



古井贡酒·年份原浆®

ANHUI GUJING DISTILLERY COMPANY LIMITED

SEMI-ANNUAL FINANCIAL REPORT 2020

August 2020

I Independent Auditor's Report

Are these interim financial statements audited by an independent auditor?

☐ Yes ☒ No

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

II Financial Statements

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

1. Consolidated Balance Sheet

Prepared by Anhui Gujing Distillery Company Limited

30 June 2020

Unit: RMB

Item	30 June 2020	31 December 2019
Current assets:		
Monetary assets	7,418,187,475.71	5,619,749,918.09
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	230,264,936.41	509,031,097.02
Derivative financial assets		
Notes receivable	1,036,114,364.10	1,004,217,431.56
Accounts receivable	44,592,707.52	40,776,567.96
Accounts receivable financing		
Prepayments	93,705,156.53	197,453,313.96
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	36,472,434.42	25,746,957.22
Including: Interest receivable	10,600,806.32	1,908,788.81
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	2,920,772,885.04	3,015,051,961.78
Contract assets		
Assets held for sale		

Current portion of non-current assets		
Other current assets	103,093,691.95	114,439,167.07
Total current assets	11,883,203,651.68	10,526,466,414.66
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	4,624,650.90	4,678,282.24
Investments in other equity instruments		
Other non-current financial assets		
Investment property	4,551,514.78	4,710,086.02
Fixed assets	1,629,268,366.99	1,722,572,998.79
Construction in progress	258,954,824.33	183,984,816.07
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	890,598,069.49	785,717,932.76
Development costs		
Goodwill	478,283,495.29	478,283,495.29
Long-term prepaid expense	57,681,212.58	70,240,106.82
Deferred income tax assets	121,949,134.77	90,494,544.51
Other non-current assets	574,026.00	4,148,686.00
Total non-current assets	3,446,485,295.13	3,344,830,948.50
Total assets	15,329,688,946.81	13,871,297,363.16
Current liabilities:		
Short-term borrowings	50,094,500.00	0.00
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,020,583,475.29	703,679,646.86
Accounts payable	386,356,621.01	563,494,195.40

Advances from customers	0.00	529,863,011.73
Contract liabilities	727,347,929.08	0.00
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	298,227,276.86	454,189,532.89
Taxes payable	476,872,467.49	482,903,109.59
Other payables	2,190,846,597.94	1,315,878,229.01
Including: Interest payable		
Dividends payable	755,400,000.00	0.00
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities	306,044,574.61	197,484,121.41
Total current liabilities	5,456,373,442.28	4,247,491,846.89
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	74,384,425.08	72,778,437.92
Deferred income tax liabilities	115,734,840.78	118,872,366.61
Other non-current liabilities		

Total non-current liabilities	190,119,265.86	191,650,804.53
Total liabilities	5,646,492,708.14	4,439,142,651.42
Owners' equity:		
Share capital	503,600,000.00	503,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	1,295,405,592.25	1,295,405,592.25
Less: Treasury stock		
Other comprehensive income		
Specific reserve		
Surplus reserves	256,902,260.27	256,902,260.27
General reserve		
Retained earnings	7,157,740,516.28	6,888,203,911.92
Total equity attributable to owners of the Company as the parent	9,213,648,368.80	8,944,111,764.44
Non-controlling interests	469,547,869.87	488,042,947.30
Total owners' equity	9,683,196,238.67	9,432,154,711.74
Total liabilities and owners' equity	15,329,688,946.81	13,871,297,363.16

Legal representative: Liang Jinhui

The Company's chief accountant: Ye Changqing

Head of the Company's financial department: Zhu Jiafeng

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 June 2020	31 December 2019
Current assets:		
Monetary assets	3,777,904,155.80	2,919,818,830.20
Held-for-trading financial assets	220,264,936.41	489,861,097.02
Derivative financial assets		
Notes receivable	611,813,648.59	378,740,100.82
Accounts receivable	1,591,313.17	218,558,555.07
Accounts receivable financing		
Prepayments	43,507,722.75	17,906,999.63

Other receivables	121,302,078.58	125,219,213.84
Including: Interest receivable	301,888.89	301,888.89
Dividends receivable		
Inventories	2,532,862,118.85	2,688,839,871.27
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	10,900,000.00	1,280,998.32
Total current assets	7,320,145,974.15	6,840,225,666.17
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	1,148,213,665.32	1,148,213,665.32
Investments in other equity instruments		
Other non-current financial assets		
Investment property	4,551,514.78	4,710,086.02
Fixed assets	1,230,406,181.70	1,310,704,771.36
Construction in progress	112,168,345.25	84,477,784.02
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	354,086,966.94	243,928,047.95
Development costs		
Goodwill		
Long-term prepaid expense	39,004,662.92	48,354,967.15
Deferred income tax assets	27,832,342.65	31,360,809.87
Other non-current assets	574,026.00	574,026.00
Total non-current assets	2,916,837,705.56	2,872,324,157.69
Total assets	10,236,983,679.71	9,712,549,823.86
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		

Derivative financial liabilities		
Notes payable	0.00	49,114,582.04
Accounts payable	313,257,868.54	450,303,984.53
Advances from customers	0.00	31,724.77
Contract liabilities	96,866,235.95	0.00
Employee benefits payable	107,051,733.88	100,357,808.20
Taxes payable	305,205,907.01	371,012,223.50
Other payables	1,055,693,921.51	274,053,511.54
Including: Interest payable		
Dividends payable	755,400,000.00	0.00
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities	13,957,054.12	11,953,800.20
Total current liabilities	1,892,032,721.01	1,256,827,634.78
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	31,467,109.09	33,229,246.47
Deferred income tax liabilities	20,344,502.23	22,799,814.64
Other non-current liabilities		
Total non-current liabilities	51,811,611.32	56,029,061.11
Total liabilities	1,943,844,332.33	1,312,856,695.89
Owners' equity:		
Share capital	503,600,000.00	503,600,000.00
Other equity instruments		
Including: Preferred shares		

Perpetual bonds		
Capital reserves	1,247,162,107.35	1,247,162,107.35
Less: Treasury stock		
Other comprehensive income		
Specific reserve		
Surplus reserves	251,800,000.00	251,800,000.00
Retained earnings	6,290,577,240.03	6,397,131,020.62
Total owners' equity	8,293,139,347.38	8,399,693,127.97
Total liabilities and owners' equity	10,236,983,679.71	9,712,549,823.86

3. Consolidated Income Statement

Unit: RMB

Item	H1 2020	H1 2019
1. Revenue	5,519,621,000.62	5,988,112,999.09
Including: Operating revenue	5,519,621,000.62	5,988,112,999.09
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	4,162,705,858.66	4,416,581,005.79
Including: Cost of sales	1,313,925,592.48	1,394,156,734.55
Interest expense		
Handling charge and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	887,997,040.72	869,527,762.04
Selling expense	1,618,049,637.27	1,840,489,439.70
Administrative expense	395,687,673.15	302,045,457.13
R&D expense	15,254,382.98	14,664,237.67

