section and the Notes described in 4.10 "long-term investment" accounting treatment, if it does not belong to the "package deal" to distinguish the individual financial statements and the consolidated financial statements

related to the accounting treatment:

In the individual financial statements, the total value of the book value of the acquiree's equity investment before the acquisition date and the cost of new investment at the acquisition date, as the initial cost of the investment, the acquiree's equity investment before the acquisition date involved in other comprehensive income, in the disposal of the investment and other associated comprehensive income transferred to investment income.

In the combination financial statements, the equity interest in the acquiree previously held before the acquisition date re-assessed at the fair value at the acquisition date, with any difference between its fair value and its carrying amount is recorded as investment income. The other comprehensive income of the acquiree before the acquisition date relating to the previously held interest in the acquiree is transferred to investment income.

4. Methods for preparing consolidated financial statements

(1) Principle for determining the consolidation scope

The consolidated financial statements prepared are in accordance with the No. 33 Enterprise Accounting Standards – Consolidated Financial Statement issued in Feb. 2006. The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries directly controlled or indirectly controlled by the Company as well as units with special purpose. Control is achieved where the Company has the power to govern the financial and operating policies of an invested enterprise so as to obtain benefits from its operating activities. If there is evidence provide that the invested company is not controlled by holding company, the invested company would not be included in the consolidation scope.

(2) Methods for preparing consolidated financial statements

The Group begins to include subsidiaries into consolidation scope from the date obtaining net assets of subsidiaries and actual control of production and operation and terminates to include subsidiaries into consolidation scope from the date losing actual control of subsidiaries. As for the disposal of subsidiaries, operating results and cash flow are included in consolidated income statement and consolidated statement of cash flow before the date of the disposal; as for current disposal of subsidiaries, opening balance of the consolidated balance sheet shall not be adjusted. As for subsidiaries increased in the combination not under the same control, operating results and cash flow after the date of the acquisition are included in consolidated income statement and consolidated statement of cash flow, in addition, opening balance of the consolidated balance sheet shall not be adjusted. As for subsidiaries increased in the combination under the same control and combined parties under acquisition, operating results and cash flow form the beginning of combination to the date of combination are included in consolidated income statement and consolidated statement of

cash flow, in addition, opening balance of the consolidated balance sheet shall be adjusted.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that common control was established. Therefore the opening balances and the comparative figures of the consolidated financial statements are restated. In the preparation of the consolidated financial statements, the subsidiary's assets, liabilities and results of operations are included in the consolidated balance sheet based on their carrying amounts; while results of operations are included in the consolidated income statement, from the date that common control was established.

All the significant inter-company balances, trading and unrealized profits shall be offset when preparing the consolidated financial statement.

If current loss shoulder by minority shareholders of a subsidy over the proportion enjoyed by minority shareholders in a subsidy at owners' equity at period-begin, its balance still offset minority shareholders' equity.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

When losing control right of subsidiaries because of the disposal of stock right investment or other reasons, the Company shall recalculate residual stock right in accordance to the fair value in the date of losing control right. As for remaining equity investment after disposal, the Group will re-account it according to the fair value at the date the control was lost. Any profit or loss occurred shall be recorded into the investment income during the period of losing control right. Then follow-up measurement of remaining equity shall be arranged in line with "No.2—Long-term Equity Investment" or "No.22—Affirmation and Calculation of Financial Instrument". More details please refer to Note IV, 10 "Long-term Equity Investment" or Note IV, 7 "Financial Instrument".

The company through multiple transactions step deals with disposal of the subsidiary's equity investment until the loss of control; need to distinguish between equity until the disposal of a subsidiary's loss of control over whether the transaction is package deal. Terms of the transaction disposition of equity investment in a subsidiary, subject to the following

conditions and the economic impact of one or more of cases, usually indicates that several transactions should be accounted for as a package deal: ①these transactions are considered simultaneously, or in the case of mutual influence made, ②these transactions as a whole in order to achieve a complete business results; ③the occurrence of a transaction depends on occurs at least one other transaction ; ④a transaction look alone is not economical, but when considered together with other transaction is economical. If they does not belong to the package deal, each of them separately, as the case of a transaction in accordance with “without losing control over the disposal of a subsidiary part of a long-term equity investments” (see Note 4.10.2, 4)) and “due to the disposal of certain equity investments or other reasons lost control of a subsidiary of the original” (see previous paragraph) principles applicable accounting treatment. Until the disposal of the equity investment loss of control of a subsidiary of the transactions belonging to the package deal, the transaction will be used as a disposal of a subsidiary and the loss of control of the transaction. However, before losing control of the price of each disposal entitled to share in the net assets of the subsidiary's investment corresponding to the difference between the disposals, recognized in the consolidated financial statements as other comprehensive income, loss of control over the transferred together with the loss of control or loss in the period.

5. Cash equivalent

Cash and cash equivalents of the Company include cash on hand, ready usable deposits and investments having short holding term (normally will be due within three months from the day of purchase), with strong liquidity and easy to be exchanged into certain amount of cash that can be measured reliably and have low risks of change.

6. Foreign exchange

(1) Translation in foreign exchange transactions

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying [the spot exchange rate on the date of the transaction / an exchange rate that approximates the actual spot exchange rate on the date of transaction]. The exchange of foreign currency and transactions related to the foreign exchange are translated at the spot exchange rate.

(2) Translation of monetary foreign currency and non-monetary foreign currency

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. All the exchange differences thus resulted are taken to profit or loss, except for ①those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs, ②hedging accounting, the exchange

difference related to hedging instruments for the purpose of net oversea operating investment is recorded in the comprehensive income till the date of disposal and recognized in profit or loss of the period; exchange difference from changes of other account balance of foreign currency monetary items, ③available-for-trade is recorded into profit or loss except for amortized cost.

Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date when the fair values are determined. The exchange difference thus resulted are recognized in profit or loss for the current period or as capital reserve.

7. Financial instruments

(1) Determination of financial assets and liabilities' fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Company uses quoted price in the active market to establish its fair value. The quoted price in the active market refers to the price that can be regularly obtained from exchange market, agencies, industry associations, pricing authorities; it represents the fair market trading price in the actual transaction.

For a financial instrument which does not have an active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

The Company measures initially and subsequently the fair value of an interest rate swap at the value of a competitor's interest rate swap quoted by a recognized financial institution as at the Company's balance sheet date in accordance with the principle of consistency.

(2) Classification, recognition and measurement of financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. On initial recognition, the Company's financial assets are classified into one of the four categories; including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-trade financial assets. A financial asset is recognized initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are immediately charged to the profit and

loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

1) Financial assets at fair value through profit or loss:

Including financial assets held-for-trade and financial assets designated at fair value through profit or loss.

Financial asset held-for-trade is the financial asset that meets one of the following conditions:

A. the financial asset is acquired for the purpose of selling it in a short term;

B. the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits;

C. the financial asset is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement.

Financial asset is designated on initial recognition as at fair value through profit or loss only when it meets one of the following conditions:

A. the designation eliminates or significantly reduces the inconsistency in the measurement or recognition of relevant gains or losses that would otherwise arise from measuring the financial instruments on different bases.

B. a Group of financial instruments is managed and its performance is evaluated on a fair value basis, and is reported to the enterprise's key management personnel. Formal documentation regarding risk management or investment strategy has prepared.

Financial assets at fair value through profit or loss are subsequently measured at the fair value. Any gains or losses arising from changes in the fair value and any dividends or interest income earned on the financial assets are recognized in the profit or loss.

2) Investment held-to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognizing, impairment or amortization are recognized in profit or loss for the current period.

Effective interest rate is the rate that exactly discounted estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter

period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company shall estimate future cash flow considering all contractual terms of the financial asset or financial liability without considering future credit losses, and also consider all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payment that are not quoted in an active market. Financial assets classified as loans and receivables by the Company include note receivables, account receivables, interest receivable dividends receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognizing, impairment or amortization is recognized in profit or loss.

4) Financial assets available-for-trade

Financial assets available-for-trade include non-derivative financial assets that are designated on initial recognition as available for trade, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or investment held-to-maturity.

Financial assets available-for-trade are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.

Interests obtained and dividends declared by the investee during the period in which the financial assets available-for-trade are held, are recognized in investment gains.

(3) Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset except for the financial assets that measured by the fair value. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment.

1) Impairment on held-to maturity investment, loans and receivables

The financial assets measured by cost or amortized cost write down their carrying value by the estimated present value of future cash flow. The difference is recorded as impairment loss.

If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The carrying value of financial assets after impairment loss reversed shall not exceed the amortized cost of the financial assets without provisions of impairment loss on the reserving date.

2) Impairment loss on available-for-trade financial assets

Where the fair value of the equity instrument investment drops significantly or not contemporarily according to the integrated relevant factors, an available-for-trade financial asset is impaired.

When an available-for-trade financial asset is impaired, the cumulative loss arising from declining in fair value that had been recognized in capital reserve shall be removed and recognized in profit or loss. The amount of the cumulative loss that is removed shall be difference between the acquisition cost with deduction of recoverable amount less amortized cost, current fair value and any impairment loss on that financial asset previously recognized in profit or loss.

If, after an impairment loss has been recognized, there is objective evidence that the value of the financial asset is recovered, and it is objectively related to an event occurring after the impairment loss was recognized, the initial impairment loss can be reversed and the reserved impairment loss on available-for-trade equity instrument is recorded in the profit or loss, the reserved impairment loss on available-for-trade debt instrument is recorded in the current profit or loss.

The equity instrument where there is no quoted price in an active market, and whose fair value cannot be reliably measured, or impairment loss on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument shall not be reversed.

(4) Recognition and measurement of financial assets transfer

The Group derecognizes a financial asset when one of the following conditions is met:

- 1) the rights to receive cash flows from the asset have expired;
- 2) the enterprise has transferred its rights to receive cash flows from the asset to a third party under a pass-through arrangement; or
- 3) the enterprise has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the enterprise has neither retained all the risks and rewards from the financial asset nor

control over the asset, the asset is recognized according to the extent it exists as financial asset, and correspondent liability is recognized. The extent of existence refers the level of risk by the financial asset changes the enterprise is facing.

For a transfer of a financial asset in its entirety that satisfies the derecognizing criteria, (a) the carrying amount of the financial asset transferred; and (b) the sum of the consideration received from the transfer and any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognizing, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair value of those parts. The difference between (a) the carrying amount allocated to the part derecognized; and (b) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

(5) Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

1) Financial liabilities measured by the fair value and the changes recorded in profit or loss

The classification by which financial liabilities held-for-trade and financial liabilities designed at the initial recognition to be measured by the fair value follows the same criteria as the classification by which financial assets held-for-trade and financial assets designed at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss.

For the financial liabilities measured by the fair value and changes recorded in the profit or loss, fair values are adopted for subsequent measurement. All the gains or losses on the change of fair value and the expenses on dividends or interests related to these financial liabilities are recognized in profit or loss for the current period.

2) Other financial liabilities

Derivative financial liabilities that linked with equity instruments, which do not have a quoted price in an active market and their fair value cannot be measured reliably, is subsequently measured by cost Other financial liabilities are subsequently measured at

amortized cost using the effective interest method. Gains or losses arising from derecognizing or amortization are recognized in profit or loss for the current period.

(6) Derecognizing of financial liabilities

The Group derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged or cancelled or has expired. An agreement between the Company (an existing borrower) and existing lender to replace original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new liability.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

(7) Derivatives and embedded derivatives

Derivative financial instruments include derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are substantially re-measured at fair value. The resulting gain and loss is recognized in profit or loss.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and the treated as a standalone derivative if (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Company is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

(8) Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

(9) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the

Company after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity. All types of distribution (excluding stock dividends) made by the Company to holders of equity instruments are deducted from shareholders' equity. The Group does not recognize any changes in the fair value of equity instruments.

8. Receivables

The receivables by the Company include account receivables, and other receivables.

(1) Criteria for recognition of bad debts:

The Company carries out an inspection on the balance sheet date. Where there is any objective evidence proving that the receivables have been impaired, an impairment provision shall be made:

- 1) A serious financial difficulty occurs to the issuer or debtor;
- 2) The debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal, etc.;
- 3) The debtor will probably become bankrupt or carry out other financial reorganizations;
- 4) Other objective evidences showing the impairment of the receivables.

(2) Method for bad debts provision

- ① Provisions of bad debts in account receivables that is individually significant.

The Company recognized the accounts receivables which amounted to more than 2 million as the account receivables that is individual significant.

For an account receivable that is individually significant, the asset is individually assessed for impairment, the impairment loss is recognized at the difference between the present value of future cash flow less the carrying amount, and provision is made accordingly.

- ② Provisions of bad debts in account receivables that individually insignificant item with similar credit risk characteristics that have significant risk:

A. Evidence of credit risk characteristics

Whether the financial asset is individually significant or not individually significant, it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Such credit risk reflects the repayment of all due amount under the contract, and is related to the estimation of future cash flow expected to be derived from the assets.

Evidence of portfolios:

Item	Basis
Age portfolios	Age

Related party portfolios	Companies within the combination scope of the Company
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B. Provision by credit risk characteristics

During the Company impairment test, the amount of bad debts provisions is determined by the assessed result from the experience of historical loss and current economic status and the existing loss in the estimated account receivables according to the set of account receivables and credit risk characteristic.

Provision for different portfolios:

Item	Provision
Age portfolios	Age analysis method
Related party portfolios	Don't withdraw the bad debts provision unless the related-party lost the repaying capability

a. Portfolio by age analysis

Category	Proportion for accounts receivable (%)	Proportion for other receivable (%)
Within 1 year (including 1 year, similarly hereinafter)		
Including: [within 6 months]	1.00	1.00
[7 to 12 months]	5.00	5.00
1 to 2 years	10.00	10.00
2 to 3 years	50.00	50.00
Over 3 years	100.00	100.00

③Accounts receivable with insignificant amount but being individually withdrawn bad debts provision

When making individual impairment test on accounts receivable with insignificant amount but high credit risk, the impairment loss shall be recognized based on the difference of the book values higher than the present value of future cash flows, then withdraw the bad debts provision. For example, accounts receivable of related parties; accounts receivable involving dispute or litigation, arbitration; accounts receivable having clear signs to indicate that debtor probably can not implement obligations of payment.

(3) Reversal of provision for bad debt

If there is any provident demonstrating recovery of the value of the accounts receivable and objectively correlating to the issues after the confirmation of the losses, the original

confirmed losses would be reversed and recorded into current gains and losses. However, the reserved book value shall not exceed the amortized costs of the accounts receivable under non-withdrawing impairment circumstance.

9. Inventory

(1) Category of inventory

Inventory mainly includes raw materials, packing materials, self-made semi-manufactured products, goods in process and finished goods, etc.

(2) Pricing method for outgoing inventories

Inventory is priced by actual costs when it is obtained. Inventory costs include procurement costs, processing costs and other costs. Weighted average method is used to price inventory when it is received and delivered.

(3) Recognition basis of net realizable value and withdrawal method of falling price provision for inventories

Net realizable value in daily activity, it is referred to the estimated selling price minus the estimated selling expenses and related tax and fees in normal operating process. When confirming the net realizable value of inventories, the Company shall take the intention of inventories into consideration and influence of issues after balance sheet date.

On the balance sheet date, the evaluation criteria should base on the lower value between costs and net realizable value. When net realizable value is lower than costs, falling price provision of inventories shall be made. Under normal circumstances, the Company withdraws the falling price provision in according to individual inventory items, but for large quantity and low-unit-price inventories, falling price provision 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 falling price provision of inventories shall be consolidated.

After withdrawing the depreciation reserves for inventories, if the factors, which cause any write-down of the inventories, have disappeared, the amount of write-down shall be recovered and reversed from the original amount of depreciation reserve for inventories. The reversed amount shall be included in the profits and losses of the current period.

(4) Inventory system for inventories is perpetual inventory system

(5) Amortization method of the low-value consumption goods and packing articles

Low-value consumption goods: one-off amortization method

Packing articles: one-off amortization method

10. Long-term equity investments

(1) Determination of Investment cost

For a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be carrying value of the absorbing party's share of the shareholder's equity of the party being absorbed at the date of combination.

For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services etc and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The transaction cost for the equity securities or liability securities issued by the acquirer in the business combination shall be recognized as initial amount of equity security or liability.

The equity investments other than the long-term equity through combination shall be initially measured by cost. The cost shall be recognized to the difference in the way of acquisition of long-term equity investment. These ways include the cash purchase price the Company actually paid, the fair value of equity security issued by the Company, value specified in the investment contract or agreement, the fair value or carrying value of the asset out in the transaction of non-monetary asset exchanges, and the fair value of the long-term equity investment.