Finance costs	-68,208,467.94	-4,302,625.30
Including: Interest expense	28,973,275.97	14,173,972.09
Interest income	96,891,173.45	20,466,649.02
Add: Other income	14,974,353.66	30,783,918.68
Return on investment (“-” for loss)	18,485,972.20	77,347,047.53
Including: Share of profit or loss of joint ventures and associates	-53,631.34	-164,994.19
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-3,596,160.61	11,320,345.56
Credit impairment loss (“-” for loss)	-388,444.57	-476,569.40
Asset impairment loss (“-” for loss)	-5,693,185.77	-5,945,248.67
Asset disposal income (“-” for loss)	77,867.25	119,488.56
3. Operating profit (“-” for loss)	1,380,775,544.12	1,684,680,975.56
Add: Non-operating income	20,575,161.54	11,150,763.53
Less: Non-operating expense	24,273,656.49	1,737,611.07
4. Profit before tax (“-” for loss)	1,377,077,049.17	1,694,094,128.02
Less: Income tax expense	370,635,522.24	419,145,404.31
5. Net profit (“-” for net loss)	1,006,441,526.93	1,274,948,723.71
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	1,006,441,526.93	1,274,948,723.71
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	1,024,936,604.36	1,248,316,314.01
5.2.1 Net profit attributable to non-controlling interests	-18,495,077.43	26,632,409.70
6. Other comprehensive income, net of		

tax		
Attributable to owners of the Company as the parent		
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments		
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss		
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
6.2.7 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	1,006,441,526.93	1,274,948,723.71
Attributable to owners of the Company as the parent	1,024,936,604.36	1,248,316,314.01
Attributable to non-controlling interests	-18,495,077.43	26,632,409.70

8. Earnings per share		
8.1 Basic earnings per share	2.04	2.48
8.2 Diluted earnings per share	2.04	2.48

Legal representative: Liang Jinhui

The Company's chief accountant: Ye Changqing

Head of the Company's financial department: Zhu Jiafeng

4. Income Statement of the Company as the Parent

Unit: RMB

Item	H1 2020	H1 2019
1. Operating revenue	3,297,117,172.49	3,144,682,463.58
Less: Cost of sales	1,317,059,263.62	1,277,918,576.91
Taxes and surcharges	826,730,898.61	764,598,846.12
Selling expense	22,901,348.42	45,886,471.81
Administrative expense	287,708,363.27	202,658,261.68
R&D expense	9,137,959.37	9,036,129.81
Finance costs	-44,796,771.26	-2,059,057.16
Including: Interest expense	28,288,982.29	14,006,847.09
Interest income	73,155,252.32	17,740,923.04
Add: Other income	4,622,731.11	3,372,718.25
Return on investment ("-" for loss)	12,434,590.21	31,883,868.76
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)	-3,596,160.61	11,320,345.56
Credit impairment loss ("-" for loss)	540,745.12	-186,067.78
Asset impairment loss ("-" for loss)	-5,693,185.77	-5,945,248.67
Asset disposal income ("-" for loss)	60,176.99	36,552.41

2. Operating profit (“-” for loss)	886,745,007.51	887,125,402.94
Add: Non-operating income	15,201,396.26	9,342,723.23
Less: Non-operating expense	20,488,855.01	1,225,313.77
3. Profit before tax (“-” for loss)	881,457,548.76	895,242,812.40
Less: Income tax expense	232,611,329.35	211,262,069.16
4. Net profit (“-” for net loss)	648,846,219.41	683,980,743.24
4.1 Net profit from continuing operations (“-” for net loss)	648,846,219.41	683,980,743.24
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments		
5.1.4 Changes in the fair value arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign		

currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	648,846,219.41	683,980,743.24
7. Earnings per share		
7.1 Basic earnings per share	1.29	1.36
7.2 Diluted earnings per share	1.29	1.36

5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2020	H1 2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	6,336,568,642.45	5,352,480,704.00
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates	3,020,222.21	15,816,253.89
Cash generated from other operating activities	1,323,750,535.31	276,731,904.68
Subtotal of cash generated from operating activities	7,663,339,399.97	5,645,028,862.57
Payments for commodities and services	733,871,614.50	899,005,913.59

Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	1,250,084,349.76	1,006,137,070.65
Taxes paid	1,853,009,320.89	2,001,653,338.87
Cash used in other operating activities	1,484,736,014.18	696,498,790.63
Subtotal of cash used in operating activities	5,321,701,299.33	4,603,295,113.74
Net cash generated from/used in operating activities	2,341,638,100.64	1,041,733,748.83
2. Cash flows from investing activities:		
Proceeds from disinvestment	309,070,000.00	2,576,300,054.88
Return on investment	18,539,603.54	72,002,136.32
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	92,400.01	33,700.00
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	327,702,003.55	2,648,335,891.20
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	220,906,338.24	152,296,054.86
Payments for investments	44,800,000.00	1,222,560,163.50
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing	265,706,338.24	1,374,856,218.36

activities		
Net cash generated from/used in investing activities	61,995,665.31	1,273,479,672.84
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised	50,094,500.00	0.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	50,094,500.00	0.00
Repayment of borrowings		
Interest and dividends paid	290,708.33	755,400,000.00
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities	290,708.33	755,400,000.00
Net cash generated from/used in financing activities	49,803,791.67	-755,400,000.00
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	2,453,437,557.62	1,559,813,421.67
Add: Cash and cash equivalents, beginning of the period	2,944,749,918.09	835,560,865.12
6. Cash and cash equivalents, end of the period	5,398,187,475.71	2,395,374,286.79

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	H1 2020	H1 2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	3,777,524,502.26	3,351,164,696.89
Tax rebates		
Cash generated from other operating activities	936,783,738.07	248,907,013.29

Subtotal of cash generated from operating activities	4,714,308,240.33	3,600,071,710.18
Payments for commodities and services	1,149,042,873.79	847,532,691.56
Cash paid to and for employees	450,118,968.16	355,855,901.15
Taxes paid	1,415,720,556.26	1,260,288,640.64
Cash used in other operating activities	508,102,703.30	145,296,084.94
Subtotal of cash used in operating activities	3,522,985,101.51	2,608,973,318.29
Net cash generated from/used in operating activities	1,191,323,138.82	991,098,391.89
2. Cash flows from investing activities:		
Proceeds from disinvestment	276,900,000.00	1,400,740,054.88
Return on investment	12,434,590.21	31,890,794.48
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	68,000.00	41,304.23
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	289,402,590.21	1,432,672,153.59
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	160,840,403.43	116,751,759.47
Payments for investments	21,800,000.00	726,900,163.50
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	182,640,403.43	843,651,922.97
Net cash generated from/used in investing activities	106,762,186.78	589,020,230.62
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised		
Cash generated from other financing activities		

Subtotal of cash generated from financing activities		
Repayment of borrowings		
Interest and dividends paid	0.00	755,400,000.00
Cash used in other financing activities		
Subtotal of cash used in financing activities	0.00	755,400,000.00
Net cash generated from/used in financing activities	0.00	-755,400,000.00
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	1,298,085,325.60	824,718,622.51
Add: Cash and cash equivalents, beginning of the period	2,079,818,830.20	708,172,917.59
6. Cash and cash equivalents, end of the period	3,377,904,155.80	1,532,891,540.10

7. Consolidated Statements of Changes in Owners' Equity

H1 2020

Unit: RMB

Item	H1 2020														
	Equity attributable to owners of the Company as the parent													Non-controlli ng interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasur y stock	Other comprehensi ve income	Specifi c reserve	Surplus reserves	Gener al reserv e	Retained earnings	Othe r	Subtotal		
		Preferre d shares	Perpetu al bonds	Othe r											
1. Balance as at the end of the prior year	503,600,000. 00				1,295,405,592. 25				256,902,260. 27		6,888,203,911. 92		8,944,111,764. 44	488,042,947.3 0	9,432,154,711. 74
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Adjustment for business combination under															

common control															
Other adjustments															
2. Balance as at the beginning of the year	503,600,000.00				1,295,405,592.25				256,902,260.27		6,888,203,911.92		8,944,111,764.44	488,042,947.30	9,432,154,711.74
3. Increase/decrease in the period (“-” for decrease)											269,536,604.36		269,536,604.36	-18,495,077.43	251,041,526.93
3.1 Total comprehensive income											1,024,936,604.36		1,024,936,604.36	-18,495,077.43	1,006,441,526.93
3.2 Capital increased and reduced by owners															
3.2.1 Ordinary shares increased by owners															
3.2.2 Capital increased by holders of other equity															

instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other															
3.3 Profit distribution										-755,400,000.0 0		-755,400,000.0 0		-755,400,000.0 0	
3.3.1 Appropriatio n to surplus reserves															
3.3.2 Appropriatio n to general reserve															
3.3.3 Appropriatio n to owners (or shareholders)										-755,400,000.0 0		-755,400,000.0 0		-755,400,000.0 0	
3.3.4 Other															
3.4 Transfers within owners'															

equity															
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															
3.4.4 Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to															

retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balance as at the end of the period	503,600,000.				1,295,405,592.				256,902,260.		7,157,740,516.		9,213,648,368.	469,547,869.8	9,683,196,238.
	00				25				27		28		80	7	67

H1 2019

Unit: RMB

Item	H1 2019														
	Equity attributable to owners of the Company as the parent												Non-controlli ng interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasur y stock	Other comprehensi ve income	Specifi c reserve	Surplus reserves	Gener al reserv e	Retained earnings	Othe r			Subtotal
		Preferre d shares	Perpetu al bonds	Othe r											
1. Balance as at the end of the prior year	503,600,000.				1,295,405,592. 25		4,794,830.59		256,902,260. 27		5,541,281,341. 47		7,601,984,024. 58	427,766,092.8 2	8,029,750,117. 40

Add: Adjustment for change in accounting policy							-4,794,830.59				4,794,830.59				
Adjustment for correction of previous error															
Adjustment for business combination under common control															
Other adjustments															
2. Balance as at the beginning of the year	503,600,000.00				1,295,405,592.25				256,902,260.27		5,546,076,172.06		7,601,984,024.58	427,766,092.82	8,029,750,117.40
3. Increase/ decrease in the period ("-" for decrease)											492,916,314.01		492,916,314.01	26,632,409.70	519,548,723.71
3.1 Total											1,248,316,314.		1,248,316,314.	26,632,409.70	1,274,948,723.

comprehensive income											01		01		71
3.2 Capital increased and reduced by owners															
3.2.1 Ordinary shares increased by owners															
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other															
3.3 Profit distribution											-755,400,000.00		-755,400,000.00		-755,400,000.00
3.3.1 Appropriation to surplus															

reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)											-755,400,000.00		-755,400,000.00		-755,400,000.00
3.3.4 Other															
3.4 Transfers within owners' equity															
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3															

Loss offset by surplus reserves															
3.4.4 Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensi ve income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															

4. Balance as at the end of the period	503,600,000.				1,295,405,592.				256,902,260.		6,038,992,486.		8,094,900,338.	454,398,502.5	8,549,298,841.
	00				25				27		07		59	2	11

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

H1 2020

Unit: RMB

Item	H1 2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the prior year	503,600,000.00				1,247,162,107.35				251,800,000.00	6,397,131,020.62		8,399,693,127.97
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	503,600,000.00				1,247,162,107.35				251,800,000.00	6,397,131,020.62		8,399,693,127.97
3. Increase/ decrease in the period ("-" for decrease)										-106,553,780.59		-106,553,780.59
3.1 Total comprehensive income										648,846,219.41		648,846,219.41

3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-755,400,000.00		-755,400,000.00
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-755,400,000.00		-755,400,000.00
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share												

capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	503,600,000.00				1,247,162,107.35				251,800,000.00	6,290,577,240.03		8,293,139,347.38

H1 2019

Unit: RMB

Item	H1 2019
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	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the prior year	503,600,000.00				1,247,162,107.35		4,794,830.59		251,800,000.00	5,162,354,747.41		7,169,711,685.35
Add: Adjustment for change in accounting policy							-4,794,830.59			4,794,830.59		
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	503,600,000.00				1,247,162,107.35		0.00		251,800,000.00	5,167,149,578.00		7,169,711,685.35
3. Increase/ decrease in the period ("-" for decrease)										-71,419,256.76		-71,419,256.76
3.1 Total comprehensive income										683,980,743.24		683,980,743.24
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders												

of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-755,400,000.00		-755,400,000.00
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-755,400,000.00		-755,400,000.00
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss												

offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	503,600,000.00				1,247,162,107.35		0.00		251,800,000.00	5,095,730,321.24		7,098,292,428.59

Anhui Gujing Distillery Company Limited
Notes to Financial Statements for H1 2020
(Currency Unit Is RMB Unless Otherwise Stated)

1. BASIC INFORMATION ABOUT THE COMPANY

1.1 Corporate Information

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 RMB377,167,700 and state-owned shares of 155,000,000 shares and considered Anhui Gujing Company as the only promoter. The registration place was Bozhou 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 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 RMB1.00 per share. Those A shares and B shares are listed in Shenzhen Stock exchange.

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

Registered capitals of the Company were RMB235,000,000 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 RMB1 per share.

On 29 May 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 27 June 2007, 11,750,000 outstanding shares with restrict condition on disposal are listed in stock market on 29 June 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 17 July 2008, 11,750,000 outstanding shares with restrict condition on disposal are listed in stock market on 18 July 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 24 July 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.

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 July 2011, with a par value of RMB1 and the price of RMB75.00 per share, raising RMB1,260,000,000.00 in total, the net amount of raised funds stood at RMB1,227,499,450.27 after deducting RMB32,500,549.73 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. After private issuance, the share capital of the Company increased to RMB251.8 million.

Pursuant to the Resolution of The 2011 Annual General Meeting, the Company that considered 251,800,000 shares as base number on 31 December 2011 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 RMB503,600,000.

In April 2016, the Company entered a strategic cooperation agreement with Wuhan Tianlong Yellow Crane Tower Co., Ltd., creating a new age for cooperation related to Chinese famous spirit. As the only Chinese famous spirit in Hubei Province, it features unique mellow taste, elegant appearance and tempting smell. Moreover, Yellow Crane Tower White Spirit won the Golden Prize respectively in 1984 and 1989 National White Spirit Appraisal Competition as one of the business card representing Hubei Province's economy. At present, the Company has established three major bases in Wuhan, Xianning and Suizhou, of which, Xianning Base has integrated modernism, ecologism and high technology as a new spirit-making base, known as "the most beautiful chateau in China". In 2016, Yellow Crane Tower Spirit won "2015 Top 10 Star Product in Hubei Province".