Expenses, taxes and other necessary expenditures directly attributable to the acquisition of long-term equity investment are taken into investment cost.

(2) Subsequent Measurement

Cost method shall be adopted in a long-term equity investment where the investing enterprise does not have common control or significant influence over the investee, the investment is not quoted in an active market and its fair value cannot be measured reliably.

Where an investing enterprise can exercise common control or significant influence over the investee, a long-term investment shall be accounted for using the equity method.

When an investing enterprise can no longer exercise joint control or common control nor significant influence over the investee and its fair value cannot be measured reliably, a

long-term investment shall be counted as financial asset ready-for trade.

A long-term equity investment where cost method is adopted in the Company's financial statements can exercise controls over the investee.

1) Cost method of accounting for long-term equity investments

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

2) Equity method of accounting for long-term equity investments

Where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost.

Where the initial investment cost of a long-term equity investment is less than the investing enterprise's interest in the fair values of investee's identifiable net assets at the time of acquisition, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall adjusted accordingly.

Under the equity method, the Company recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc at the acquisition date after making appropriate adjustments to confirm with the Company's accounting policies and accounting period. Unrealized profits or losses resulting from the Company's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Company's equity interest are eliminated. However, unrealized losses resulting from the Company's transactions with its investees on the transferred assets, in accordance with "Accounting Standards for Enterprises No. 8 - Impairment of Assets", are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized as other comprehensive income which is included in the capital reserve.

When the investee is recognized net losses, reduce the carrying value of long-term equity investments and long-term equity of net investment (in substance) in investee to zero. In addition, the Company has the obligations on additional losses, then the expected obligation as estimated liabilities and included in the current investment losses. Where the net profit

from investee units, restoration confirm the amount of revenue sharing after offset the amount of unrecognized loss sharing.

For long-term equity investments in associates and joint ventures which had been held by the Company before its first time adoption of Accounting Standards for Business Enterprises, where the initial investment cost of a long-term equity investment exceeds the Company's interest in the investee's net assets at the time of acquisition, the excess is amortized and is recognized in profit or loss on a straight line basis over the original remaining life.

3) Acquisition of minority interest

The difference between newly increased equity investment due to acquisition of minority interests and portion of net asset cumulatively calculated from the acquisition date is adjusted as capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against returned earnings.

4) Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in Note 4.4.2 applies.

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period. For along-term equity investment accounted for using the equity method, the amount included in the owners' equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

For any retained interest, it shall be subsequently measured according to the related accounting policies in regard of long-term equity investments or financial assets as described above if its carrying amount is recognized as long-term equity investments or other related financial assets. Retroactive adjustment is made on the basis of relevant policies if the retained interests are settled from cost method to equity method.

(3) Recognition of investee under common control or significant influence

Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

Common control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee held the investing enterprise or other parties that are currently exercisable or convertible shall be considered.

(4) Impairment testing methods and recognition of impairment provision

The company assesses the long-term equity investment at the balance sheet date whether there is any indication of impairment. If any indication exists that an asset may be impaired, the enterprise shall estimate its recoverable value of the asset. If the recoverable value of the asset is less than its carrying amount, a provision for impairment loss of the asset is recognized accordingly.

Once an impairment loss is recognized, it shall not be reversed in a subsequent period.

11. 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. Investment property is initially measured at cost. Subsequent expenditures related to an investment real estate are likely to flow about the economic benefits of the asset and its cost can be measured reliably, is included in the cost of investment real estate. Other subsequent expenditures of gains or losses when occurred.

The Group uses the cost model for subsequent measurement of investment property, and in accordance with the depreciation or amortization of buildings or land use rights policy.

Investment property impairment test method and impairment accrual method described in Note 4.17 "Non-current and non-financial assets impairment".

Occupied real estate for investment property or investment property is transferred to owner-occupied real estate or stock conversion as the recorded value after the conversion, according to the book value before the conversion.

From the date of transference, investment properties shall be transferred into fixed assets or intangible assets when investment properties transfer into self-owned properties. From the date of transference, fixed assets or intangible assets shall be transferred into investment properties when the intention of self-owned properties changes to be earning rents. Upon transference, investment properties using cost modeling shall use its book value before transference as the entry value after transference; investment properties using fair value shall use its fair value in the date of transference as the entry value after transference.

As for investment property disposed or perpetually out of use, and estimated without economic benefits from the disposal, confirmation shall be terminated. Disposal consideration of the investment property after sale, transference, discard or damage deducting its book value and relating taxes shall be recorded into current gains and losses.

12. Fixed assets

(1) Recognized standard of fixed assets

The term "fixed assets" refers to the tangible assets that simultaneously possess the features as follows: they are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one fiscal year.

(2) Depreciation methods of fixed assets

The initial measurement of a fixed asset shall be made at its cost after considering the effect of expected discard expenses. The Group shall withdraw the depreciation of fixed assets by adopting the straight-line method since the second month of its useful life. Useful life, expected net salvage value (refers to the expected amount that the Group may obtain from the current disposal of a fixed asset after deducting the expected disposal expenses at the expiration of its expected useful life) and annual depreciation rate of each fixed assets are as below:

Category of fixed assets	Useful life (Y)	Expected net salvage value	Annual depreciation
Housing and building	8-35	3-5	2.7-12.1
Machinery equipments	8-10	3-5	9.5-12.1
Transportation vehicle	4	3	24.25
Office equipment and others	3	3	32.33

Expected net residual value of fixed assets is the balance of the Company currently obtained from the disposal of the asset less the estimated costs of disposal amount, assuming the asset is out of useful life and state the expected service life in the end.

(3) Measurement and recognition of fixed assets impairment

Impairment and provisions of fixed assets are disclosed on Note 4.17 Impairment of non-current and non-financial assets.

(4) Fixed Assets under finance leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred.

Fixed assets that are held under finance leases shall be depreciated by applying the same policy as that for the fixed assets owned by the Company. If it can be reasonably determined

that the ownership of the leased assets can be obtained at the end of the lease period, the leased assets are depreciated over their useful lives; otherwise, the leased assets are depreciated over the shorter of the lease terms and the useful lives of the leased assets.

(5) Others

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow to the Company and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditure shall be recognized in profit or loss in the period in which they are incurred.

The revenue from selling or transferring, or disposing a fixed asset is booked into profit and loss after deduction of carrying value and related tax.

The Company conducts a review of useful life, expected net realizable value and depreciation methods of the fixed asset at least on an annual base. Any change is regarded as change in accounting estimates.

13. Construction in progress

Construction in progress is measured at its actual cost. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is transferred to a fixed asset when it is ready for intended use.

Testing method for provision impairment of construction in progress and accrued method for provision impairment please refer to Note 4.17.

14. Borrowing costs

Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred. Qualifying assets are asset (fixed assets, investment property and inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

Where funds are borrowed for a specific-purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest

earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

Where funds are borrowed for a general-purpose, the amount of interest to be capitalized on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

During the capitalization period, exchange differences related to a specific-purpose borrowing denominating in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

Assets qualified for capitalization are the fixed assets, investment properties or inventories which need a long time of construction or production activities before ready for intended used or sale.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than 3 months. Borrowing costs incurred during these periods recognized as an expense for the current period until the acquisition, construction or production is resumed.

15. Intangible assets

(1) Intangible asset

The term “intangible asset” refers to the identifiable non-monetary assets without physical shape, possessed or controlled by enterprises.

The intangible assets are initially measured by its cost. Expenses related to intangible assets, if the economic benefits related to intangible assets are likely to flow into the enterprise and the cost of intangible assets can be measured reliably, shall be recorded as cost of intangible assets. The expenses other than this shall be booked in the profit or loss when they occur.

Land use rights that are purchased by the Company are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Company, and relevant land use rights and buildings, are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated all of the land use rights and buildings should accounted for as fixed assets.

When an intangible asset with a definite useful life is available for use, its original cost less

net residual value and any accumulate impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a definite useful life, the Company reviews the useful life and amortization method at the end of the period, and makes adjustment when necessary. An additional review is also carried out for useful life of the intangible assets with indefinite useful life. If there is evidence showing the foreseeable limit period of economic benefits generated to the enterprise by the intangible assets, then estimate its useful life and amortize according to the policy of intangible assets with definite useful life.

(2) Research and development cost

Cost of research and development is distinguished into the research phase and the development phases.

Cost of the research phase is recognized in the profit or loss in the period in which it is incurred.

Unless the following conditions are satisfied, cost of the development phase is recognized in the profit or loss in the period in which it is incurred:

- 1) it is technically feasible to complete the intangible asset so as to use it or sell it;
- 2) it is clearly invented to complete the intangible asset in order to use it or sell it;
- 3) it is probable that the intangible asset is capable of generating future economic benefit, such as the market for the product produced by the intangible asset or the intangible asset itself, it is objectively evidential that the intangible asset is economically usable if it is going to be used internally;
- 4) there are sufficient technical, financial and other resources to complete the intangible asset and to use it or sell it;
- 5) the cost of the development of the intangible can be measured reliably.

If the cost cannot be distinguished into the search phase and the development phase, it is recognized in the profit or loss for the period in which it is incurred.

(3) Impairment of intangible assets

Impairment and provisions of intangible assets are disclosed on Note 4.17.

16. Long-term deferred expenditure

An item long-term deferred expenses is an expense which has been incurred and which has a beneficial period (a period during which an expense is expected to bring economic benefits to an entity) which is longer than one year and which includes at least part of the reporting period during which the expense was incurred and subsequent reporting periods. An item of

long-term deferred expenses is recognized at the actual amount of the expense incurred and allocated in each month of the beneficial period using the straight line method.

17. Impairment of non-current and non-financial assets

Non-financial assets with non-current nature include fixed assets, construction in progress, intangible assets with definite useful lives, investment properties measured by cost methods and long-term equity investment on subsidiaries, jointly operations. The Company assesses whether there are any indicators of impairment for all non-financial assets at the balance sheet date, and impairment test is carried out and recoverable value is estimated if such an indicator exists. Goodwill and intangible assets with indefinite useful lives, as well as intangible assets not ready for use, are tested for impairment annually regardless of indicators of impairment.

Impairment of loss is calculated and provisions taken by the difference if the recoverable value of the assets is lower than the book value. The recoverable value is the higher of estimated present value of the future expected cash flows from the asset and net fair value of the asset less disposed cost. The fair value of asset is determined by the sales agreement price within an arm's length transaction. In case there is no sales agreement, but there is active market of assets, the fair value can be determined by the selling price. If there is neither sales agreement nor active market, the fair value of the asset can be estimated based on the best information obtained.

Disposal expenses include expenses related to the legislation, taxes, transportations and the direct expense for the asset to be ready for sale. When calculating the present value of expected future cash flows from an asset or asset Group, the management shall estimate the expected future cash flows from the asset or asset Group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for asset impairment is calculated and determined on the individual basis. If the recoverable of individual asset is hard to estimate, the recoverable amount can be determined by the asset Group where subject asset belongs. Asset Group is the smallest set of assets that can have cash flow in independently.

The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future expected cash flows from the asset Groups or sets of asset Groups to which the goodwill is allocated. Estimating the present value requires the Company to make an estimate of the expected future cash flows from the asset Groups or sets of asset Groups and also choose a suitable discount rate in order to calculate the present value of those cash flows. Once the loss from above asset impairment is

recognized, the recoverable part cannot be reserved in the subsequent periods.

18. The buyback conditions attached to the transferred assets

Redemptory monetary capital for sale

The financial assets which will be resold on certain confirmed date in the future according to the agreement promises would be recognized in the balance sheet. The cost of buying that kind of assets (including interests), would be listed in the balance sheet as the redemptory monetary capital for sale. The difference between the buying rate and resale rate should be recognized according to the actual interest rate during the agreement period and included into the interest income.

19. Accrued liabilities

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.

On balance sheet date the Company performed relate obligation that consider risk, incertitude, time value of currency of contingency factor. According to the best estimate of the expenditure required to settle the present obligation for estimated liabilities measured.

If the expenditure required to settle the liability is expected to be fully or partly compensated by a third party, to determine the amount of compensation will be received at the basic, separately recognized as an asset, and is recognized in the amount of compensation does not exceed the carrying value of estimated liabilities.

20. Revenues

(1) Commodity sales revenues

No revenue from selling goods may be recognized unless the following conditions are met simultaneously: the significant risks and rewards of ownership of the goods have been transferred to the buyer by the enterprise; the enterprise retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods; the relevant amount of revenue can be measured in a reliable way; the relevant economic benefits may flow into the enterprise; and the relevant costs incurred or to be incurred can be measured in a reliable way.

In the Company's daily accounting practices, as for the domestic sales, when the products

had shipped out of the library and had handed over to the buyers, and the major risk as well as the reward on the ownership of the products had transferred to them, without keeping any continued management right which commonly related to the ownership nor carrying out any effective control of the products which had been sold, and at the same time the amounts received could be calculated reliably, and the relevant economic interest may flow into the enterprise, as well as the relevant costs which had occurred or is going to occur could be calculated reliably, should recognize the implementation of the commodity sales revenues. As for the overseas sales, should recognize the implementation of the revenues when the goods had made shipment and gained the customs export declaration.

(2) Revenues from providing labor services

If an enterprise can reliably estimate the outcome of a transaction concerning the labor services it provides, it shall recognize the revenue from providing services employing the percentage-of-completion method on the balance sheet date. The percentage-of-completion is determined by the proportion of the costs incurred against the estimated total costs.

The outcome of a transaction concerning the providing of labor services can be measured in a reliable way, means that the following conditions shall be met simultaneously: ① The amount of revenue can be measured in a reliable way; ② The relevant economic benefits are likely to flow into the enterprise; ③ The schedule of completion under the transaction can be confirmed in a reliable way; ④ The costs incurred or to be incurred in the transaction can be measured in a reliable way.

If the Company can not measure the result of a transaction concerning the providing of labor services in a reliable way, it shall be conducted in accordance with the following circumstances, respectively: If the cost of labor services incurred is expected to be compensated, the compensation amount for the cost of labor services shall be recognized as the revenue from providing labor service, and the cost of labor service incurred shall be as the current cost; if the cost of labor services incurred is not expected to compensate, no revenue from the providing of labor services may be recognized.

Where a contract or agreement signed between Group and other enterprises concerns selling goods and providing of labor services, if the part of sale of goods and the part of providing labor services can be distinguished from each other and can be measured respectively, the part of sale of goods and the part of providing labor services shall be treated respectively. If the part of selling goods and the part of providing labor services can not be distinguished from each other, or if the part of sale of goods and the part of providing labor services can be distinguished from each other but can not be measured respectively, both parts shall be conducted as selling goods.

(3) Royalty revenue

In accordance with relevant contract or agreement, the amount of royalty revenue should be recognized as revenue on accrual basis. In the Company's daily accounting practices, it should be calculated and recognized according to the chargeable time and methods in accordance with the relevant contract or agreement.

(4) Interest revenue

In accordance with the time that others use the Group's monetary capital and the actual rate.

21. Government subsidies

Government grants are transfer of monetary assets and non-monetary assets from the government to the Company at no consideration, excluding the capital invested by the government as equity owner. Government grant can be classified as grant related to the assets and grants related to the income.

The government grants which were acquired by the Company will be used to purchase or otherwise form become long-term assets will be defined as grant related to the assets; the others will be defined as grants related to the income. If the files have not clearly defined government grants objects, it will be divided in the following manner compartmentalize the grants into grant related to the assets and grants related to the income: (1) government documents defined specific projects targets, according to the relative proportion of the budgets of specific items included the expenditure of to form assets and the expenditure will be charged into expense to be divided, the division ratio required at each balance sheet date for review and make changes if necessary; (2) government documents to make a general presentation purposes only, does not specify a particular project, as grants related to the income.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period.

When received the government grants actually, recognized and measured them by the actual amount received. However, there is strong evidence that the end of fiscal support policies able to meet the conditions specified in the relevant funds are expected to be able to receive financial support, measured at the amount receivable. Government grants are measured according to the amount receivable shall also comply with the following conditions: (1) grants receivable of government departments issued a document entitled have been confirmed, or could reasonably estimated in accordance with the relevant provisions of its own official release of financial resources management approach, and the expected amount of a material uncertainty which does not exist; (2) it is based on the local financial sector to

be officially released and financial support for the project and its financial fund management approach voluntarily disclosed in accordance with the provisions of “Regulations on Disclosure Government Information”, and the management approach should be (inclusive of any compliance business conditions may apply), and not specifically formulated for specific businesses;(3) related grants approval has been clearly committed the deadline, and is financed by the proceeds of a corresponding budget as a guarantee, so that will be received within the prescribed period with the a reasonable assurance; (4) according to the specific circumstances of the Company and the subsidy matter, should satisfy the other conditions (if any).