By 30 June 2020, the Company issued 503,600,000 shares.

The Company is registered at Gujing Town, Bozhou City, Anhui Province.

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

Financial statement of the Company will be released on 28 August 2020 by the Board of Directors.

1.2 Scope of Consolidation and Changes Thereof

(1) Incorporated subsidiaries of the Company

Sequence Number	Name of Subsidiaries	Abbreviation of Subsidiaries	Proportion of Shareholding (or similar equity interest) (%)	
			Direct	Indirect
1	Bozhou Gujing Sales Co., Ltd.	Gujing Sales	100.00	-
2	Anhui Jinyunlai Culture & Media Co., Ltd.	Jinyunlai	100.00	-

Sequence Number	Name of Subsidiaries	Abbreviation of Subsidiaries	Proportion of Shareholding (or similar equity interest) (%)	
			Direct	Indirect
3	Anhui Ruisiweier Technology Co., Ltd.	Ruisiweier	100.00	
4	Anhui Colorful Taste Wine Co., Ltd.	Colorful Taste Wine	100.00	
5	Anhui Longrui Glass Co., Ltd.	Longrui Glass	100.00	
6	Bozhou Gujing Waste Recycling Co., Ltd.	Gujing Waste	100.00	
7	Shanghai Gujing Jinhao hotel management company	Jinhao Hotel	100.00	
8	Bozhou Gujing hotel Co., Ltd	Gujing Hotel	100.00	
9	Anhui Yuanqing environmental protection Co., Ltd.	Yuanqing Environmental Protection	100.00	
10	Anhui Gujing Yunshang Electronic Commerce Co., Ltd	Gujing Electronic Commerce	100.00	
11	Anhui Zhenrui Construction Engineering Co., Ltd	Zhenrui Construction Engineering	100.00	
12	Anhui Runanxinke Testing Tech. Co., Ltd.	Runanxinke Testing	100.00	
13	Yellow Crane Tower Wine Co., Ltd	Yellow Crane Tower Wine	51.00	
14	Yellow Crane Tower Wine (Suizhou) Co., Ltd	Suizhou Yellow Crane Tower		51.00
15	Hubei Junhe Advertising Co., Ltd.	Junhe Advertising		51.00
16	Hubei Yellow Crane Tower Beverage Co., Ltd.	Yellow Crane Tower Beverage		51.00
17	Yellow Crane Tower Wine (Xianning) Co., Ltd.	Xianning Yellow Crane Tower		51.00
18	Wuhan Yashibo tech. Co., Ltd.	Yashibo		51.00
19	Wuhan Tianlong Jindi Technology Development Co., Ltd.	Tianlong Jindi		51.00

Sequence Number	Name of Subsidiaries	Abbreviation of Subsidiaries	Proportion of Shareholding (or similar equity interest) (%)	
			Direct	Indirect
20	Wuhan Junya Sales Co., Ltd.	Junya Sales		51.00
21	Xianning Junhe Sales Co., Ltd.	Xianning Junhe		51.00
22	Suizhou Junhe Commercial Co., Ltd.	Suizhou Junhe		51.00

For details of the subsidiaries mentioned above, please refer to *Note 7 INTEREST IN OTHER ENTITIES*

(2) Change of the scope of consolidation

No change compared with that of the same period of last year.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis for Preparation

On the basis of continuous operations, the Company shall confirm and measure actual transactions and events in accordance with the Accounting Standards for Business Enterprises and its Application Guidelines and Interpretation of the Standards, and prepare financial statements. Besides, the Company also discloses relevant financial information in accordance with the *China Securities Regulatory Commission (CSRC) Rules No. 15 on the Compilation and Reporting of Corporate Information on Public Offerings -- General Provisions on Financial Reports* (2014 Revision).

2.2 Continuation

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

3. Important Accounting Policies and Estimations

The following important accounting policies and estimates of the Company shall be formulated in accordance with the Accounting Standards for Business Enterprises. The business not mentioned shall be carried out in accordance with the relevant accounting policies in the Accounting Standards for Business Enterprises.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company's financial positions, changes of owners' equity, business results and cash flows and other relevant information.

3.2 Fiscal Period

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

3.3 Operating Cycle

The normal operating cycle of the Company is one year.

3.4 Currency Used in Bookkeeping

The Company's functional currency is RMB, and its overseas subsidiaries are operated in the currency of the main economic environment in which they operate.

3.5 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the Company obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve (capital premium or share premium) shall be adjusted. If the capital reserve (capital premium or share premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

For the accounting treatment of business combination under common control by step acquisitions, please refer to Note 3.6 (6).

(b) Business combinations not under common control

The assets and liabilities that the Company obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognise the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

- (i) It shall review the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;
- (ii) If, after the review, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognised in profit or loss of the reporting period.

For the accounting treatment of business combination under the same control by step acquisitions, please refer to Note 3.6 (f).

(c) Treatment of business combination related costs

The intermediary costs such as audit, legal services and valuation consulting and other related management costs that are directly attributable to the business combination shall be charged in profit or loss in the period in which they are incurred. The costs to issue equity or debt securities for the consideration of business combination shall be

recorded as a part of the value of the respect equity or debt securities upon initial recognition.

3.6 Method of Preparing the Consolidated Financial Statements

(a) Scope of consolidation

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

Control exists when the Company has all the following: power over the investee; exposure, or rights to variable returns from the Company's involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are the entities that controlled by the Company (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

(b) Special requirement as the parent company is an investment entity

If the parent company is an investment entity, it should measure its investments in particular subsidiaries as financial assets at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated and separate financial statements. However, as an exception to this requirement, if a subsidiary provides investment-related services or activities to the investment entity, it should be consolidated.

The parent company is defined as investment entity when meets following conditions:

- a. Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- b. Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- c. Measures and evaluates the performance of substantially all of its investments on a fair value basis.

If the parent company becomes an investment entity, it shall cease to consolidate its subsidiaries at the date of the change in status, except for any subsidiary which provides investment-related services or activities to the investment entity shall be continued to be consolidated. The deconsolidation of subsidiaries is accounted for as though the investment entity partially disposed subsidiaries without loss of control.

When the parent company previously classified as an investment entity ceases to be an investment entity, subsidiary that was previously measured at fair value through profit or loss shall be included in the scope of consolidated financial statements at the date of the change in status. The fair value of the subsidiary at the date of change represents the transferred deemed consideration in accordance with the accounting for business combination not under common control.

(c) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the Company based on the financial statements of the

Company and its subsidiaries, and using other related information.

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

(i) Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of the subsidiaries.

(ii) The carrying amount of the parent's investment in each subsidiary is eliminated (off-set) against the parent's portion of equity of each subsidiary.

(iii) Eliminate the impact of intragroup transactions between the Company and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognised in full.

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

(d) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

(i) Acquisition of subsidiaries or business

Subsidiaries or business acquired through business combination under common control

When preparing consolidated statements of financial position, the opening balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Subsidiaries or business acquired through business combination not under common control

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

Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss.

Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

(ii) Disposal of subsidiaries or business

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

Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss.

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

(e) Special consideration in consolidation elimination

(i) Long-term equity investment held by the subsidiaries to the Company shall be recognised as treasury stock of the Company, which is offset with the owner's equity, represented as "treasury stock" under "owner's equity" in the consolidated statement of financial position.

Long-term equity investment held by subsidiaries between each other is accounted for taking long-term equity investment held by the Company to its subsidiaries as reference. That is, the long-term equity investment is eliminated (off- set) against the portion of the corresponding subsidiary's equity.

(ii) Due to not belonging to paid-in capital (or share capital) and capital reserve, and being different from retained earnings and undistributed profit, "Specific reserves" and "General risk provision" shall be recovered based on the proportion attributable to owners of the parent company after long-term equity investment to the subsidiaries is eliminated with the subsidiaries' equity.

(iii) If temporary timing difference between the book value of the assets and liabilities in the consolidated statement of financial position and their tax basis is generated as a result of elimination of unrealized inter-company transaction profit or loss, deferred tax assets of deferred tax liabilities shall be recognised, and income tax expense in the consolidated statement of profit or loss shall be adjusted simultaneously, excluding deferred taxes related to transactions or events directly recognised in owner's equity or business combination.

(iv) Unrealised inter-company transactions profit or loss generated from the Company selling assets to its subsidiaries shall be eliminated against "net profit attributed to the owners of the parent company" in full. Unrealized inter-company transactions profit or loss generated from the subsidiaries selling assets to the Company shall be eliminated between "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion of the Company in the related subsidiaries. Unrealized inter-company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated between "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion of the Company in the selling subsidiaries.

(v) If loss attributed to the minority shareholders of a subsidiary in current period is more than the proportion of non-controlling interest in this subsidiary at the beginning of the period, non-controlling interest is still to be written down.

(f) Accounting for Special Transactions

(i) Purchasing of non-controlling interests

Where, the Company purchases non-controlling interests of its subsidiary, in the separate financial statements of the Company, the cost of the long-term equity investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration paid. In the consolidated financial statements, difference between the cost of the long-term equity investment newly obtained in purchasing non-controlling interests and share of the subsidiary's net assets from the acquisition date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted into capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

(ii) Gaining control over the subsidiary in stages through multiple transactions

Business combination under common control in stages through multiple transactions

On the combination date, in the separate financial statement, initial cost of the long-term equity investment is determined according to the share of carrying amount of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements after combination. The difference between the initial cost of the long-term equity investment and the carrying amount of the long-term investment held prior of control plus book value of additional consideration paid at acquisition date is adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against surplus reserve and undistributed profit in turn.

In the consolidated financial statements, the assets and liabilities acquired during the combination should be recognized at their carrying amount in the ultimate controlling entity's consolidated financial statements on the combination date unless any adjustment is resulted from the difference in accounting policies. The difference between the carrying amount of the investment held prior of control plus book value of additional consideration paid on the acquisition date and the net assets acquired through the combination is adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against retained earnings.

If the acquiring entity holds equity investment in the acquired entity prior to the combination date and the equity investment is accounted for under the equity method, related profit or loss, other comprehensive income and other changes in equity which have been recognised during the period from the later of the date of the Company obtaining original equity interest and the date of both the acquirer and the acquiree under common control of the same ultimate controlling party to the combination date should be offset against the opening balance of retained earnings at the comparative financial statements period respectively.

Business combination not under common control in stages through multiple transactions

On the consolidation date, in the separate financial statements, the initial cost of long-term equity investment is determined according to the carrying amount of the original long-term investment plus the cost of new investment.

In the consolidated financial statements, the equity interest of the acquired entity held prior to the acquisition date shall be re-measured at its fair value on the acquisition date. Difference between the fair value of the equity interest and its book value is recognised as investment income. The other comprehensive income related to the equity interest held prior to the acquisition date calculated through equity method, should be transferred to current investment income of the acquisition period, excluding other comprehensive income resulted from the remeasurement of the net assets or net liabilities under defined benefit plan. The Company shall disclose acquisition-date fair value of the equity interest held prior to the acquisition date, and the related gains or losses due to the remeasurement based on fair value.

(iii) Disposal of investment in subsidiaries without a loss of control

For partial disposal of the long-term equity investment in the subsidiaries without a loss of control, when the Company prepares consolidated financial statements, difference between consideration received from the disposal and the corresponding share of subsidiary's net assets cumulatively calculated from the acquisition date or combination date shall be adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be offset against retained earnings.

(iv) Disposal of investment in subsidiaries with a loss of control

Disposal through one transaction

If the Company loses control in an investee through partial disposal of the equity investment, when the consolidated financial statements are prepared, the retained equity interest should be re-measured at fair value at the date of loss of control. The difference between i) the fair value of consideration received from the disposal plus non-controlling interest retained; ii) share of the former subsidiary's net assets cumulatively calculated from the acquisition date or combination date according to the original proportion of equity interest, shall be recognised in current investment income when control is lost.

Moreover, other comprehensive income and other changes in equity related to the equity investment in the former subsidiary shall be transferred into current investment income when control is lost, excluding other comprehensive income resulted from the remeasurement of the movement of net assets or net liabilities under defined benefit plan.

Disposal in stages

In the consolidated financial statements, whether the transactions should be accounted for as "a single transaction" needs to be decided firstly.

If the disposal in stages should not be classified as "a single transaction", in the separate financial statements, for transactions prior of the date of loss of control, carrying amount of each disposal of long-term equity investment need to be recognized, and the difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognized in current investment income; in the consolidated financial statements, the disposal transaction should be accounted for according to related policy in "Disposal of long-term equity investment in subsidiaries without a loss of control".

If the disposal in stages should be classified as “a single transaction”, these transactions should be accounted for as a single transaction of disposal of subsidiary resulting in loss of control. In the separate financial statements, for each transaction prior of the date of loss of control, difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognised as other comprehensive income firstly, and transferred to profit or loss as a whole when control is lost; in the consolidated financial statements, for each transaction prior of the date of loss of control, difference between consideration received and proportion of the subsidiary’s net assets corresponding to the equity interest disposed should be recognised in profit or loss as a whole when control is lost.

In considering of the terms and conditions of the transactions as well as their economic impact, the presence of one or more of the following indicators may lead to account for multiple transactions as a single transaction:

- (a) The transactions are entered into simultaneously or in contemplation of one another.
- (b) The transactions form a single transaction designed to achieve an overall commercial effect.
- (c) The occurrence of one transaction depends on the occurrence of at least one other transaction.
- (d) One transaction, when considered on its own merits, does not make economic sense, but when considered together with the other transaction or transactions would be considered economically justifiable.
- (v) Diluting equity share of parent company in its subsidiaries due to additional capital injection by the subsidiaries’ minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries’ net assets calculated based on the parent’s equity interest before and after the capital injection shall be adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against retained earnings.

3.7 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangement of the Company is classified as either a joint operation or a joint venture.

(a) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company shall recognise the following items in relation to shared interest in a joint operation, and account for them in accordance with relevant accounting standards of the Accounting Standards for Business Enterprises:

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operation;

- (iv) its share of the revenue from the sale of the output by the joint operation; and
- (v) its expenses, including its share of any expenses incurred jointly.

(b) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company accounts for its investment in the joint venture by applying the equity method of long-term equity investment.