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent period, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

For repayment of a government grant already recognized, if there is a related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognized in profit or loss for the period. If there is no related deferred income, the repayment is recognized immediately in profit or loss for the period.

22. Deferred tax assets and deferred tax liabilities

(1) Income tax for the current period

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects at the balance sheet date, to recover the assets or settle the liabilities.

At the balance sheet date, current income tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. The calculation for income tax expenses in the current period is based on the taxable income according to the related tax laws after adjustment to the accounting profit of the reporting period.

(2) Deferred income tax assets and liabilities

For temporary differences between the carrying amount of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as

assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

For temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, no deferred income tax liability related is recognized except where the Company is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

All deferred income tax liabilities arising from taxable temporary differences except the ones mentioned above are recognized.

For temporary deductible differences associated with the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset is recognized.

For taxable temporary deductible differences associated with investments in subsidiaries and associates, and interests in joint ventures, no deferred income tax asset related is recognized if it is impossible to reversal the temporary difference in the foreseeable future, or it is not probable to obtain taxable income which can be used for the deduction of the temporary difference in the future.

Except mentioned above, the Company recognizes other deferred income tax assets that can deduct temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

For the deductible losses and tax credit that can be carried forward, deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates according to tax laws, which are expected to apply in the period in which the asset is realized or the liability is settled.

At the balance sheet date, the Company reviews the carrying amount of deferred tax assets. If it is no longer probable that sufficient taxable profit will be available in future periods to allow the benefits of the deferred tax assets to be used, the Company reduces the carrying amount of deferred tax assets. The amount of such reduction is reversed when it becomes probable that sufficient taxable profit will be available.

(3) Income tax expenses

Income tax expenses consist of current income tax and deferred income tax.

The expenses from income tax and deferred income tax, as well as the revenue, shall be recorded into profit or loss in current accounting period, except expense for income tax of the current period and deferred income tax that booked into other income or equity and adjusted carrying value of deferred income tax goodwill arose from business combination.

(4) Income tax offset

When we have the legal right, and have intended to, to make settlement with net amount or through the asset acquisition and liability fulfillment simultaneously, the Company shall present the net value from the offset between current income tax asset and current income tax liability in the financial statement.

When the Company has the legal right to make a settlement with the current income tax asset and current income tax liability, and the deferred income tax asset and deferred income tax liability are related to the same taxable subject under the same tax payer, or related to different taxable subject, but the intension of net value settlement in regard of the current income tax asset and current income tax liability, the Company shall present net value after the offset of deferred income tax asset and deferred income tax liability.

23. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

(1) The Company as Lessee under operating Lease

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period. The contingent rents shall be recorded in the profit or loss of the period in which they actually arise.

(2) The Company as Leaser under operating Lease

Lease income from operating leases shall be recognized by the leaser in profit or loss on a straight-line basis over the lease term. Initial direct cost of significance in amount shall be capitalized when incurred. If another basis is more systematic and rational, that basis may be used. Contingent rents are credited to profit or loss in the period in which they actually arise.

(3) The Company as Lessee under financing Lease

For an asset that is held under a finance lease, at the lease commencement, the leased asset is recorded at the lower of its fair value at the lease commencement and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of the

long-term payables; the difference between the recorded amount of the leased asset and the

recorded amount of the payable is accounted for as unrecognized finance charge, Initial direct costs incurred by the lessee during the process of negotiating and securing the lease agreement shall be added to the amount recognized for the leased asset.

The net amount of minimum lease payment deducted by the unrecognized finance shall be separated into long-term liabilities and long-term liability within one year for presentation.

Unrecognized finance charge shall be computed by the effective interest method during the lease term. Contingent rent shall be booked into profit or loss when actually incurred.

(4) In the case of the lessor of a financing lease

For an asset that is leased out under a finance lease, the aggregate of the minimum lease receipts at the inception of the lease and the initial direct costs is recorded as a finance lease receivable, and unguaranteed residual value is recorded at the same time; the difference between the aggregate of the minimum lease receipt, initial direct costs, and unguaranteed residual value, and the aggregate of their present values, is recognized as unearned finance income, which is amortized using the effective interest rate method over each period during the lease term.

Finance lease receivable less unearned finance income shall be separated into long-term liabilities and long-term liability within one year for presentation.

Unearned finance income shall be computed by the effective interest method during the lease term. Contingent rent shall be credited into profit or loss in which actually incurred.

24. Assets held-for-sale

The Company has made decision on disposal of some non-current assets, and signed irrecoverable transferring agreements with buyers. The transaction is probably to be completed with one year. If so, the non-current asset shall be counted as an asset ready-for-sale, not depreciated or amortized, and shall be measured by the lower of carrying amount and faire value less net value of disposal expenses. Non-current assets ready-for-sale includes individual asset and disposal Group. If disposal Group is an asset Group, and has allocated goodwill acquired during the combination according to the Accounting Standard for Business Enterprises No. 8 - Impairment, or. the disposal Group is an operation in the asset Group, the disposal Group includes goodwill in the business combination.

Where an asset or a disposal Group is classified as held-for-trade, but cannot satisfy the condition of non-current asset ready-for-trade, the Company shall derecognize it as held-for-trade, and measure it by the lower of the followings:

- (1) the carrying amount of the asset or disposal Group before it is classified as held-for-trade, the value after the adjustment of depreciation, amortization or impairment recognized under the assumption that it is not classified as held-for-trade;
- (2) the recoverable value on the date when decided not to trade any more.

25. Employee Benefits

During the accounting period of an employee providing services to the Company, the Company recognizes the compensation payable as liabilities.

The Company participates in the employees social security system set up by government agencies, including pensions, medical insurance, housing fund and other social security system, and the corresponding expenditures are included in the cost of related assets or the profit or loss.

When an enterprise terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision shall be recognized for the compensation arising from termination of employment relationship with employees, with a corresponding charge to the profit or loss for the current period. The enterprise cannot unilaterally withdraw from the termination plan or the redundancy offer.

The early retirement plan adopts the same principles of termination benefits. Salaries and social insurance (from the date of ceasing services to the date of normal retirement) are paid by the Company, subject to the conditions to be recognized in profit or loss (termination benefits).

26. Changes in major accounting policies and accounting estimates

(1) Changes of accounting policies

There was no significant change of accounting policies for the Company during the reporting period.

(2) Changes of accounting estimates

There was no any change of accounting estimates during the reporting period.

27. Correction of prior period errors

There is no significant change of previous accounting errors for the Company during the reporting period.

28. Significant account judgment and estimates

The Company is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of operation activities. These judgments, estimates and assumptions are based on historical experiences of the Company's management as well as other factors that are considered to be relevant. These judgments, estimates and assumptions may affect value of the financial statements in revenue, expenses, assets and liabilities and the disclosure of contingency at the balance sheet date. However, the result derived from those uncertainties in estimates may lead significant adjustments to the carrying amounts of the assets or liabilities affected in the future.

The Company has reviews the judgments, estimates and assumptions regularly on the basis of going concern. Where the changes in accounting estimates only affect the period when changes occurred, and they are recognized within the same period. Where the changes in accounting estimates affect both current period and future period, the changes are recognized within the period of change and future period.

At balance sheet date, the followings are the significant areas where the Company needs to make judgment, estimates and assumptions over the value of items in the financial statements:

(1) Classification of lease

The Company classifies leases as operating lease and financing lease according to the rule stipulated in the Accounting Standard for Business Enterprises No. 21—Leasing. The management shall make analysis and judgment on whether the risks and rewards related to the title of leased assets has been transferred to the leaser, or whether the Company has substantially held the risks and rewards related to the ownership of leased assets.

(2) Allowance for bad debt

According to the relevant accounting policies of the Company in receivables, allowance method is used for bad debt's calculation. The impairment of receivables is calculated based on the assessment of recoverable of receivables. Assurance of receivable impairment needs judgments and estimations from the management. The difference between actual results and original estimates shall have impact on the carrying amount of receivables and receivable bad debt provisions or the reverse during the change of estimation.

(3) Impairment of inventories

The Company measures inventories by the lower of cost and realizable net value according to the accounting policies in regard of inventories and provisions for decline in value of inventories are made if the cost is higher than their net realizable value and obsolete and slow-movement inventories. Inventories decline in value to net realizable value is the estimated selling price in the ordinary course of business. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events. The difference between the actual result and the original estimates shall have impact on reverse of the carrying amount of the inventories and their decline in value or provisions during the period of change.

(4) The fair value of financial instruments

For a financial instrument which has no active market, the Company establishes fair value by using various valuation methods, including of discounted cash flow analysis model. The Company needs to estimate future cash flow, credit risk, volatility and relationship during the valuation and choose appropriate discount rate. Such assumptions have uncertainties and

their changes shall have impact on the fair value of financial instruments.

(5) Impairment of financial assets available-for-sale

The Company determine the available-for-sale financial asset is impaired relies on judgments and assumptions of management, to determine whether impairment loss is recognized in the income statement. The process of making the judgments and assumptions, the Company is required to assess the extent and duration of the fair value of the investment below cost, as well as investment financial position and short-term business outlook, including industry conditions, technological change, the credit rating, default rates and counterparty risk.

(6) Impairment of non-financial, non-current assets

The Company assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the balance sheet date. For an intangible asset that has indefinite useful life, impairment test is made in addition to the annual impairment test if there is any indication of impairment. For non-current assets other than financial assets, impairment test is made when there is any indication that its account balance cannot be recovered.

Impairment exists when the recoverable amount of an asset is the higher of its fair value less cost of disposal and present value of the future cash flows expected to be derived from the asset.

Net value between the difference of fair value and disposal cost is determined by reference of the price of similar product in a sale agreement in an arm's length transaction or an observable market price less the additional cost directly attributable to the disposal of the asset.

When estimating the present value of future cash flow, significant judgments are made over the asset's production, selling price and relevant operating expenses, and discount rate used to calculate present value. All available materials that are considered to be relevant shall be used in the estimation of recoverable value. These materials include estimations of production, selling price and operating expenses based on reasonable and supportable assumptions.

The Company makes an impairment test for goodwill at least at each year end. This requires an estimation of present value of future cash flow of the assets or assets group where goodwill has been allocated. The Company shall makes estimation on the future cash flow derived from assets or assets group and determine an appropriate discount rate for the present value of future cash flow when the estimation of present value of future cash flow is made.

(7) Depreciation and amortization

Investment property, fixed assets and intangible assets are depreciated and amortized using the straight-line method over their useful lives after taking into account residual value. The

useful lives are regularly reviewed to determine the depreciation and amortization costs charged in each reporting period. The useful lives are determined based on historical experience of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factor used to determine the depreciation or amortization, the rate of depreciation or amortization is revised.

(8) Deferred tax assets

The group shall recognize all unused tax losses as deferred tax assets to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. This requires the management of the Company make a lot of judgments over the estimation of time period, value and tax planning strategies when future taxable profit incurs so that the value of deferred tax assets can be determined.

(9) Income tax

There are some transactions where ultimate tax treatments and calculations have uncertainties in the Company's everyday operation. If it is possible for any item to make expenditure before tax that needs to be approved from competent tax authorities. If there is any difference between finalized determination value and their initial estimations value, the difference shall have the impact on the income tax and deferred income tax of the current period during the final determination.

(15) Accrued liabilities

According with the terms of the contract, the existing knowledge and historical experience, product quality assurance and expected contract losses, delay in delivery of liquidated damages are estimated and recognized as accrued liabilities. In these matters has been the formation of a current obligation, and fulfilling the duty is likely to lead to the outflow of economic benefits of the Company, the Company or the best estimate of the current obligation expenditure required recognized as a accrued liabilities. Recognition and measurement of accrued liabilities is dependent on the judgment of management. In the processing of judgment the company needed to appraise the related risks, uncertainties and time value of money and other factors.

The Company will sell, repair and renovation of goods sold to provide customers with quality after-sales service commitment is accrued liabilities. Accrued liabilities have considered the recent experience in the maintenance data, but recent maintenance experience may not reflect future maintenance. Any increase or decrease in the accrued liabilities may affect the profit or loss in future.

V. Taxation

1. Main taxes and tax rate

Category of taxes	Particulars about specific tax rate
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Category of taxes	Particulars about specific tax rate
VAT	Income tax was in accordance with 17% of tax rate to calculate output tax, and according to the balance of the current the deductibility deduct the input tax to calculate value added tax.
Consumption tax	Sales of wine per 1000 ml or per kg 1 Yuan to calculate the amount of consumption tax, a flat rate, 20% of the annual turnover to calculate the amount of consumption tax at valorem.
Business Tax	5% of turnover tax payable.
Urban maintenance and construction tax	1, 5, 7% of the actual taxable turnover amount.
Education expenses surcharge	3% of the actual taxable turnover amount.
Local education surcharge	2% of the actual taxable turnover amount.
Enterprise income tax	25% of the actual taxable turnover amount.

VI. Business combination and consolidated financial statements

1. Subsidiaries

(1) Subsidiaries obtained by establishment and investment

Unit: RMB Ten thousand Yuan

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	types of companies
Bozhou Gujing Sales Co., Ltd (hereinafter refer to as Gujing Sales)	Limited company	Bozhou, Anhui	Business trading	8,486.00	Wholesales of distilled spirit, construction materials, feeds and assistant materials	Limited liability company
Bozhou Gujing Transportation Co., Ltd (hereinafter refer to as "Gujing Transportation")	Limited company	Bozhou, Anhui	Transportation	695.00	Transportation, sales and repair service	Limited liability company
Bozhou Gujing Glass Co., Ltd (hereinafter refer to as "Gujing Glass")	Limited company	Bozhou, Anhui	Manufacture	8,666.03	Manufacture and sale of glass products	Limited liability company
Bozhou Gujing Waste Reclamation Co., Ltd (hereinafter refer to as "Gujing Waste")	Limited company	Bozhou, Anhui	Waste cycled	100.00	Collect and sale of recycled glass bottle, glass, wastebasket	Limited liability company
Anhui Jinyunlai Culture & Media Co.,Ltd. (hereinafter refer to as "Jinyunlai")	Limited company	Hefei, Anhui	Ads marketing	200.00	Design, publish, design and proxy of ads in China; ceremony service for conferences as well as sales of gifts in arts and crafts	Limited liability company
Bozhou Gujing Packing Co.,	Limited	Anhui	Production	3,000.00	Administrative license items: Naught; General operating items:	Limited liability

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	types of companies
Ltd. (hereinafter refer to as “Bozhou Packing”)	company	Bozhou	and manufacture		providing packing for Gujing Brand, serials wine, fruit and vegetable wine, health wine of Gujing Brand	company
Shanghai Hongbang Culture Communication Co., Ltd. (hereinafter refer to as “Shanghai Hongbang”)	Subsidiary of wholly owned subsidiary	Shanghai	Advertising	500.00	Design, publish, design and proxy of ads in China; ceremony service for conferences as well as sales of gifts in arts and crafts(exception of special project) Public Relations Planning; Corporate image design and planning (if there is need administrative licensing, operating based on the license.)	Limited liability company
Anhui Swisse Will Science & Technology Co., Ltd. (hereinafter referred to as Swisse Will)	Subsidiary of wholly owned subsidiary	Bozhou, Anhui	Technology research	5,000.00	Research and promotion of engineering and technology; planning and design of information system; computer software and hardware, design, development and sales of network communication system; consultancy and services of enterprise management. (if there is need administrative licensing, operating based on the license.)	Limited liability company

(Continued)

Subsidiaries	Legal representative	Organization code	Actual amount of investments at the year-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)
Gujing Sales	Liang Jinhui	151944818	8,486.00	0.00	100.00	100.00
Gujing Transportation	Bai Yun	151940067	695.00	0.00	100.00	100.00
Gujing Glass	Qian Zhenhai	151946047	8,666.03	0.00	100.00	100.00
Gujing Wast	Qian Zhenhai	151946522	100.00	0.00	100.00	100.00
Jinyunlai	Yan Lijun	562165325	200.00	0.00	100.00	100.00
Bozhou Packing	Huai Huiying	58886276X	3,000.00	0.00	100.00	100.00
Shanghai Hongbang	Yan Lijun	593139218	500.00	0.00	100.00	100.00
Swisse Will	Zhou Qingwu	08757348-4	5,000.00	0.00	100.00	100.00

(Continued)

Subsidiaries	Included in consolidated statement or not	Minority interest	Deductible minority interests	Note
Gujing Sales	Yes	0.00	0.00	
Gujing Transportation	Yes	0.00	0.00	
Gujing Glass	Yes	0.00	0.00	
Gujing Wast	Yes	0.00	0.00	
Jinyunlai	Yes	0.00	0.00	
Bozhou Packing	Yes	0.00	0.00	
Shanghai Hongbang	Yes	0.00	0.00	
Swisse Will	Yes	0.00	0.00	

(2) Subsidiaries obtained by business combination under same control

Unit: RMB Ten thousand Yuan

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	types of companies	Legal representative	Organization code
Shanghai Gujing Jinhao Hotel Management Co., Ltd. (hereinafter referred to as "Shanghai Jinhao")	Limited company	Shanghai	Hotel management	5,400.00	Hotel management (Except for catering management, Except for hotel operation); Self-owned housing rental; establish branch. (If there is need administrative licensing, operating based on the license.)	Limited liability company	Gong Lei	134565998
Bozhou Gujing Hotel Co., Ltd. (hereinafter refer to as "Gujing Hotel")	Limited company	Bozhou, Anhui	Hotel management	62.80	Accommodation and parking services; lunch processing, sales of alcohol and tobacco and sales of daily commodity	Limited liability company	Zhao Yufeng	151944834

(Continued)

Subsidiaries	Actual amount of investments at the year-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)
Shanghai Jinhao	4,990.69	0.00	100.00	100.00
Gujing Hotel	64.86	0.00	100.00	100.00

(Continued)

Subsidiaries	Included in consolidated statement or not	Minority interest	Deductible minority interests	Note
Shanghai Jinhao	Yes	0.00	0.00	
Gujing Hotel	Yes	0.00	0.00	

2. Subsidiaries that newly combined into consolidation scope in the reporting period

There was no subsidiary that newly combined into consolidation scope in the reporting period.