3.8 Cash and Cash Equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

(a) Determination of the exchange rate for foreign currency transactions

At the time of initial recognition of a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in the functional currency at the spot exchange rate of the transaction date, or at an exchange rate which is determined through a systematic and reasonable method and is approximate to the spot exchange rate of the transaction date (hereinafter referred to as the approximate exchange rate).

(b) Translation of monetary items denominated in foreign currency on the balance sheet date

The foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded into the profits and losses at the current period. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date; for the foreign currency non-monetary items restated to a fair value measurement, shall be translated into the at the spot exchange rate at the date when the fair value was determined, the difference between the restated functional currency amount and the original functional currency amount shall be recorded into the profits and losses at the current period.

(c) Translation of foreign currency financial statements

Before translating the financial statements of foreign operations, the accounting period and accounting policy shall be adjusted so as to conform to the Company. The adjusted foreign operation financial statements denominated in foreign currency (other than functional currency) shall be translated in accordance with the following method:

- (i) The asset and liability items in the statement of financial position shall be translated at the spot exchange rates at the date of that statement of financial position.. The owners' equity items except undistributed profit shall be translated at the spot exchange rates when they are incurred.
- (ii) The income and expense items in the statement of profit and other comprehensive income shall be translated at

the spot exchange rates or approximate exchange rate at the date of transaction.

(iii) Foreign currency cash flows and cash flows of foreign subsidiaries shall be translated at the spot exchange rate or approximate exchange rate when the cash flows are incurred. The effect of exchange rate changes on cash is presented separately in the statement of cash flows as an adjustment item.

(iv) The differences arising from the translation of foreign currency financial statements shall be presented separately as “other comprehensive income” under the owners’ equity items of the consolidated statement of financial position.

When disposing a foreign operation involving loss of control, the cumulative amount of the exchange differences relating to that foreign operation recognised under other comprehensive income in the statement of financial position, shall be reclassified into current profit or loss according to the proportion disposed.

3.10 Financial Instruments

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognised in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognised when meets one of the following conditions:

- (i) The rights to the contractual cash flows from a financial asset expire
- (ii) The financial asset has been transferred and meets one of the following derecognition conditions:

Financial liabilities (or part thereof) are derecognised only when the liability is extinguished—i.e., when the obligation specified in the contract is discharged or cancelled or expires. An exchange of the Company (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a regular-way shall be recognised and derecognised using trade date accounting. A regular-way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(b) Classification and measurement of financial assets

At initial recognition, the Company classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortised cost, financial asset at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVTOCI). Reclassification of financial assets is permitted if, and only if, the objective of the entity’s business model for managing those financial assets changes. In this circumstance, all affected financial

assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at FVTPL, transaction costs are recognised in current profit or loss. For financial assets not measured at FVTPL, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

(i) Financial asset at amortised cost

The financial asset at amortised cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortised cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognised in current profit or loss.

(ii) Financial asset at fair value through other comprehensive income (FVTOCI)

The financial asset at FVTOCI category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principle and interest on the principal amount outstanding. All changes in fair value are recognised in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognised in current profit or loss. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to current profit or loss. However, interest income calculated based on the effective interest rate is included in current profit or loss.

The Company make an irrevocable decision to designate part of non-trading equity instrument investments as measured through FVTOCI. All changes in fair value are recognised in other comprehensive income except for dividend income recognised in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

(iii) Financial asset at fair value through profit or loss (FVTPL)

Financial asset except for above mentioned financial asset at amortised cost or financial asset at fair value through other comprehensive income (FVTOCI), should be classified as financial asset at fair value through profit or loss (FVTPL). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

(c) Classification and measurement of financial liabilities

The Company classified the financial liabilities as financial liabilities at fair value through profit or loss (FVTPL), loan commitments at a below-market interest rate and financial guarantee contracts and financial asset at amortised cost.

Subsequent measurement of financial assets will be based on the classification:

(i) Financial liabilities at fair value through profit or loss (FVTPL)

Held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at FVTPL are classified as financial liabilities at FVTPL. After initial recognition, any gain or loss (including interest expense) are recognised in current profit or loss except for those hedge accounting is applied. For financial liability that is designated as at FVTPL, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to retained earnings.

(ii) Loan commitments and financial guarantee contracts

Loan commitment is a commitment by the Company to provide a loan to customer under specified contract terms. The provision of impairment losses of loan commitments shall be recognised based on expected credit losses model.

Financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognised according to the impairment principles of financial instruments; and the amount initially recognised less the cumulative amount of income recognised in accordance with the revenue principles.

(iii) Financial liabilities at amortised cost

After initial recognition, the Company measured other financial liabilities at amortised cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

- (i) If the Company has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meet the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.
- (ii) If a financial instrument must or may be settled in the Company's own equity instruments, it should be considered that the Company's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the

former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the Company's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity's own equity instruments

(d) Derivatives and embedded derivatives

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognised as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognised directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognised in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the Company shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the Company is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract is designated as financial assets or financial liabilities at fair value through profit or loss.

(e) Impairment of financial instrument

The Company shall recognise a loss allowance based on expected credit losses on a financial asset that is measured at amortised cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment and a financial guarantee contract.

(i) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime, if the expected life of a financial instrument is less than 12 months).

At each reporting date, the Company classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired is at stage 2. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit-impaired as at the end of the reporting period is at stage 3. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortised cost after deducting of impairment loss.

For notes receivable, accounts receivable and accounts receivable financing, no matter it contains a significant financing component or not, the Company shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

Receivables

For the notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the Company shall individually assess for impairment and recognise the loss allowance for expected credit losses. If the Company determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

Determination basis of notes receivable is as following:

Group 1: Commercial acceptance bills

Group 2: Bank acceptance bills

For each group, the Company calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of accounts receivable is as following:

Group 1: Accounts receivables due from the company within the scope of consolidation

Group 2: Accounts receivables due from other customers

For each group, the Company calculates expected credit losses through preparing an aging analysis schedule with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of other receivables is as following:

Group 1: Other receivables due from the company within the scope of consolidation

Group 2: Other receivables due from others

For each group, the Company calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Debt investment and other debt investment

For debt investment and other debt investment, the Company shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

(ii) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

(iii) Significant increase in credit risk

The Company shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the Company shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the Company are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that

results in a significant change in the borrower's ability to meet its debt obligations;

- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behaviour of the borrower;
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the Company shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the Company can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the Company shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company can only rebut this presumption if the Company has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

(iv) Credit-impaired financial asset

The Company shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortised cost and debt investment at fair value through other comprehensive income. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences that a financial asset is credit-impaired include observable data about the following events:

Significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a

deep discount that reflects the incurred credit losses.

(v) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the Company shall at each reporting date remeasure the expected credit loss and recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortised cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(vi) Write-off

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognised in profit or loss as reversal of impairment loss.

(f) Transfer of financial assets

Transfer of financial assets refers to following two situations:

- Transfers the contractual rights to receive the cash flows of the financial asset;
- Transfers the entire or a part of a financial asset and retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

(i) Derecognition of transferred assets

If the Company transfers substantially all the risks and rewards of ownership of the financial asset, or neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset, the financial asset shall be derecognised.

Whether the Company has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company has not retained control.