VII. Notes on major items in consolidated financial statements of the Company

The following notes (including notes on major items in consolidated financial statements of the Company), unless otherwise noted, the opening period was 1st Jan. 2014, the closing period was 30 Jun. 2014, last period referred to 1st Jan-30 Jun. 2013, this period referred to 1st Jan-30 Jun. 2014.

1. Monetary funds

Item	Closing balance			Opening balance		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash in treasury:			246,915.20			251,743.25
- RMB	—	—	246,915.20	—	—	251,743.25
Bank deposit:			1,076,255,292.66			1,381,636,737.50
- RMB	—	—	1,076,255,292.66	—	—	1,381,636,737.50
- USD	0.00		0.00	0.00	6.0969	0.00
Other monetary funds:						42,230.21
- RMB	—	—	0.00	—	—	42,230.21
Total			1,076,502,207.86			1,381,930,710.96

Notes: the pledged deposit of the book value of RMB 75,000,000.00 Yuan in the last period using for bank acceptance draft had been fully reclaimed expiring the end of the reporting period. Expired on 30 Jun. 2014, the pledged deposit of the book value of RMB 50,500,000.00 Yuan was used for bank acceptance draft.

2. Notes receivable

(1) Category of notes receivable

Category	Closing balance	Opening balance
Bank acceptance bill	339,936,339.04	154,408,425.31
Total	339,936,339.04	154,408,425.31

Notes: On 30 Jun. 2014, the pledged notes receivable of the book value of RMB 63,000,000.00 Yuan was used for bank acceptance draft.

(2) The top 5 of the largest amount of notes receivable pledged at period-end

Issuing entity	Date of issuance	Expiring date	Amount	Remark
Huaibei Kunri Trading Co., Ltd.	2014/6/6	2014/12/6	6,600,000.00	
Jiujiang Pxsteel Steel Co., Ltd.	2014/5/29	2014/11/29	3,000,000.00	

Issuing entity	Date of issuance	Expiring date	Amount	Remark
Lanzhou Syracuse Wine Co. Ltd.	2014/3/24	2014/9/24	2,000,000.00	
Anqing Qibajiu Materials Trading Co., Ltd.	2014/5/19	2014/11/19	2,000,000.00	
Lanzhou Syracuse Wine Co. Ltd.	2014/3/24	2014/9/24	1,900,000.00	
Total			15,500,000.00	

(3) Notes transferred to accounts receivable because drawer of the notes fails to execute the contract or agreement, and undue notes endorsed to other parties at the end of the period

(4) Undue notes endorsed to other parties by the Company (the top 5 of the largest amount)

Issuance unit	Issuance date	Expired date	Amount	Recognition was stopped or not	Remark
Henan Songhe Wine Industry Co., Ltd.	2014/1/3	2014/7/3	2,000,000.00	Yes	
Anqing Zhisheng Automobile Sales Co., Ltd.	2014/1/20	2014/7/20	2,000,000.00	Yes	
Anqing Xinlian Trading Co., Ltd.	2014/3/12	2014/9/12	2,000,000.00	Yes	
Gansu LBX Pharmacy Co., Ltd.	2014/4/11	2014/10/11	1,764,948.00	Yes	
Anqing Taifa Energy Technology Co., Ltd.	2014/1/9	2014/7/9	1,260,000.00	Yes	
Total			9,024,948.00		

3. Accounts receivable

(1) Accounts receivable listed by categories

Category	Closing balance			
	Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable with significant single amount and individually withdrawn bad debt provision	0.00	0.00	0.00	0.00
Accounts receivable for which bad debt provisions are made on the group basis	0.00	0.00	0.00	0.00
Aging group	6,666,502.14	100.00	809,562.05	12.14
Subtotal of the groups	6,666,502.14	100.00	809,562.05	12.14
Accounts receivable with	0.00	0.00	0.00	0.00

insignificant single amount and individually withdrawn bad debt provision				
Total	6,666,502.14	100.00	809,562.05	12.14

(Continued)

Category	Opening balance			
	Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable with significant single amount and individually withdrawn bad debt provision	0.00	0.00	0.00	0.00
Accounts receivable for which bad debt provisions are made on the group basis	0.00	0.00	0.00	0.00
Aging group	7,253,995.93	100.00	879,525.94	12.12
Subtotal of the groups	7,253,995.93	100.00	879,525.94	12.12
Accounts receivable with insignificant single amount and individually withdrawn bad debt provision	0.00	0.00	0.00	0.00
Total	7,253,995.93	100.00	879,525.94	12.12

(2) Accounts receivable adopting aging analysis method to withdraw bad debt provision:

Item	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	5,727,165.27	85.91	5,711,105.76	78.73
Including: within 6 months	5,364,811.17	80.47	4,455,116.26	61.42
7 months to 1 year	362,354.10	5.44	1,255,989.50	17.31
1 year to 2 years	64,766.62	0.97	749,254.58	10.33
2 years to 3 years	286,501.36	4.30	192,771.51	2.66
Over 3 years	588,068.89	8.82	600,864.08	8.28
Total	6,666,502.14	100.00	7,253,995.93	100.00

(3) Particulars about withdrawal of bad debt provision

Accounts receivable withdrawn bad debt provision by groups

A. Accounts receivable adopting Aging combination to withdraw bad debt provision:

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	5,727,165.27	85.91	71,765.82	5,711,105.76	78.73	107,350.64
Including: within 6 months	5,364,811.17	80.47	53,648.11	4,455,116.26	61.42	44,551.16
7-12 months	362,354.10	5.44	18,117.71	1,255,989.50	17.31	62,799.48
1 year to 2 years	64,766.62	0.97	6,476.66	749,254.58	10.33	74,925.46
2 years to 3 years	286,501.36	4.30	143,250.68	192,771.51	2.66	96,385.76
More than 3 years	588,068.89	8.82	588,068.89	600,864.08	8.28	600,864.08
Total	6,666,502.14	100.00	809,562.05	7,253,995.93	100.00	879,525.94

(4) There was not any account receivable which had withdrawn the bad debt provisions in full or large amount that reversed or collected in the reporting period

(5) There was not any write-off account receivable

(6) There was not any account receivable due to shareholders holding 5% (including 5%) voting rights of the Company

(7) The amounts due from related parties

Name of entity	The relationship with the Company	Amount	Year	Proportion of the total (%)
Dealer A	Non-related relationship	1,335,894.42	Within 6 months	20.04
Dealer B	Non-related relationship	1,145,421.86	Within 6 months , 7 months to 1 year, 2 to 3 years	17.18
Dealer C	Non-related relationship	546,205.01	Within 6 months, 7 months to 1 year	8.19
Dealer D	Non-related relationship	156,600.00	Within 6 months	2.35
Dealer E	Non-related relationship	131,068.00	Within 6 months	1.97
Total		3,315,189.29		49.73

(8) There was no any amount due from related parties

4. Prepayment

(1) List by aging analysis:

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	91,269,886.76	99.63	90,017,564.50	99.78
1 year to 2 years	337,853.24	0.37	200,134.00	0.22
Total	91,607,740.00	100.00	90,217,698.50	100.00

(2) Information of the top 5 prepayment

Name of entity	Relationship with the Company	Amount	Aging	Reason for unsettled
CCTV	Non-related relationship	38,051,539.80	Jun. 2014	Advance for advertising expense
Shenzhou Television Co., Ltd.	Non-related relationship	8,818,913.78	Jun. 2014	Advance for advertising expense
Beijing Zhicheng Advertising co., Ltd	Non-related relationship	4,379,721.96	Jan. 2014	Advance for advertising expense
Hangzhou Gaolu Advertising Co., Ltd.	Non-related relationship	1,796,627.26	Apr. 2014	Advance for advertising expense
Beijing Branch Company of Hainan White Horse Adshel Co., Ltd.	Non-related relationship	1,323,524.63	Mar. 2014	Advance for advertising expense
Total		54,370,327.43		

(3) Information about amount due from shareholders with more than 5% (including 5%) of the voting shares of the Company in prepayment

5. Interest receivable

Item	Closing balance	Opening balance
Interest of certificate of deposit	12,162,291.01	0.00
Total	12,162,291.01	0.00

6. Other accounts receivable

(1) Other accounts receivable disclosed by type:

Category	Closing balance			
	Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable that is individually significant and provisions for bad debts individually	50,727,440.55	87.18	50,727,440.55	100.00

Other accounts receivable that provisions for bad debts by group				
Aging group	7,458,175.24	12.82	117,745.26	1.58
Subtotal of group	7,458,175.24	12.82	117,745.26	1.58
Other accounts receivable that is individually insignificant but provisions for bad debts individually				
Total	58,185,615.79	100.00	50,845,185.81	87.38

(Continued)

Category	Opening balance			
	Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable that is individually significant and provisions for bad debts individually	51,109,940.55	88.79	51,109,940.55	100.00
Other accounts receivable that provisions for bad debts by group				
Aging group	6,453,210.58	11.21	156,884.38	2.43
Subtotal of group	6,453,210.58	11.21	156,884.38	2.43
Other accounts receivable that is individually insignificant but provisions for bad debts individually				
Total	57,563,151.13	100.00	51,266,824.93	89.06

(2) Other accounts receivable disclosed by aging

Aging	Period-end		Period-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	7,285,039.42	12.52	5,838,600.41	10.14
Including:: within 6 months	6,749,577.01	11.60	5,531,319.95	9.61
7-12 months	535,462.41	0.92	307,280.46	0.53
1 year to 2 years	160,228.86	0.28	555,244.77	0.96
2 years to 3 years	10,906.96	0.02	57,365.40	0.10
More than 3 years	50,729,440.55	87.18	51,111,940.55	88.80
Total	58,185,615.79	100.00	57,563,151.13	100.00

(3) Withdrawal for bad debt provision

① Other closing accounts receivable that is individually significant and provisions for bad debts individually

Name	Book balance	Provision for bad debts	Proportion (%)	Reason
Jianqiao Securities	11,840,500.00	11,840,500.00	100.00	The enterprise entered into bankruptcy and settlement procedure
Hengxin Securities	29,502,438.53	29,502,438.53	100.00	The enterprise entered into bankruptcy and settlement procedure
Minfa Securities Co., Ltd.	9,384,502.02	9,384,502.02	100.00	The enterprise entered into bankruptcy and settlement procedure
Total	50,727,440.55	50,727,440.55	100.00	

②Other accounts receivable that provision for bad debts by group

A. Other accounts receivable that provision for bad debts by aging analysis

Aging	Period-end			Period-begin		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Proportion (%)	Amount	
Within 1 year	7,285,039.42	97.67	94,268.89	5,838,600.41	90.48	70,677.21
Including: within 6 months	6,749,577.01	90.50	67,495.77	5,531,319.95	85.72	55,313.19
7-12 months	535,462.41	7.17	26,773.12	307,280.46	4.76	15,364.02
1 year to 2 years	160,228.86	2.15	16,022.89	555,244.77	8.60	55,524.47
2 years to 3 years	10,906.96	0.15	5,453.48	57,365.40	0.89	28,682.70
More than 3 years	2,000.00	0.03	2,000.00	2,000.00	0.03	2,000.00
Total	7,458,175.24	100.00	117,745.26	6,453,210.58	100.00	156,884.38

(4) Other accounts receivable is due from shareholders with more than 5% (including 5%) of the voting shares of the Company

(5) Information of the top 5 of other account receivable

Name of entity	Relationship with the Company	Amount	Year	Proportion of the total (%)
Hengxin Securities	Non-related relationship	11,840,500.00	Over years 3	20.35
Jianqiao Securities	Non-related relationship	29,502,438.53	Over years 3	50.70
Minfa Securities	Non-related relationship	9,384,502.02	Over years 3	16.13

Name of entity	Relationship with the Company	Amount	Year	Proportion of the total (%)
Beijing Light Industry Group Co., Ltd.	Non-related relationship	500,000.00	Within 6 months	0.86
Bozhou power supply company of anhui electric power company	Non-related relationship	216,300.00	Within 6 months	0.37
Total		51,443,740.55		88.41

(6) Accounts receivable of related-party

There was no accounts receivable of related-party of other accounts receivable.

7. Redemptory monetary capital for sale

Item	Closing amount	Opening amount
Reverse purchase of national debt by pledge	0.00	80,093,922.21
Total	0.00	80,093,922.21

Notes: the term to maturity of the redemptory monetary capital for sale at the period-end was within 30 days.

8. Inventory

(1) Category

Item	Closing balance		
	Book balance	Impairment of inventories	Book value
Raw materials & wrappage	72,487,724.45	4,164,570.24	68,323,154.21
Homemade semi-finished products and products in process	997,390,698.42	0.00	997,390,698.42
Finished products	88,881,722.1	6,063,426.87	82,818,295.23
Total	1,158,760,144.97	10,227,997.11	1,148,532,147.86

(Continued)

Item	Opening balance		
	Book balance	Impairment of inventories	Book value
Raw materials & wrappage	97,581,058.67	4,164,570.23	93,416,488.44
Homemade semi-finished products and products in process	865,270,677.73	0.00	865,270,677.73
Finished products	122,409,398.01	6,063,426.88	116,345,971.13
Total	1,085,261,134.41	10,227,997.11	1,075,033,137.30

(2) Change in provision for falling price of inventories

Item	Opening balance	Increase	decrease		Closing balance
			Reversal amount	decrease amount	
Raw materials & wrappage	4,164,570.23	0.00	0.00	0.00	4,164,570.23
Homemade semi-finished products and products in process	0.00	0.00	0.00	0.00	0.00
Finished products	6,063,426.88	0.00	0.00	0.00	6,063,426.88
Total	10,227,997.11	0.00	0.00	0.00	10,227,997.11

(3) Reasons of provision for falling price of inventories and reversal

Item	Basic of provision for falling price of inventories	Reason of reversed the provision for falling price of inventories of the reporting period	Proportion of the reserved amount of the closing balance of the inventories of the reporting period
Raw materials & wrappage	Net realizable value below cost		
Finished goods	Net realizable value below cost		

9. Other current assets

Item	Nature (or content)	Closing amount	Opening amount
Available-for-sale financial assets	Bank financial products	1,020,000,000.00	900,000,000.00
Total		1,020,000,000.00	900,000,000.00

10. Available-for-sale financial assets

Item	Closing fair value	Opening fair value
Available-for-sale equity instruments	28,053,401.16	24,075,687.00
Less: provision for impairment	0.00	0.00

Total	28,053,401.16	24,075,687.00
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Notes: Available-for-sale equity instruments held by the company was the equity of Lipeng Co., Ltd.