The Company judges whether the transfer of financial asset qualifies for derecognition based on the substance of the transfer.

If the transfer of financial asset qualifies for derecognition in its entirety, the difference between the following shall be recognised in profit or loss:

- The carrying amount of transferred financial asset;
- The sum of consideration received and the part derecognised of the cumulative changes in fair value

previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*).

If the transferred asset is a part of a larger financial asset and the part transferred qualifies for derecognition, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised (For this purpose, a retained servicing asset shall be treated as a part that continues to be recognised) and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognised in profit or loss:

- The carrying amount (measured at the date of derecognition) allocated to the part derecognised;
- The sum of the consideration received for the part derecognised and part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*).

(ii) Continuing involvement in transferred assets

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Company shall continue to recognise the transferred asset to the extent of its continuing involvement and also recognise an associated liability.

The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset

(iii) Continue to recognise the transferred assets

If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company shall continue to recognise the transferred asset in its entirety and the consideration received shall be recognised as a financial liability.

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

(g) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset. When meets the following conditions, financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position:

The Company currently has a legally enforceable right to set off the recognised amounts; The Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Company shall not offset the transferred asset and the associated liability.

(h) Determination of fair value of financial instruments

Determination of financial assets and financial liabilities please refer to Note 3.11

3.11 Fair Value Measurement

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company determines fair value of the related assets and liabilities based on market value in the principal market, or in the absence of a principal market, in the most advantageous market price for the related asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market is the market in which transactions for an asset or liability take place with the greatest volume and frequency. The most advantageous market is the market which maximizes the value that could be received from selling the asset and minimizes the value which is needed to be paid in order to transfer a liability, considering the effect of transport costs and transaction costs both.

If the active market of the financial asset or financial liability exists, the Company shall measure the fair value using the quoted price in the active market. If the active market of the financial instrument is not available, the Company shall measure the fair value using valuation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

● Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market approach, the income approach and the cost approach. The Company shall use valuation techniques consistent with one or more of those approaches to measure fair value. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

When using the valuation technique, the Company shall give the priority to relevant observable inputs. The unobservable inputs can only be used when relevant observable inputs is not available or practically would not be obtained. Observable inputs refer to the information which is available from market and reflects the assumptions that market participants would use when pricing the asset or liability. Unobservable Inputs refer to the information which is not available from market and it has to be developed using the best information available in the circumstances from the assumptions that market participants would use when pricing the asset or liability.

- Fair value hierarchy

To Company establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to Level 1 inputs and second to the Level 2 inputs and the lowest priority to Level 3 inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

3.12 Inventories

(a) Classification of inventories

Inventories are finished goods or products held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services, including raw materials, work in progress, semi-finished goods, finished goods, goods in stock, turnover material, etc.

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

Inventories are initially measured at the actual cost. Cost of inventories includes purchase cost, processing cost, and other costs. Cost of the issue is measured using the weighted average method.

(c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus or losses of inventory stocktaking shall be included in current profit and loss.

(d) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognised as provision for impairment of inventory, and recognised in current profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and impact of post balance sheet event shall be considered.

(i) In normal operation process, finished goods, products and materials for direct sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices. Net realizable value of materials held for sale shall be measured based on market price.

(ii) For materials in stock need to be processed, in the ordinary course of production and business, net realisable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. If the net realisable value of the finished products produced by such materials is higher than the cost, the materials shall be measured at cost; if a decline in the price of materials indicates that the cost of

the finished products exceeds its net realisable value, the materials are measured at net realisable value and differences shall be recognised at the provision for impairment.

(iii) Provisions for inventory impairment are generally determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.

(iv) If any factor rendering write-downs of the inventories has been eliminated at the reporting date, the amounts written down are recovered and reversed to the extent of the inventory impairment, which has been provided for. The reversal shall be included in profit or loss.

(e) Amortisation method of low-value consumables

Low-value consumables: One-off writing off method is adopted

Package material: One-off writing off method is adopted

3.13 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Associates of the Company are those entities over which the Company has significant influence.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In assessing whether the Company has joint control of an arrangement, the Company shall assess first whether all the parties, or a group of the parties, control the arrangement. When all the parties, or a group of the parties, considered collectively, are able to direct the activities of the arrangement, the parties control the arrangement collectively. Then the Company shall assess whether decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. If two or more groups of the parties could control the arrangement collectively, it shall not be assessed as have joint control of the arrangement. When assessing the joint control, the protective rights are not considered.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. In determination of significant influence over an investee, the Company should consider not only the existing voting rights directly or indirectly held but also the effect of potential voting rights held by the Company and other entities that could be currently exercised or converted, including the effect of share warrants, share options and convertible corporate bonds that issued by the investee and could be converted in current period.

If the Company holds, directly or indirectly 20% or more but less than 50% of the voting power of the investee, it is presumed that the Company has significant influence of the investee, unless it can be clearly demonstrated that in such circumstance, the Company cannot participate in the decision-making in the production and operating of the investee.

(b) Determination of initial investment cost

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

For a business combination involving enterprises under common control, if the Company makes payment in cash, transfers non-cash assets or bears liabilities as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For a business combination involving enterprises under common control, if the Company issues equity securities as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The total par value of the shares issued is recognised as the share capital. The difference between the initial investment cost and the carrying amount of the total par value of the shares issued shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For business combination not under common control, the assets paid, liabilities incurred or assumed and the fair value of equity securities issued to obtain the control of the acquiree at the acquisition date shall be determined as the cost of the business combination and recognised as the initial cost of the long-term equity investment. The audit, legal, valuation and advisory fees, other intermediary fees, and other relevant general administrative costs incurred for the business combination, shall be recognised in profit or loss as incurred.

(ii) Long-term equity investments acquired not through the business combination, the investment cost shall be determined based on the following requirements:

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost, including the expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in current profit or loss. If the exchange of non-monetary assets does not meet the above criterion, the book value of the assets traded out and relevant taxes are recognised as the initial investment cost.

For long-term equity investment acquired through debt restructuring, the initial cost is determined based on the fair value of the equity obtained and the difference between initial investment cost and carrying amount of debts shall be recorded in current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

(i) Cost method

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The Company recognises its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(ii) Equity method

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The Company recognises the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognised in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The Company recognises its share of the investee's net profits or losses after making appropriate adjustments of investee's net profit based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the Company, the financial statements of the investee shall be adjusted according to the Company's accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the company and its associate or joint venture are eliminated in proportion to the company's equity interest in the investee, based on which investment income or losses shall be recognised. Any losses resulting from inter-company transactions between the investor and the investee, which belong to asset impairment, shall be recognised in full.

Where the Company obtains the power of joint control or significant influence, but not control, over the investee,

due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as available-for sale investment, difference between its fair value and the carrying value, in addition to the cumulative changes in fair value previously recorded in other comprehensive income, shall be recognised into current profit or loss using equity method.

If the Company loses the joint control or significant influence of the investee for some reasons such as disposal of equity investment, the retained interest shall be measured at fair value and the difference between the carrying amount and the fair value at the date of loss the joint control or significant influence shall be recognised in profit or loss. When the Company discontinues the use of the equity method, the Company shall account for all amounts previously recognised in other comprehensive income under equity method in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

(d) Equity investment classified as held for sale

Any retained interest in the equity investment not classified as held for sale, shall be accounted for using equity method.