11. Investment real estate

(1) Particulars about details of Investment real estate

Item	Opening amount	Increase in the reporting period	Decrease in the reporting period	Closing amount
Investment real estate which adopted follow-up measurement through cost mode	77,392,858.02	0.00	0.00	77,392,858.02
Less: Accumulated depreciation or amortization of investment property	42,204,778.36	1,584,806.81	0.00	43,789,585.17
Less: Depreciation reserves of investment property	0.00	0.00	0.00	0.00
Total	35,188,079.66	1,584,806.81	0.00	33,603,272.85

(2) Investment property measured by cost

Item	Opening amount	Increase in the reporting period	Decrease in the reporting period	Closing amount
I. Total original book value	77,392,858.02	0.00	0.00	77,392,858.02
Houses & buildings	74,748,266.02	0.00	0.00	74,748,266.02
Land use right	2,644,592.00	0.00	0.00	2,644,592.00
II. Accumulated depreciation and accumulated amortization	42,204,778.36	1,584,806.81	0.00	43,789,585.17
Houses & buildings	41,838,712.45	1,553,799.53	0.00	43,392,511.98
Land use right	366,065.91	31,007.28	0.00	397,073.19
III. Total of depreciation reserves	0.00	0.00	0.00	0.00
Houses & buildings	0.00	0.00	0.00	0.00
Land use right	0.00	0.00	0.00	0.00
IV. Total of book value	35,188,079.66			33,603,272.85
Houses & buildings	32,909,553.57			31,355,754.04
Land use right	2,278,526.09			2,247,518.81

(3) The amount of depreciation and amortization of the investment property was of RMB 1,584,806.81 in the reporting period.

12. Fixed assets

(1) Information

Item	Opening amount	Increase in the reporting period		Decrease in the reporting period	Closing amount
I. Total original book value	1,863,098,888.00		374,970,528.44	20,399,229.44	2,217,670,187.00
Including: Property and building	1,247,871,397.32		212,784,978.25	7,628,418.75	1,453,027,956.82
Machineries	517,454,256.43		141,651,692.42	10,265,338.43	648,840,610.42
Vehicles	47,016,731.79		1,913,418.79	1,726,998.77	47,203,151.81
Official equipments and other equipment	50,756,502.46		18,620,438.98	778,473.49	68,598,467.95
II. Accumulated depreciation		Newly increase in the reporting period	Withdrawal in the reporting period		
Total of accumulated depreciation	589,824,597.07	0.00	55,339,914.67	18,722,865.88	626,441,645.86
Including: Property and building	331,582,943.53	0.00	20,562,971.84	6,679,077.71	345,466,837.66
Machineries	189,488,293.37	0.00	24,626,130.50	9,670,071.17	204,444,352.70
Vehicles	29,340,283.66	0.00	4,044,459.54	1,662,229.81	31,722,513.39
Official equipments and other equipment	39,413,076.51	0.00	6,106,352.79	711,487.19	44,807,942.11
III. The net book value of fixed assets	1,273,274,290.93				1,591,228,541.14
Including: Property and building	916,288,453.79				1,107,561,119.16
Machineries	327,965,963.06				444,396,257.72
Vehicles	17,676,448.13				15,480,638.42
Official equipments and other equipment	11,343,425.95				23,790,525.84
IV. Total impairment provision	6,792,538.34				6,792,538.34
Including: Property and building	4,264,099.10				4,264,099.10
Machineries	1,860,758.88				1,860,758.88
Vehicles	0.00				0.00
Official equipments and other equipment	667,680.36				667,680.36

Item	Opening amount	Increase in the reporting period	Decrease in the reporting period	Closing amount
other equipment				
V. Total book value	1,266,481,752.59			1,584,436,002.80
Including: Property and building	912,024,354.69			1,103,297,020.06
Machineries	326,105,204.18			442,535,498.84
Vehicles	17,676,448.13			15,480,638.42
Other equipment	10,675,745.59			23,122,845.48

Notes: Depreciation amount of this reporting period was of RMB 55,339,914.6, RMB 118,011,827.59 was transferred into fixed assets from construction project in the reporting period.

(2) Temporary idle fixed asset

Item	Original book value	Accrued depreciation	Impairment provision	Net book value	Remark
House and buildings	15,646,500.09	11,190,960.05	4,264,099.10	191,440.94	
Machinery equipments	11,115,403.05	9,139,883.63	1,860,758.88	114,760.54	
Official equipments and other equipment	1,772,209.55	1,104,529.19	667,680.36	0.00	
Total	28,534,112.69	21,435,372.87	6,792,538.34	306,201.48	

(3) Fixed assets leased out from operation lease

Category	Closing book value	Opening book value
Machinery equipments	850,456.78	895,217.66
Electronic equipments and other	50,352.43	60,422.91
Total	900,809.21	955,640.57

(4) Information of fixed assets failed to accomplish certification of property

Item	Reason	Estimated accomplish date	Book value
No.1 Peiqu building	Certification of property being conducting	Uniform handling after the completion of the industrial park project	13,313,920.08
No.2 Peiqu building	Certification of property being conducting	Uniform handling after the completion of the industrial park	13,313,920.08

Item	Reason	Estimated accomplish date	Book value
		project	
No.3 Peiqu building	Certification of property being conducting	Uniform handling after the completion of the industrial park project	13,313,920.09
No.4 Peiqu building	Certification of property being conducting	Uniform handling after the completion of the industrial park project	12,785,693.04
No.5 Peiqu building	Certification of property being conducting	Uniform handling after the completion of the industrial park project	12,798,957.38
Industrial park No. 1 brewhouse	Certification of property being conducting	Uniform handling after the completion of the industrial park project	22,341,686.05
Industrial park No. 2 brewhouse	Certification of property being conducting	Uniform handling after the completion of the industrial park project	22,652,168.80
Industrial park No. 3 brewhouse	Certification of property being conducting	Uniform handling after the completion of the industrial park project	22,950,057.66
Industrial park No. 4 brewhouse	Certification of property being conducting	Uniform handling after the completion of the industrial park project	22,922,519.08
Industrial park No. 5 brewhouse	Certification of property being conducting	Uniform handling after the completion of the industrial park project	25,026,696.90
Industrial park No. 6 brewhouse	Certification of property being conducting	Uniform handling after the completion of the industrial park project	20,914,607.18
Industrial park No. 7 brewhouse	Certification of property being conducting	Uniform handling after the completion of the industrial park project	25,384,492.58
Industrial park No. 8 brewhouse	Certification of property being conducting	Uniform handling after the completion of the industrial park project	24,714,136.53
Industrial Park No.1 filling house	Certification of property being conducting	Uniform handling after the completion of the industrial park project	37,327,022.98
Industrial Park No.2 filling house	Certification of property being conducting	Uniform handling after the completion of the industrial park	41,125,373.49

Item	Reason	Estimated accomplish date	Book value
		project	
Industrial Park No.3 filling house	Certification of property being conducting	Uniform handling after the completion of the industrial park project	44,910,332.58
Bran warehouse, Qu warehouse	Certification of property being conducting	Uniform handling after the completion of the industrial park project	39,040,187.00
Logistics office building, canteen, salvage station	Certification of property being conducting	Uniform handling after the completion of the industrial park project	4,651,200.79
Industrial park station	Certification of property being conducting	Uniform handling after the completion of the industrial park project	33,138,247.68
Qinggong apartment	Certification of property being conducting	Uniform handling after the completion of the industrial park project	10,712,810.79
Total			463,337,950.76

13. Construction in progress

(1)

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Marketing network construction	7,705,967.08	0.00	7,705,967.08	14,546,665.94	0.00	14,546,665.94
Brewing technology renovation project of high quality base liquid	4,528,733.55	0.00	4,528,733.55	3,385,987.81	0.00	3,385,987.81
Hook store, filling and packing center of base liquid and construction project of supplemental facilities	18,878,360.95	0.00	18,878,360.95	203,661,402.39	0.00	203,661,402.39
Removal and R&D project of base liquid and support facility	56,916,219.69	0.00	56,916,219.69	144,262,343.13	0.00	144,262,343.13

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
project						
Operation network of Gujing phase II	388,888.88	0.00	388,888.88	0.00	0.00	0.00
Gujing hotel renovation	6,045,380.56	0.00	6,045,380.56	3,723,224.99	0.00	3,723,224.99
Beijing experience center renovation project	16,378,058.41	0.00	16,378,058.41	7,401,304.94	0.00	7,401,304.94
Stainless wine tank	2,136,629.81	0.00	2,136,629.81	0.00	0.00	0.00
Second workshop technical renovation project	1,797,872.25	0.00	1,797,872.25	0.00	0.00	0.00
Other	1,273,531.65	0.00	1,273,531.65	358,010.34	0.00	358,010.34
Total	116,049,642.83	0.00	116,049,642.83	377,338,939.54	0.00	377,338,939.54

(2) Changes in construction in progress

Name of project	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing amount
Marketing network construction	275,000,000.00	14,546,665.94	1,669,029.67	0.00	8,509,728.53	7,705,967.08
Brewing technology renovation project of high quality base liquid	102,000,000.00	3,385,987.81	1,902,944.7	760,198.96	0.00	4,528,733.55
Hook store, filling and packing center of base liquid and construction project of supplemental facilities	586,000,000.00	203,661,402.39	27,918,375.6	210,431,326.23	2,270,090.81	18,878,360.95
Removal and R&D project of base liquid and support facility project	800,000,000.00	144,262,343.13	75,116,917.32	142,854,543.23	19,608,497.53	56,916,219.69
Operation network of Gujing phase II	5,840,000.00	0.00	388,888.88	0.00	0.00	388,888.88

Name of project	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing amount
Gujing hotel renovation	7,987,386.68	3,723,224.99	2,322,155.57	0.00	0.00	6,045,380.56
Beijing experience center renovation project	27,797,100.00	7,401,304.94	8,976,753.47	0.00	0.00	16,378,058.41
Stainless wine tank	9,989,955.00	0.00	2,136,629.81	0.00	0.00	2,136,629.81
Second workshop technical renovation project	12,760,000.00	0.00	1,797,872.25	0.00	0.00	1,797,872.25
Other	7,500,000.00	358,010.34	915,521.31	0.00	0.00	1,273,531.65
Total	1,834,874,441.68	377,338,939.54	123,145,088.58	354,046,068.42	30,388,316.87	116,049,642.83

(Continued)

Name of project	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Capitalization of interest	Including: capitalization of interest this period	Source of funding
Marketing network construction	0.00	0.00	0.00	62.24	100.00%	Raise fund
Brewing technology renovation project of high quality base liquid	0.00	0.00	0.00	78.36	100.00%	Raise fund
Hook store, filling and packing center of base liquid and construction project of supplemental facilities	0.00	0.00	0.00	78.49	100.00%	Raise fund
Removal and R&D project of base liquid and support facility project	0.00	0.00	0.00	78.83	87.00%	Owned fund
Operation network of Gujing phase II	0.00	0.00	0.00	7.15	12.75%	Owned fund
Gujing hotel renovation	0.00	0.00	0.00	75.68	95.00%	Owned fund
Beijing experience center renovation project	0.00	0.00	0.00	58.89	80.00%	Owned fund
Stainless wine tank	0.00	0.00	0.00	21.39	25.00%	Owned fund

Name of project	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Capitalization of interest	Including: capitalization of interest this period	Source of funding
Second workshop technical renovation project	0.00	0.00	0.00	14.09	20.00%	Owned fund
Other	0.00	0.00	0.00	96.6	99.00%	Owned fund
Total	0.00	0.00	0.00			

Note: other decrease of Operation network construction was the completion of decoration of specialty store transferring into long-term unamortized expenses

14. Engineering materials

Item	Closing book value	Opening book value
Engineering materials	3,611,632.44	0.00
Total	3,611,632.44	0.00

15. Intangible assets

(1) Information

Item	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance
I. Total original book value	393,604,217.77	260,683.77	0.00	393,864,901.54
Land use right	351,249,420.80	0.00	0.00	351,249,420.80
Patent	38,150,000.00	0.00	0.00	38,150,000.00
Software	4,204,796.97	260,683.77	0.00	4,465,480.74
II. Total accrued amortization	78,379,296.23	4,435,599.74	0.00	82,814,895.97
Land use right	39,213,427.25	3,959,051.66	0.00	43,172,478.91
Patent	38,030,000.00	30,000.00	0.00	38,060,000.00
Software	1,135,868.98	446,548.08	0.00	1,582,417.06
III. Total accrued depreciation reserve	0.00	0.00	0.00	0.00
Land use right	0.00	0.00	0.00	0.00
Patent	0.00	0.00	0.00	0.00
Software	0.00	0.00	0.00	0.00
IV. Total book value	315,224,921.54	0.00	0.00	311,050,005.57
Land use right	312,035,993.55	0.00	0.00	308,076,941.89
Patent	120,000.00	0.00	0.00	90,000.00

Item	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance
Software	3,068,927.99	0.00	0.00	2,883,063.68

Note: Amortization was of RMB4,435,599.74 in the reporting period.

15. Long-term amortization expense

Item	Opening balance	Increase	Amortization balance	Other decrease	Closing balance	Reason for other decrease
Celebrity's House	1,239,278.63	0.00	625,864.68	0.00	613,413.95	
Zhengzhou club house lease expenses	437,600.06	0.00	437,600.06	0.00	0.00	
Building decoration engineering of 2011 Annual Gujing Distillery Experience Center of Zhengzhou 2011	580,764.58	0.00	580,764.58	0.00	0.00	
Hangzhou experience club project	397,689.66	0.00	170,438.46	0.00	227,251.20	
specialty store decoration engineering	18,997,757.37	12,659,898.23	4,753,223.00	0.00	26,904,432.60	
Reform on highly qualified base liquid	14,748,065.24	0.00	1,860,700.86	0.00	12,887,364.38	
Qu frame and Qu bed	5,965,086.59	0.00	761,679.42	0.00	5,203,407.17	
The relocation compensation of Beijing experience center	15,400,100.00	1,550,000.00	2,300,000.00	0.00	14,650,100.00	
Wine culture museum	132,252.47	0.00	74,704.20	0.00	57,548.27	
Sewage treatment plant renovation project	3,000,000.00	3,000,000.00	250,000.00	0.00	5,750,000.00	
Industrial park greening projects	0.00	21,878,588.34	0.00	0.00	21,878,588.34	
Total	60,898,594.60	39,088,486.57	11,814,975.26	0.00	88,172,105.91	

16. Deferred tax assets / deferred tax liabilities

(1) Deferred tax assets and liabilities that already recognized

① Deferred tax assets that already recognized

Item	Closing amount		Opening amount	
	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses
Provision for bad debts	12,913,686.99	51,654,747.86	13,036,587.74	52,146,350.87

Provision for obsolete stocks	2,556,999.28	10,227,997.12	2,556,999.28	10,227,997.11
Fixed assets depreciation reserves	1,697,623.76	6,790,495.04	1,697,623.76	6,790,495.04
Internal unrealized purchase and sale profits	0.00	0.00	202,004.95	808,019.79
Deferred income	10,326,328.50	41,305,313.99	10,863,852.26	43,455,409.03
Accrued expenses	14,460,937.04	57,843,748.16	14,733,752.38	58,935,009.49
Changes in the fair value of Available-for-sale financial assets	0.00	0.00	281,076.50	1,124,306.00
Total	41,955,575.57	167,822,302.17	43,371,896.87	173,487,587.33

② Deferred tax liabilities that already recognized

Item	Closing amount		Opening amount	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Changes in the fair value of Available-for-sale financial assets	709,215.45	2,836,861.80	0.00	0.00
Total	709,215.45	2,836,861.80	0.00	0.00

(2) List of deferred tax assets that unrecognized

Item	Closing amount	Opening amount
Provision for bad debts	2,043.30	2,043.30
Deductible losses	724,118.08	724,118.08
Total	726,161.38	726,161.38

17. List of provision for assets impairment

Item	Opening amount	Withdrawal in the reporting period	Decrease		Closing amount
			Reversal	Written off	
I. Provision for bad debt	52,146,350.87	0.00	491,603.01	0.00	51,654,747.86
II. Provision for inventory falling price	10,227,997.11	0.00	0.00	0.00	10,227,997.11

Item	Opening amount	Withdrawal in the reporting period	Decrease		Closing amount
			Reversal	Written off	
III. Impairment provision of fixed assets	6,792,538.34	0.00	0.00	0.00	6,792,538.34
IV. Impairment provision of intangible assets	0.00	0.00	0.00	0.00	-
Total	69,166,886.32	0.00	491,603.01	0.00	68,675,283.31

18. Ownership or use right restricted assets

Item	Closing amount	Restricted assets
Subtotal of pledged assets		
Bank deposits	50,500,000.00	Pledge for issuing bank acceptance
Notes receivable	63,000,000.00	Pledge for issuing bank acceptance
Total	113,500,000.00	

19. Notes payable

Category	Closing amount	Opening amount
Bank acceptance	165,500,000.00	235,620,000.00
Trade acceptance	27,560,000.00	150,000.00
Total	193,060,000.00	235,770,000.00

20. Accounts payable**(1) List of accounts payable**

Item	Closing amount	Opening amount
Within 1 year	286,317,052.64	433,467,588.20
Over 1 year	9,109,019.70	9,467,811.24
Total	295,426,072.34	442,935,399.44

(2) The accounts payable to shareholders with more than 5% (including 5%) of the voting shares of the Company

Applicable Inapplicable

(3) Notes of the accounts payable aging over 1 year

Name of creditor	Amount	Reason for unsettlement	Amount pay back after Balance Sheet Date
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Name of creditor	Amount	Reason for unsettlement	Amount pay back after Balance Sheet Date
SHANGHAI TIMES PRINTING CO., LTD.	474,696.76	Settlement of final payment	No
Dingzheng machinery and equipment Co.,Ltd.	288,400.00	Settlement of final payment	Yes
SHENZHEN TIMES PRINTING CO., LTD.	243,732.61	Settlement of final payment	No
Shenzhen Gome Packing Co., Ltd.	155,801.66	Settlement of final payment	No
Chongqing Jimma Glass Company	147,699.07	Settlement of final payment	No
Total	1,310,330.10		

21. Advance from customers

(1)

Item	Closing amount	Opening amount
Within 1 year	289,743,247.69	139,762,253.28
Over 1 year	3,572,581.51	7,495,140.60
Total	293,315,829.20	147,257,393.88

(2) There was no advanced from customers from shareholders with more than 5% (including 5%) of the voting shares of the Company

22. Payroll payable

Item	Opening book balance	Increase	Decrease	Closing book balance
I. Salary, bonus, allowance, subsidy	194,316,386.96	11,822,136.03	12,379,302.01	45,720.57
II. Employee welfare	0.00	16,226,551.42	16,226,551.42	0.00
III. Social insurance	2,728,790.54	56,083,384.85	58,328,928.55	483,246.84
Including: 1. Medical insurance premiums	602,886.55	11,822,136.03	12,379,302.01	45,720.57
2. Basic pension benefits	1,880,164.98	38,448,306.24	39,924,930.89	403,540.33
3. Unemployment insurance	159,553.32	3,480,277.48	3,614,781.08	25,049.72

Item	Opening book balance	Increase	Decrease	Closing book balance
4.Work-related injury insurance	53,045.78	1,329,877.93	1,378,690.91	4,232.80
5.Maternity insurance	33,139.91	1,002,787.17	1,031,223.66	4,703.42
IV. Housing fund	11,882,473.50	53,680,621.24	54,876,433.28	10,686,661.46
V. Labour union budget and other	22,415,551.17	12,853,176.68	15,202,145.93	20,066,581.92
Total	231,343,202.17	301,725,188.99	444,040,439.48	89,027,951.68

23. Taxes payable

Item	Closing balance	Opening balance
VAT	48,606,086.48	86,131,273.54
Consumption tax	98,727,493.19	155,018,644.03
Business tax	427,315.98	357,639.36
Corporate income tax	188,415,121.00	330,262,070.25
Personal income tax	18,446,326.78	5,307,318.66
Urban maintenance and construction tax	5,301,369.53	7,354,158.61
Stamp tax	2,326,360.86	2,326,681.66
Education surtax	5,287,000.91	7,342,500.00
Other	2,953,910.67	5,413,162.08
Total	370,490,985.40	599,513,448.19

24. Other accounts payable

(1)

Unit: RMB Yuan

Item	Closing balance	Opening balance
Within 1 year	366,020,877.84	230,462,880.23
Over 1 year	154,371,961.28	143,440,572.28
Total	520,392,839.12	373,903,452.51

(2) Other accounts payable from shareholders with more than 5% (including 5%) of the voting shares of the Company

The details please refer to annotations VIII, 5, Accounts payable of related party

(3)Notes of the other large amount accounts payable aging over 1 year

Name of creditor	Amount	Reason for unsettlement	Whether pay after the Balance Sheet Date or not?
Guangxi Construction Engineering Group No. 1 Installation Co., Ltd	2,265,300.00	Guarantee money of engineering	No
Dingzheng Machinery and Equipment Co.,Ltd.	1,174,260.00	Guarantee money	No
Total	3,439,560.00		

(4) Notes of other accounts payable with significant amount

Name of creditor	Closing amount	Nature or content
Guangxi Construction Engineering Group No. 1 Installation Co., Ltd	2,265,300.00	Guarantee money of engineering
Jiangsu Muyang Group Co.,Ltd.	2,104,901.50	Guarantee money of engineering
Henan Province Construction Group Co., Ltd.	1,981,591.21	Engineering fund
Anhui JinYuan Construction and Installation Company	1,975,613.42	Engineering fund
Dingzheng Machinery and Equipment Co.,Ltd.	1,174,260.00	Equipment fund
Total	9,501,666.13	

25. Other current liabilities

Item	Content	Closing amount	Opening amount
Deferred income	Government subsidies	1,625,047.54	3,112,595.04
Total		1,625,047.54	3,112,595.04

Of which, the list of the deferred income was as follows:

Item	Closing amount	Opening amount
Government subsidies related to assets	76,500.00	153,000.00
Energy-saving and reform project of coal-fired industry boiler and glass furnace	30,000.00	60,000.00
Bozhou city logistics center project	325,000.02	650,000.04

Item	Closing amount	Opening amount
Special account for prevention and cure of waste water directed by municipal finance	265,811.76	531,623.52
Financial subsidy for energy-saving project	267,110.76	534,221.52
Financial subsidy for technology innovation	19,999.98	39,999.96
Discount on technology reform of deposit in budget directed by municipal finance	15,000.00	30,000.00
IoT traceability system project	556,875.00	1,113,750.00
Motor and boiler energy-saving reform project	68,750.02	0.00
Total	1,625,047.54	3,112,595.04

26. Other non-current liabilities

Item	Content	Closing amount	Opening amount
Deferred income	Government subsidies	41,305,313.99	40,342,813.99
Total		41,305,313.99	40,342,813.99

Of which, the list of the deferred income was as follows:

Item	Opening balance	Newly increase subsidy in the reporting period	Amount recorded into non-operating income	Other changes	Closing balance	Related to assets/ related to income
Energy-saving and reform project of coal-fired industry boiler and glass furnace	624,750.00				624,750.00	Related to assets
Bozhou city logistics center project	300,000.00				300,000.00	Related to assets
Special account for prevention and cure of waste water directed by municipal finance	650,000.12				650,000.12	Related to assets
Financial subsidy for energy-saving project	2,060,827.48				2,060,827.48	Related to assets
Financial subsidy for technology innovation	2,552,816.98				2,552,816.98	Related to assets
Discount on technology reform of deposit in budget directed by municipal finance	43,333.41				43,333.41	Related to assets

Item	Opening balance	Newly increase subsidy in the reporting period	Amount recorded into non-operating income	Other changes	Closing balance	Related to assets/related to income
Lot traceability system project	172,500.00				172,500.00	Related to assets
Energy-saving and reform project of coal-fired industry boiler and glass furnace	7,425,000.00				7,425,000.00	Related to assets
Land refund	26,513,586.00				26,513,586.00	Related to assets
Motor and boiler energy-saving reform project	0.00	1,100,000.00		137,500.00	962,500.00	Related to assets
Total	40,342,813.99				41,305,313.99	

27. Share capital

Item	Opening amount		Increase/decrease (+, -)					Closing amount	
	Amount	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of capital reserve	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares									
1. National holdings									
2. Domestic legal person holdings									
3. Other domestic shares	900	0.00						900	0.00
Including: Domestic legal person shares									
Domestic natural person shares	900	0.00						900	0.00
4. Foreign holdings									
Including: Overseas legal person shares									
Overseas natural									

Item	Opening amount		Increase/decrease (+, -)					Closing amount	
	Amount	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of capital reserve	Others	Subtotal	Amount	Proportion (%)
person shares									
Total of restricted shares	900	0.00						900	0.00
II. Tradable shares									
1.RMB common shares	383,599,100	76.17						383,599,100	76.17
2.Domestically listed foreign shares	120,000,000	23.83						120,000,000	23.83
3.Overseas listed foreign shares									
4.Others									
Total of tradable shares	503,599,100	100.00						503,599,100	100.00
III. Shares total	503,600,000	100.00						503,600,000	100.00

28. Capital reserve

Item	Opening amount	Increase in the reporting period	Decreased in the reporting period	Closing amount
Share premium	1,262,552,456.05	0.00	0.00	1,262,552,456.05
Other capital reserves	31,542,807.64	2,983,285.62	0.00	34,526,093.26
Total	1,294,095,263.69	2,983,285.62	0.00	1,297,078,549.31

Other changes of capital reserves were changes of available-for-sale fair value of assets.

29. Surplus reserves

Item	Opening amount	Increase in the reporting period	Decreased in the reporting period	Closing amount
Legal surplus reserves	256,902,260.27	0.00	0.00	256,902,260.27
Total	256,902,260.27	0.00	0.00	256,902,260.27

Note: According to the stipulations of Corporate Law and Constitution, The Company withdraw legal

surplus reserves in line with 10% of the profit, the accumulative amount of legal surplus reserves was over 50% of the Company's registered capital can be no longer withdrawn

The Company, after withdraw the legal surplus reserves, can withdraw discretionary surplus reserve, been approved, discretionary surplus reserve can be used to make up the losses of the previous year or increase share equity

30. Undistributed profit

(1) List of undistributed profit

Item	Current amount	Amount of Last period	Withdrawal or distribution Proportion
Balance at the end of the year of 2011 (Before adjustment)	1,688,158,733.09	1,356,119,112.84	
Total adjustment for the balance at the beginning of the year of 2012	0.00	0.00	
Balance at the beginning of the year of 2012 (After adjustment)	1,688,158,733.09	1,356,119,112.84	
Add: Current distributable net profits for owners of parent company	357,806,197.58	622,004,915.79	
Less: Appropriation of statutory surplus reserves			
Other accounts which transferred into			
Less: Appropriation of discretionary surplus reserve	0.00	38,165,295.54	详见九、30
Appropriation of normal risk provision			
Ordinary shares dividend payables	176,260,000.00	251,800,000.00	
Ordinary shares dividend capitalized to share capital			
Undistributed profits as at the period-end	1,869,704,930.67	1,688,158,733.09	

31. Operating Revenues and Operating Costs

(1) Operating Revenues and Operating Costs

Item	Amount of this period	Amount of last period
Main operating revenues	2,368,129,229.88	2,294,278,118.16
Other operating revenues	22,029,719.88	12,676,559.23
Total of operating revenues	2,390,158,949.76	2,306,954,677.39
Operating costs	713,705,869.42	714,795,639.60

Item	Amount of this period	Amount of last period
Other operating costs	20,377,490.89	11,725,817.29
Total of operating costs	734,083,360.31	726,521,456.89

(2) Main business (classified by products)

Name of products	Amount of this period		Amount of last period	
	Operating revenue	Operating revenue	Operating revenue	Operating cost
Sales of white wine	2,326,086,139.93	687,121,871.32	2,252,477,524.22	687,066,730.92
Hotel revenues	35,011,065.89	20,656,528.88	33,241,632.00	20,277,395.52
Others	7,032,024.06	5,927,469.22	8,558,961.94	7,451,513.16
Total	2,368,129,229.88	713,705,869.42	2,294,278,118.16	714,795,639.60

(3) Main business (classified by districts)

Name of districts	Amount of this period		Amount of last period	
	Operating revenue	Operating revenue	Operating revenue	Operating cost
Domestic districts	2,368,129,229.88	713,705,869.42	2,294,278,118.16	714,795,639.60
Total	2,368,129,229.88	713,705,869.42	2,294,278,118.16	714,795,639.60

(4) Business Income of Top Five Customers of Company

Term	Total income of Top 5 customers	Proportion in overall business income of company (%)
Jan.-Jun. in 2014	641,792,059.01	26.85
Total	641,792,059.01	26.85

32. Business tax and surtax

Item	Amount of this period	Amount of last period
Consumption tax	270,563,928.74	268,351,304.25
Business tax	2,000,208.44	1,677,111.95
Urban construction tax and Education surcharge	52,280,838.07	50,341,935.53
Flood protection fee	17,049.83	16,711.36
Total	324,862,025.08	320,387,063.09

Notes: Payment standard of each business tax and surtax please refer to annotations V, Taxes.

33. Sales expenses

Item	Amount of this period	Amount of last period
Employee compensations	22,574,597.53	23,735,680.81
Travel expenses	37,020,556.51	38,965,010.44
Advertisement fees	299,424,499.32	313,225,843.74
Transportation fees	11,279,389.20	39,706,706.53

Item	Amount of this period	Amount of last period
Propaganda and promotion expenses	178,181,231.51	74,108,707.10
Sample wine	40,850,491.17	36,040,232.42
Labor costs	105,155,215.02	87,260,722.62
Other sales expenses	11,673,586.65	4,706,840.19
Total	706,159,566.91	617,749,743.85

34. Administration expenses

Item	Amount of this period	Amount of last period
Employee compensations	117,475,653.85	97,289,330.63
Office expenses	24,706,293.02	16,986,180.42
Taxes	6,175,133.35	6,170,973.32
Repairing fees	12,117,163.49	8,938,558.26
Depreciation expenses	11,327,357.46	10,987,318.28
Amortization of intangible assets	4,435,599.74	4,152,913.54
Pollution discharge fees	6,986,205.96	5,260,706.35
Material wastage	22,013,629.66	17,010,043.01
Travel expenses	6,733,316.85	2,361,177.29
Research funding	3,774,340.11	426,156.15
Water and electricity fees	3,618,858.29	2,284,054.56
Others	19,762,230.13	6,662,030.81
Total	239,125,781.91	178,529,442.62

35. Financial expenses

Item	Amount of this period	Amount of last period
Interests costs	0.00	0.00
Less: Interests incomes	33,131,195.49	32,993,781.15
Less: Charges of notes received	0.00	1,621,956.23
Exchange gains and losses	0.00	0.00
Bank charges	766,303.36	415,441.59
Others	0.00	0.00
Total	-32,364,892.13	-34,200,295.79

36. Asset impairment loss

Item	Amount of this period	Amount of last period
Bad debt losses	-491,603.01	763,513.45

Item	Amount of this period	Amount of last period
Total	-491,603.01	763,513.45

37. Investment revenue

Item	Amount of this period	Amount of last period
Cash bonus gained from holding of available-for-sale financial assets	45,000.00	581,538.48
Revenue of bank financial products	54,368,884.71	0.00
Revenue of tradable financial assets	238,228.09	0.00
Total	54,652,112.80	581,538.48

38. Non-Operating revenue

Item	Amount of this period	Amount of last period	Amount included in the current non-recurring gains and losses
Gains from disposal of non-current assets	286,406.47	151,016.78	286,406.47
Including: Gains from disposal of fixed assets	286,406.47	151,016.78	286,406.47
Government subsidies (Details please refer to the following table: list of government subsidies)	590,000.00	6,210.17	590,000.00
Gains from penalties	6,408,989.21	7,928,538.48	6,408,989.21
Sale of waste	2,980,076.22	3,243,834.86	2,980,076.22
Accrued expenses non-payable	0	0.00	0
Deferred revenue amortization	1,625,047.54	1,060,125.06	1,625,047.54
Others	967,603.62	944,157.34	967,603.62
Total	12,858,123.06	13,333,882.69	12,858,123.06

Of which, the list of government subsidies:

Item	Amount of this period	Amount of last period	Related to assets/ related to income
Tax refunds	590,000.00	6,210.17	Related to income
Total	590,000.00	6,210.17	

39. Non-Operating expense

Item	Amount of this period	Amount of last period	Amount recorded into current non-recurring profit and loss
Loss on disposal of non-current	1,389,957.09	1,268,843.71	1,389,957.09

Item	Amount of this period	Amount of last period	Amount recorded into current non-recurring profit and loss
assets			
Including: Loss on disposal of fixed assets	1,389,957.09	1,268,843.71	1,389,957.09
Compensation expenses	0.00	3,000.00	0.00
Others	164,128.52	117,628.70	164,128.52
Total	1,554,085.61	1,389,472.41	1,554,085.61

40. Income tax expenses

Item	Amount of this period	Amount of last period
The current income tax as stipulated in the tax law and the relevant calculation	126,819,032.61	133,785,990.57
Deferred income tax adjustment	122,900.75	190,878.36
Total	126,941,933.36	133,976,868.93

41. Basic EPS and Diluted EPS

According to the current net profits of the Company's common shareholders, the basic EPS should be calculated by the weighted average except for the outstanding common shares. The shares number of the newly issued common shares, according to the specific clauses of the issues contracts, should be calculated and confirmed from the date of accounts receivable of consideration (ordinary is the shares issue date)

The molecule of diluted EPS was confirmed by the following factors according to the current net profits which belongs to the Company's common shareholders: (1) The interests which had been recognized to be the costs of diluted potential common shares; (2) The gains or expenses when transferring the diluted potential common shares; and (3) The relevant influences of the income taxes from the above adjustment.

The denominator of the diluted EPS incomes was equaled to the total of the following two items: (1) In the basic EPS of the parent company, the weighted average of the issued common shares; and (2) The weighted average of the common shares which increased owing to the transformation from the assumed diluted common shares to the common shares.

When calculating the weighted average of the common shares which increased owing to the transformation from the diluted potential common shares to the issued common shares, the diluted potential common shares which issued in the previous period was assumed to transfer at the period-begin in the current year; and the diluted potential common share issued in the current year was assumed to transfer on the issue date.

(1) List of earnings per share and diluted earnings per share in each period

Profit in reporting period	Reporting period		Same period of last year	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS

Net profit belongs to the Company's common shareholders	0.71	0.71	0.75	0.75
Net profit distributable to common shareholders of the Company after deducting non-recurring gains and losses	0.69	0.69	0.73	0.73

(2) Calculation procedure of basic EPS and diluted EPS

During the reporting period, there were no diluted potential common shares in the Company so that EPS-diluted equaled to basic EPS.

①When calculated the EPS-basic, the net profits distributable to common shareholders were as follows:

Item	Reporting period	Same period of last year
Net profit distributable to common shareholders of the Company	357,806,197.58	375,752,833.11
Of which: Net profit distributable to continual operating	357,806,197.58	375,752,833.11
Net profit distributable to discontinued operating	0.000	0.00
Net profit distributable to common shareholders of the Company after deducting non-recurring gains and losses	349,115,748.43	366,358,371.54
Net profit distributable to continual operating	349,115,748.43	366,358,371.54
Net profit distributable to terminated operating	0.00	0.00

②When calculated the EPS-basic, the denominator refers to the weighted average amount of outstanding issued common shares, and the accounting process as follows:

Item	Reporting period	Same period of last year
Amount of outstanding issued common shares at year-begin	503,600,000.00	503,600,000.00
Add: weighted average amount of common shares issued at current year	0.00	0.00
Less: weighted average amount of common shares repurchased at current year	0.00	0.00
Weighted average amount of outstanding issued common shares at year-end	503,600,000.00	503,600,000.00

42. Other comprehensive income

Item	Reporting period	Same period of last year
Gains (loss) from financial assets available for sale	2,836,861.76	-3,741,228.50

Deduct: income tax effects of financial assets available for sale	709,215.44	-935,307.13
Net amount of current gains and losses from previous comprehensive income	855,639.30	-2,093,537.88
Total	2,983,285.62	-4,899,459.25

43. Notes to cash flow statement

(1) Cash received related to other operating activities

Item	Reporting period	Same period of last year
Security deposit	107,414,393.02	167,653,789.52
Government subsidiaries	590000.00	0.00
Interest income	12,151,064.88	21,914,782.69
Others	17,855,555.91	33,549,699.48
Recover of the pledge of bank deposit	75,000,000.00	200,000,000.00
Total	213,011,013.81	423,118,271.69

(2) Cash paid related to other operating activities

Item	Reporting period	Same period of last year
Cash paid in selling expenses and administrative expenses	380,593,052.10	482,567,957.95
Fixed term deposits used to issue the pledge for the notes payable	50,500,000.00	108,000,000.00
Others	14,342,851.72	11,855,031.47
Total	445,435,903.82	602,422,989.42

(3) Cash received from other related investing activities

Item	Reporting period	Same period of last year
Received government subsidy related to assets	1,100,000.00	0.00
Total	1,100,000.00	0.00

44. Supplemental information for cash flow statement

(1) Information of the adjustment from the net profits to the cash flow statement of the operating activities

Item	Reporting period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities		
Net profit	357,806,197.58	375,752,833.11
Add: Provision for impairment of assets	-491,603.01	0.00
Add: Provision for impairment of assets	55,339,914.67	41,261,583.03
Depreciation of the investment real estate.	1,584,806.81	1,391,444.42

Item	Reporting period	Same period of last year
Amortization of intangible assets	4,435,599.74	4,166,651.43
Amortization of long-term deferred expense	11,814,975.26	5,364,451.26
Losses on disposal of property, plant and equipment, intangible assets and other long-term assets (gains: negative)	1,389,957.09	1,268,843.71
Loss on retirement of fixed assets (gains: negative)	0.00	0.00
Loss on changes in fair value(gains: negative)	-7,270.00	0.00
Financial cost (gains: negative)	0.00	0.00
Investment loss (gains: negative)	-54,652,112.80	-581,538.48
Decrease in deferred income tax assets (gains: negative)	122,900.75	-190,878.36
Increase in deferred income tax liabilities (decrease: negative)	709,215.45	0.00
Decrease in inventory (gains: negative)	-73,499,010.56	-52,059,145.09
Decrease in accounts receivable from operating activities (gains: negative)	-199,606,820.12	-93,025,318.04
Increase in payables from operating activities (decrease: negative)	-181,159,803.30	-140,632,776.29
Deferred revenue amortization		0.000
Net cash flows generated from operating activities	-76,213,052.44	142,716,150.70
II. Investing and financing activities that do not involving cash receipts and payment:		
Conversion of debt into capital	0.00	0.00
Convertible bond due within one year	0.00	0.00
Fixed assets financed by finance leases	0.00	0.00
III. Net increase in cash and cash equivalents		
Closing balance of cash	1,026,002,207.86	1,287,212,305.86
Less: Opening balance of cash	1,306,930,710.96	2,409,650,352.09
Add: Closing balance of cash equivalents	0.00	0.00
Less: Opening balance of cash equivalents	0.00	0.00
Net increase in cash and cash equivalents	-280,928,503.10	-1,122,438,046.23

(2) Cash and cash equivalents

Item	Closing amount	Opening amount
①Cash	1,026,002,207.86	1,306,930,710.96
Including: Cash on hand	246,915.20	251,743.25
Bank deposit on demand	1,025,755,292.66	1,306,636,737.50
Other monetary funds on demand	0.00	42,230.21
②Cash equivalent		
Including: Bond investment due in	0.00	0.00

Item	Closing amount	Opening amount
three months		
③ Closing balance of cash and cash equivalents	1,026,002,207.86	1,306,930,710.96

(VIII) Related party and related Transaction

1. Information related to parent company of the Company

Name of parent company	Relationship	Type	Registration place	Legal representative	Business scope
Anhui Gujing Group Co., Ltd.	Controlling shareholder	Limited liability company	Anhui	Liang Jinhui	Beverage, Construction materials, and plastic productions manufacture

(Continued)

Name of parent company	Registered capital	Proportion of share held by parent company against the Company (%)	Proportion of voting rights owned by parent company against the Company (%)	The ultimate controller of the Company	Organization code
Anhui Gujing Group Co., Ltd.	353,380,000.00	53.89	53.89	Anhui Province, Haozhou City government	151947437

2. Information on subsidiaries of the Company

Details please refer to the annotation VI, 1, the list of the subsidiaries.

3. Information on other related parties

Name of other related parties	Relationship with the Company	Organization code
Anhui Ruifuxiang Food Co., Ltd	Affiliated enterprise of controlling shareholder and actual controller	77908892-2
Anhui Ruijing Trade Travel (Group) Co., Ltd	Affiliated enterprise of controlling shareholder and actual controller	14912443-1
Bozhou Hotel Co., Ltd	Affiliated enterprise of controlling shareholder and actual controller	554599270
Bozhou gujinghuishenglou catering management co., LTD	Affiliated enterprise of controlling shareholder and actual controller	068084212

Name of other related parties	Relationship with the Company	Organization code
Anhui Gujing Real Estates Group Co., Ltd.	Affiliated enterprise of controlling shareholder and actual controller	697383485
East Ruijing Enterprise Investment Development Co., Ltd	Affiliated enterprise of controlling shareholder and actual controller	768363191
Anhui Hengxin Pawn Co., Ltd	Affiliated enterprise of controlling shareholder and actual controller	752994458
Bozhou Ruineng Thermoelectricity Co., Ltd	Affiliated enterprise of controlling shareholder and actual controller	560699980
Holiday Inn Hefei	Affiliated enterprise of controlling shareholder and actual controller	766891302
Bozhou Anxin Microcredit Co., Ltd	Affiliated enterprise of controlling shareholder and actual controller	060817223
Anhui Ruixin Pawn Co., Ltd	Affiliated enterprise of controlling shareholder and actual controller	396207533
Anhui Zhongxin Financial Leasing Co., Ltd.	Affiliated enterprise of controlling shareholder and actual controller	070901517

4. List of related transactions

① Goods purchased and service received

Name of company	Content of related transaction	Pricing principle of related parties	Amount of this period		Amount of last period	
			Amount	Proportion in transactions of the same kind	Amount	Proportion in transactions of the same kind
Anhui Ruifuxiang Food Co., Ltd	Purchase of materials	Market price	2,616,080.99	0.36	0.00	0.00
Bozhou Hotel Co., Ltd	Food and accommodation services	Market price	51,409.51	0.13	443,767.00	2.72
Anhui Ruijing Restaurant Management Co., Ltd.	Purchase of staff welfare products	Market price	894,456.00	5.51	0.00	0.00
Holiday Inn Hefei	Purchase of staff welfare products	Market price	1,673,540.00	10.31	1,225,600.00	9.68

Bozhou Huisheng Building Catering Company	Food and accommodation services	Market price	1,931,896.00	4.86	0.00	0.00
Total			7,167,382.50		1,669,367.00	

②Sales of goods and rendering of service

Name of company	Content of related transaction	Pricing principle of related parties	Amount of this period		Amount of last period	
			Amount	Proportion in transactions of the same kind	Amount	Proportion in transactions of the same kind
Anhui Gujing Group Co., Ltd.	Sales of small sized materials	Market price	12,803.86	0.86	24,286.02	1.4
Anhui Gujing Group Co., Ltd.	Providing catering services	Market price	145,200.00	0.41	75,246.00	9.42
Anhui Ruifuxiang Food Co., Ltd	Sales of white spirit	Market price	6,615.38	0.00	0.00	0.00
Anhui Ruijing Trade Travel (Group) Co., Ltd	Sales of white spirit	Market price	71,230.76	0.01	187,999.98	0.01
Haozhou Hotel Co., Ltd	Sales of white spirit	Market price	416,000.00	0.02	488,307.67	0.02
Anhui Gujing Real Estate Group Co., Ltd	Sales of white spirit	Market price	40,000.00	0.00	148,769.22	0.01
Haozhou Ruineng Thermolectricity Co., Ltd	Sales of white spirit	Market price	50,384.62	0.00	195,384.61	0.01
Anhui Hengxin Pawn Co., Ltd	Sales of white spirit	Market price	28,461.54	0.00	143,999.99	0.01
Anhui Gujing Group Co., Ltd.	Sales of small sized materials	Market price	1,384.62	0.00	325,692.29	0.01
Bozhou Anxin Microcredit Co., Ltd	Sales of small sized materials	Market price	2,461.54	0.00	0.00	0.00
Total			774,542.32		1,589,685.78	

(2) Related leasing

The Group was the lessee.

Name of lessor	Name of lessee	Category of leased assets	Start date of lease	end date of lease	Pricing evidence of lease income	The lease income confirmed in the report period
Anhui Gujing Group Co., Ltd.	The Company	Houses and buildings	2010-6-1	2020-5-31	Market price	900,000.00
Anhui Gujing Group Co., Ltd.	Gujing Inn	Houses and buildings	2010-6-1	2020-5-31	Market price	250,000.00

5. Receivables from and payables to related parties

Item	Closing amount	Opening amount
Accounts receivable in advance:		
Anhui Ruijing Trade (Group) Co., Ltd	1,800.00	0.00
Ruijing Trade (Group) Co., Ltd, Shanghai branch company	180,000.00	0.00
Holiday Inn Hefei	360,000.00	0.00
Bozhou Huisheng Building Catering Company	14,760.00	0.00
Total	556,560.00	0.00
Other accounts payable:		
Anhui Ruijing Trade (Group) Co., Ltd	0.00	77,997.24
Anhui Ruifuxiang Food Co., Ltd.	2,000.00	102,000.00
Total	2,000.00	179,997.24

(IX) Contingencies

Up to 30 Jun. 2014, there is no contingency event that needs to be disclosed.

(X) Commitment events

Up to 30 Jun. 2014, the list of the irrevocable operating lease contract which was foreign signed is as follows:

Item	Closing amount	Opening amount
Minimum amount of the lease payment of the irrevocable operating lease:		

RMB Yuan

The 1 st year after balance sheet date	2,300,000.00	2,300,000.00
The 2 nd year after balance sheet date	2,300,000.00	2,300,000.00
The 3 rd year after balance sheet date	2,300,000.00	2,300,000.00
Following years	29,708,333.33	30,858,333.33
Total	36,608,333.33	37,758,333.33

(XI) Events after balance-sheet-date

As to 30 Jun. 2014, there's no other significant event after the balance sheet date.

(XII) Explanation on major projects of financial statement in the Company**1. Accounts receivable****(1) Category of accounts receivable**

Item	Item			
	Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable of significant amount and accounting and drawing for provision of bad debts of single item	0.00	0.00	0.00	0.00
Accounts receivable accounting and drawing for provision of bad debts in the combination	0.00	0.00	0.00	0.00
Related party groups	670,334.14	47.37	0.00	0
Aging groups	744,916.00	52.63	589,342.45	79.12
Subtotal of groups	1,415,250.14	100.00	589,342.45	41.64
Accounts receivable of insignificant amount and accounting and drawing for provision of bad debts of single item	0.00	0.00	0.00	0.00
Total	1,415,250.14	100.00	589,342.45	41.64

(Continued)

Category	Opening amount			
	Book balance		Bad debts provision	
	Amount	Proportion	Amount	Proportion (%)

		(%)		
Accounts receivable of significant amount and accounting and drawing for provision of bad debts of single item	0.00	0.00	0.00	0.00
Accounts receivable accounting and drawing for provision of bad debts in the combination				
Related party groups	1,297,542.13	68.82	0.00	0.00
Aging groups	587,771.00	31.18	587,771.00	100.00
Subtotal of groups	1,885,313.13	100.00	587,771.00	31.18
Accounts receivable of insignificant amount and accounting and drawing for provision of bad debts of single item	0.00	0.00	0.00	0.00
Total	1,885,313.13	100.00	587,771.00	31.18

(2) Aging of accounts receivable

Item	Closing amount		Opening amount	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	827,479.14	58.47	1,297,542.13	68.82
Including: within 6 months	827,479.14	58.47	1,297,542.13	68.82
7-12 months	0.00	0.00	0.00	0.00
1 to 2 years	0.00	0.00	0.00	0.00
2 to 3 years	0.00	0.00	0.00	0.00
Over 3 years	587,771.00	41.53	587,771.00	31.18
Total	1,415,250.14	100.00	1,885,313.13	100.00

(3) Withdrawal of bad debts provision

Account receivable withdrawal of bad debt provision by group

In groups, accounts receivable for bad debts by aging method:

Aging	Closing amount			Opening amount		Bad debts provision
	Book balance		Bad debts provision	Book balance		
	Amount	Proportion (%)		Amount	Proportion (%)	

Within 1 year	157,145.00	21.10	0.00	0.00	0.00	0.00
[Including: within 6 months]	157,145.00	21.10	1,571.45	0.00	0.00	0.00
[7-12 months]	0.00	0.00	0.00	0.00	0.00	0.00
1 to 2 years	0.00	0.00	0.00	0.00	0.00	0.00
2 to 3 years	0.00	0.00	0.00	0.00	0.00	0.00
Over 3 years	587,771.00	78.90	587,771.00	587,771.00	100.00	587,771.00
Total	744,916.00	100.00	589,342.45	587,771.00	100.00	587,771.00

(4) There was no receivable transferred back or taken back during the report period

(5) There was no receivable of actual offset in the report period

(6) There was no shareholder units holding 5% (including 5%) or above of voting stock of the receivables

in the report period

(7) The top five of account receivable

Name of the entity	Relationship with the Company	Amount	Term	Proportion (%)
Bozhou Gujing Glass Products Co., Ltd,	Related party in consolidated scope	670,334.14	Within 6 months	47.37
Cheng xianfeng	Non-related party	157,145.00	Within 6 months	11.10
Total		827,479.14		58.47

(8) Receivables from related party

Name of the entity	Relationship with the Company	Amount	Proportion (%)
Bozhou Gujing Glass Products Co., Ltd,	Related party in consolidated scope	670,334.14	47.37
Total		670,334.14	47.37

2. Other receivables

(1) Category of other receivables

Category	Closing amount	
	Book balance	Bad debts provision

	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable of significant amount and accounting and drawing for provision of bad debts of single item	50,727,440.55	100.00	50,727,440.55	100.00
Accounts receivable accounting and drawing for provision of bad debts in the combination	0.00	0.00	0.00	0.00
Related party groups	128,674,008.89	70.23	0.00	0.00
Aging groups	3,806,696.69	2.08	60,146.12	1.58
Subtotal of groups	132,480,705.58	72.31	60,146.12	0.05
Other accounts receivable of insignificant amount and accounting and drawing for provision of bad debts of single item	0.00	0.00	0.00	0.00
Total	183,208,146.13	100	50,787,586.67	27.72

(Continued)

Category	Closing amount			
	Book balance		Bad debts provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable of significant amount and accounting and drawing for provision of bad debts of single item	51,109,940.55	26.78	51,109,940.55	100.00
Accounts receivable accounting and drawing for provision of bad debts in the combination				
Related party groups	136,303,423.36	71.41	0.00	0.00
Aging groups	3,453,495.00	1.81	102,354.83	2.96
Subtotal of groups	139,756,918.36	73.22	102,354.83	0.07
Other accounts receivable of insignificant amount and accounting	0.00	0.00	0.00	0.00

and drawing for provision of bad debts of single item				
Total	190,866,858.91	100.00	51,212,295.38	26.83

(2) Aging of other accounts receivable

Category	Closing amount		Opening amount	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	3,761,137.99	2.05	13,508,326.03	7.08
Including: within 6 months	3,559,915.16	1.94	13,212,905.57	6.93
7-12 months	201,222.83	0.11	295,420.46	0.15
1 to 2 years	128,697,242.70	70.25	126,223,267.93	66.13
2 to 3 years	20,324.89	0.01	23,324.40	0.01
Over 3 years	50,729,440.55	27.69	51,111,940.55	26.78
Total	183,208,146.13	100.00	190,866,858.91	100.00

(3) Withdrawal of bad debts provision

① Withdrawal of debts receivable of significant amount and accounting and drawing for provision of bad debts of single item

Contents of other accounts receivable	Book balance	Bad debts provision	Withdrawal proportion %	Reason
Jianqiao Securities	11,840,500.00	11,840,500.00	100.00	The enterprise got in the bankruptcy liquidation process
Hengxin Securities	29,502,438.53	29,502,438.53	100.00	The enterprise got in the bankruptcy liquidation process
Minfa Securities	9,384,502.02	9,384,502.02	100.00	The enterprise got in the bankruptcy liquidation process
Total	50,727,440.55	50,727,440.55	100.00	

② Other account receivable withdrawal of bad debt provision by group

A. In groups, other accounts receivable of bad debts by aging analysis methods

Aging	Closing amount			Opening amount		
	Book balance		Bad debts provision	Book balance		Bad debts provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	3,761,137.99	98.81	45,660.29	2,954,902.67	85.56	41,365.84

Including : within 6 months	3,559,915.16	93.52	35,599.15	2,659,482.21	77.01	26,594.82
7-12 months	201,222.83	5.29	10,061.14	295,420.46	8.55	14,771.02
1 to 2 years	23,233.81	0.61	2,323.38	473,267.93	13.70	47,326.79
2 to 3 years	20,324.89	0.53	10,162.45	23,324.40	0.68	11,662.20
Over 3 years	2,000.00	0.05	2,000.00	2,000.00	0.06	2,000.00
Total	3,806,696.69	100.00	60,146.12	3,453,495.00	100.00	102,354.83

(4) There was no other significant receivable of actual offset in the report period

(5) There was no shareholder units holding 5% (including 5%) or above of voting stock of the other receivables in the report period, please refer to the annotation VIII, 6, Receivables from and payables to related parties.

(6) The top five of other account receivable

Item	Relationship with the Company	Amount	Period	Occupancy rate of the total amount of receivables (%)
Shanghai Gujing Jinhao Hotel Management Co., Ltd.	Subsidiary of the Company	128,240,000.00	Within 2 years	70.00
Jianqiao Securities	Non-related party	11,840,500.00	Over 3 years	6.46
Hengxin Securities	Non-related party	29,502,438.53	Over 3 years	16.10
Minfa Securities	Non-related party	9,384,502.02	Over 3 years	5.12
Beijing Light Industrial Co., Ltd.	Non-related party	500,000.00	Within 6 months	0.27
Total		179,467,440.55		97.95

(7) Other account receivable of related party

Item	Relationship with the Company	Amount	Occupancy rate of the total amount of receivables (%)
Shanghai Gujing Jinhao Hotel Management Co., Ltd.	Subsidiary of the Company	128,240,000.00	70.00

Item	Relationship with the Company	Amount	Occupancy rate of the total amount of receivables (%)
Bozhou Gujing Hotel Co., Ltd.	Subsidiary of the Company	434,008.89	0.24
Total		128,674,008.89	70.24

3. Long-term equity investment

(1) Category of long-term equity investment

Item	Opening amount	Increase in the reporting period	Decreased in the reporting period	Closing amount
Investment in subsidiary	308,089,408.32	0.00	0.00	308,089,408.32
Less: depreciation reserves of long-term investment	0.00	0.00	0.00	0.00
Total	308,089,408.32	0.00	0.00	308,089,408.32

(2) List of long-term investment

Investee	accounting method	Initial investment cost	Opening balance	Increasing or decreasing amount	Closing balance
Haozhou Gujing Sales Co., Ltd.	Cost method	84,864,497.89	84,864,497.89	0.00	84,864,497.89
Haozhou Gujing Glass Products Co., Ltd.	Cost method	85,793,666.00	85,793,666.00	0.00	85,793,666.00
Shanghai Gujing Hotel Management Co., Ltd.	Cost method	49,906,854.63	49,906,854.63	0.00	49,906,854.63
Haozhou Gujing Inn Co., Ltd.	Cost method	648,646.80	648,646.80	0.00	648,646.80
Gujing Motor Transportation Co., Ltd.	Cost method	6,875,743.00	6,875,743.00	0.00	6,875,743.00
Haozhou Gujing Packaging Co., Ltd.	Cost method	30,000,000.00	30,000,000.00	0.00	30,000,000.00
Anhui Swisse Will Science & Technology Co., Ltd.	Cost method	50,000,000.00	50,000,000.00	0.00	50,000,000.00

Investee	accounting method	Initial investment cost	Opening balance	Increasing or decreasing amount	Closing balance
Total		308,089,408.32	308,089,408.32	0.00	308,089,408.32

(Continued)

Investee	Shareholding proportion for investee (%)	Voting power proportion for investee (%)	Reasons for inconformity between Shareholding proportion and Voting power proportion	Depreciation reserves	Accounting and drawing depreciation reserves for this period	Cash dividends for this period
Haozhou Gujing Sales Co., Ltd.	100.00	100.00		0.00	0.00	0.00
Haozhou Gujing Glass Products Co., Ltd.	100.00	100.00		0.00	0.00	0.00
Shanghai Gujing Hotel Management Co., Ltd.	100.00	100.00		0.00	0.00	0.00
Haozhou Gujing Inn Co., Ltd.	100.00	100.00		0.00	0.00	0.00
Gujing Motor Transportation Co., Ltd.	100.00	100.00		0.00	0.00	0.00
Haozhou Gujing Packaging Co., Ltd.	100.00	100.00		0.00	0.00	0.00
Anhui Swisse Will Science & Technology Co., Ltd.	100.00	100.00		0.00	0.00	0.00
Total	100.00	100.00		0.00	0.00	0.00

4. Operating incomes and costs

(1) Operating incomes and costs

Item	Amount of this period	Amount of last period
Main Operating incomes	1,295,349,946.72	1,248,116,598.20
Other Operating incomes	25,032,105.20	18,066,994.14
Total of operating incomes	1,320,382,051.92	1,266,183,592.34
Main Operating costs	733,263,234.94	714,410,325.48
Other Operating costs	15,949,274.46	17,616,360.86
Total of operating costs	749,212,509.40	732,026,686.34

(2) Main business (classified by products)

Name of products	Amount of this period		Amount of last period	
	Operating incomes	Operating costs	Operating incomes	Operating costs
White spirit	1,295,349,946.72	733,263,234.94	1,248,116,598.20	714,410,325.48
Total	1,295,349,946.72	733,263,234.94	1,248,116,598.20	714,410,325.48

(3) Main business (classified by areas)

Name of areas	Amount of this period		Amount of last period	
	Operating incomes	Operating costs	Operating incomes	Operating costs
Domestic areas	1,295,349,946.72	733,263,234.94	1,248,116,598.20	714,410,325.48
International areas	0.00	0.00	0.00	0.00
Total	1,295,349,946.72	733,263,234.94	1,248,116,598.20	714,410,325.48

(4) Lists of operating incomes from top five customers:

Term	Overall business income	Proportion in overall
1-6 months of 2014	1,306,518,040.37	98.95
Total	1,306,518,040.37	98.95

5. Investment income**(1) Details of investment income**

Name of investee	Occurred in the current period	Occurred in the last period
Investing income gained from held of available for sale financial assets	45,000.00	581,538.48
Income from tradable financial assets	108,909.72	0.00
Income from financing products	54,052,301.38	0.00
Total	54,206,211.10	581,538.48

6. Supplemental information for cash flow statement

Item	Amount of this period	Amount of last period
1. Reconciliation of net profit to net cash flows generated from operating activities		
Net profit	101,769,321.72	59,327,942.11
Add: Provision for impairment of assets	-423,137.26	0.00
Add: Provision for impairment of assets	43,594,127.72	29,189,522.61
Depreciation of the investment real estate.	1,502,767.05	2,540,156.79
Amortization of intangible assets	2,802,115.10	4,261,905.54
Amortization of long-term deferred expense		1,321,123.94

Item	Amount of this period	Amount of last period
	10,626,172.16	
Losses on disposal of property, plant and equipment, intangible assets and other long-term assets (gains: negative)	945,068.04	970,408.62
Loss on retirement of fixed assets (gains: negative)	0.00	0.00
Loss on changes in fair value(gains: negative)	-3,635.00	0.00
Financial cost (gains: negative)	0.00	0.00
Investment loss (gains: negative)	-54,206,211.10	-581,538.48
Decrease in deferred income tax assets (gains: negative)	423,137.26	-190,878.36
Increase in deferred income tax liabilities (decrease: negative)	709,215.45	0.00
Decrease in inventory (gains: negative)	-96,578,159.35	-5,627,799.54
Decrease in accounts receivable from operating activities (gains: negative)	22,309,712.99	-1,311,509.04
Increase in payables from operating activities (decrease: negative)	63,641,310.88	45,720,236.24
Deferred revenue amortization	0.00	0.00
Net cash flows generated from operating activities	97,111,805.66	135,619,570.43
II. Investing and financing activities that do not involving cash receipts and payment:		
Conversion of debt into capital	0.00	0.00
Convertible bond due within one year	0.00	0.00
Fixed assets financed by finance leases	0.00	0.00
III. Net increase in cash and cash equivalents		
Closing balance of cash	934,533,665.08	1,166,183,881.00
Less: Opening balance of cash	1,040,360,357.51	2,290,346,607.43
Add: Closing balance of cash equivalents	0.00	0.00
Less: Opening balance of cash equivalents	0.00	0.00
Net increase in cash and cash equivalents	-105,826,692.43	-1,124,162,726.43

(XIII) Supplemental information**1. List of non-recurring gains and losses**

Item	Amount of current period	Amount of last period
Loss and gains on disposal of non-current assets (Including write-off part of	-1,103,550.62	-1,117,826.93

Item	Amount of current period	Amount of last period
the provision for asset impairment)		
Tax rebates and cuts of ultra vires approval or without formal approval		0
Governmental subsidy included in the current profits and losses(is closely related with the business event, except for the governmental subsidy that according to the national unity standard quota or the quantitative regal assets)	1,625,047.54	1,066,335.23
Tax for the possession of funds from the non-financial business Included in the current losses and gains	0.00	0.00
The quota of the Company receives from the subsidiaries, joint ventures and cooperative enterprises of the costs of investment is less than that of the gains produced from the investment which enjoys net assets of fair value that recognized by the investee.	0.00	0.00
Exchange gains and losses of non-monetary assets	0.00	0.00
Gains and losses of committing others of investment or managing assets	0.00	0.00
Withdrawing impairment of assets owning of force majeure factors, including suffer from natural disasters	0.00	0.00
Gains and losses of debt restructuring	0.00	0.00
Enterprise restructuring charges, for example, staffing costs of integration	0.00	0.00
Gains and losses produced when exchanging prices unconscionable at the fair that exceed the fair value	0.00	0.00
The current net profits and losses produced when the subsidiaries combine under the same control from the beginning to the combining date	0.00	0.00
Gains and losses produced from the contingency which have nothing to do with the Company's normal business operations	0.00	0.00
In addition to the valid hedging activity associated with the normal operation of the Company, the changes in fair value through gains or losses which arising from the holding trading financial assets and the trading financial liabilities as well as the investment income that earning from the disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets	283,228.08	581,538.48
The reversal of impairment of receivables of the individual impairment test	0.00	0.00
Gains and losses from the external entrusted loans	0.00	0.00
Gains and losses for changes in fair value of investment property resulting from the subsequent measure through the fair value model	0.00	0.00
The impact of a one-time adjustment of current gains and losses according to the laws and regulations of tax, accounting and others on current gains and losses	0.00	0.00

Item	Amount of current period	Amount of last period
Trustee fee income earning from the entrusted management	0.00	0.00
Income and expenses of the other operation except for the mentioned above	10,782,540.53	11,995,901.98
The other items of gains and losses conforming the definition of non-recurring gains and losses		0
Subtotal	11,587,265.53	12,525,948.76
The effect of income tax	2,896,816.38	3,131,487.19
The effect of minority interest (after tax)		0
Total	8,690,449.15	9,394,461.57

Notes: The number “+” in the items of non-recurring gains and losses means profits and incomes, while “-” means losses or costs.

The reorganization of the non-recurring gains and losses of the Group was executed according to rules of the “Public Offering of Securities of the Company Disclosure Explanatory Notice No. 1 - - Non-recurring Items” (SFC Announcement [2008] No.43).

2. Return on equity (ROE) and earnings per share (EPS)

Profit as of reporting period	Weighted average ROE (%)	EPS(Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	9.33%	0.71	0.71
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	9.10%	0.69	0.69

Calculation of basic earnings per share and diluted earnings per share please refer to annotation VII, 42.

3. Abnormalities in main items in financial statements of the Company and reasons thereof

Note receivable On 30 Jun. 2014, the closing amount was RMB 339,936,339.04, which increased by 120.15% than that in the opening period. Mainly due to the settlement of sale, and the bank acceptance ratio increased.

Interest receivable On 30 Jun. 2014, the closing amount was RMB12, 162,291.01, mainly due to the bank structured deposits quarter provision of interest receivable.

Account payable On 30 Jun. 2014 the closing amount was RMB 295,426,072.34, which decreased 33.30% than that in the opening period, mainly due to the payment of valuation recorded engineering funds

Customer in advance On 30 Jun. 2014 the closing amount was RMB 293,315,829.20 which increased 99.19% than that in the opening period, mainly due to sale orders increased in the peak season of Dragon Boat Festival.

Payroll payable On 30 Jun. 2014 the closing amount was RMB 89,027,951.68, which decrease 61.52% than that in the opening period, mainly due to payment of the 2013 annual performance and salary.

Other account payable On 30 Jun. 2014 the closing amount was RMB 520,392,839.12, which increased 39.18% than that in the opening period, mainly due to the increase of margin and accrued expenses

Other current liability On 30 Jun. 2014 the closing amount was RMB1, 625,047.54, which decreased 47.79% than that in the opening period, mainly due to the amortization of government subsidy related to assets.

Section IX. Documents Available for Reference

I. Financial statements signed and sealed by persons in charge of the Company, principal of accounting work, and principal of accounting institution (manager of finance department);

II. In the reporting period, all originals of the Company's documents and public notices have been publicly disclosed on China Securities Journal, Ta Kung Pao.

III. Other relevant documents.