When an equity investment in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale shall be amended accordingly.

(f) Impairment testing and provision for impairment loss

For investment in subsidiaries, associates or a joint venture, provision for impairment loss please refer to Note 3.19.

3.14 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both, including:

- (i) Land use right leased out
- (ii) Land held for transfer upon appreciation
- (iii) Buildings leased out

(b) The measurement model of investment property

The Company adopts the cost model for subsequent measurement of investment properties. For provision for impairment please refer to Note 3.20.

The Company calculates the depreciation or amortization based on the net amount of investment property cost less the accumulated impairment and the net residual value using straight-line method.

3.15 Fixed Assets

Fixed assets refer to the tangible assets with higher unit price held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

(a) Recognition criteria of fixed assets

Fixed assets will only be recognised at the actual cost paid when obtaining as all the following criteria are satisfied:

- (i) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (ii) The costs of the fixed assets can be measured reliably.

Subsequent expenditure for fixed assets shall be recorded in cost of fixed assets, if recognition criteria of fixed assets are satisfied, otherwise the expenditure shall be recorded in current profit or loss when incurred.

(b) Depreciation methods of fixed assets

The Company begins to depreciate the fixed asset from the next month after it is available for intended use using the straight-line-method. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives and estimated net residual rates of fixed assets are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	straight-line-method	8.00-35.00	3.00-5.00	2.70-12.10
Machinery equipment	straight-line-method	5.00-10.00	3.00-5.00	9.50-19.40
Vehicles	straight-line-method	4.00	3.00	24.25
Office equipment and others	straight-line-method	3.00	3.00	32.33

For the fixed assets with impairment provided, the impairment provision should be excluded from the cost when calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the fixed assets. Estimated useful life of the fixed assets shall be adjusted if it is changed compared to the original estimation.

(c) Recognition criteria, valuation and depreciation methods of fixed assets obtained through a finance lease

If the entire risk and rewards related to the leased assets have been substantially transferred, the Company shall recognise the lease as a finance lease. The cost of the fixed assets obtained through a finance lease is determined at the lower of the fair value of the leased assets and the present value of the minimum lease payment on the date of the lease. The fixed assets obtained by a finance lease are depreciated in the method which is consistent with the self-owned fixed assets of the Company. For fixed assets obtained through a finance lease, if it is reasonably certain that the ownership of the leased assets will be transferred to the lessee by the end of the lease term, they shall be depreciated over their remaining useful lives; otherwise, the leased assets shall be depreciated over the shorter of the lease terms or their remaining useful lives.

3.16 Construction in Progress

(a) Classification of construction in progress

Construction in progress is measured on an individual project basis.

(b) Recognition criteria and timing of transfer from construction in progress to fixed assets

The initial book values of the fixed assets are stated at total expenditures incurred before they are ready for their intended use, including construction costs, original price of machinery equipment, other necessary expenses incurred to bring the construction in progress to get ready for its intended use and borrowing costs of the specific loan for the construction or the proportion of the general loan used for the constructions incurred before they are ready for their intended use. The construction in progress shall be transferred to fixed asset when the installation or construction is ready for the intended use. For construction in progress that has been ready for their intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant fixed assets, and depreciation should be provided according to relevant policies of the Company when the fixed assets are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.17 Borrowing Costs

(a) Recognition criteria and period for capitalization of borrowing costs

The Company shall capitalize the borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets when meet the following conditions:

- (i) Expenditures for the asset are being incurred;
- (ii) Borrowing costs are being incurred, and;
- (iii) Acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale are in progress.

Other borrowing cost, discounts or premiums on borrowings and exchange differences on foreign currency borrowings shall be recognized into current profit or loss when incurred.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognised as expenses when incurred.

(b) Capitalization rate and measurement of capitalized amounts of borrowing costs

When funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, the Company shall determine the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income on bank deposit or investment income on the temporary investment of those borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a

general borrowing, the eligible amounts are determined by the weighted-average of the cumulative capital expenditures in excess of the specific borrowing multiplied by the general borrowing capitalization rate. The capitalization rate will be the weighted average of the borrowing costs applicable to the general borrowing.

3.18 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are recognised at actual cost at acquisition.

(b) The useful life and amortisation of intangible assets

(i) The estimated useful lives of the intangible assets with finite useful lives are as follows:

Category	Estimated useful life	Basis
Land use right	50 years	Legal life
Patent right	10 years	The service life is determined by reference to the period that can bring economic benefits to the Company
Software	3-5 years	The service life is determined by reference to the period that can bring economic benefits to the Company
Trademark	10 years	The service life is determined by reference to the period that can bring economic benefits to the Company

For intangible assets with finite useful life, the estimated useful life and amortisation method are reviewed annually at the end of each reporting period and adjusted when necessary. No change incurred in current year in the estimated useful life and amortisation method upon review.

(ii) Assets of which the period to bring economic benefits to the Company are unforeseeable are regarded as intangible assets with indefinite useful lives. The Company reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(iii) Amortisation of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition and systematically amortised on a straight-line basis over the useful life. The amortisation amount shall be recognized into current profit or loss according to the beneficial items. The amount to be amortised is cost deducting residual value. For intangible assets which has impaired, the cumulative impairment provision shall be deducted as well. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless: there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

Intangible assets with indefinite useful lives shall not be amortised. The Company reassesses the useful lives of

those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated and the intangible assets shall be amortised systematically and reasonably within the estimated useful lives.

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

Preparation activities related to materials and other relevant aspects undertaken by the Company for the purpose of further development shall be treated as research phase. Expenditures incurred during the research phase of internal research and development projects shall be recognised in profit or loss when incurred.

Development activities after the research phase of the Company shall be treated as development phase.

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

Expenditures arising from development phase on internal research and development projects shall be recognised as intangible assets only if all of the following conditions have been met:

- (i) Technical feasibility of completing the intangible assets so that they will be available for use or sale;
- (ii) Its intention to complete the intangible asset and use or sell it;
- (iii) The method that the intangible assets generate economic benefits, including the Company can demonstrate the existence of a market for the output of the intangible assets or the intangible assets themselves or, if it is to be used internally, the usefulness of the intangible assets;
- (iv) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (v) Its ability to measure reliably the expenditure attributable to the intangible asset.

3.19 Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, associates and joint ventures, investment properties, fixed assets and constructions in progress subsequently measured at cost, intangible assets, shall be determined according to following method:

The Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset and test for impairment. Irrespective of whether there is any indication of impairment, the Company shall test for impairment of goodwill acquired in a business combination, intangible assets with an indefinite useful life or intangible assets not yet available for use annually.

The recoverable amounts of the long-term assets are the higher of their fair values less costs to dispose and the present values of the estimated future cash flows of the long-term assets. The Company estimate the recoverable amounts on an individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the groups of assets that the individual asset belongs to. Identification of an group of asset is based on whether the cash inflows from it are largely independent of the cash

inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and the provision for impairment loss shall be recognised accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant group of assets based on reasonable method; if it is difficult to allocate to relevant group of assets, good will shall be allocated to relevant combination of asset groups. The relevant group of assets or combination of asset groups is a group of assets or combination of asset groups that is benefit from the synergies of the business combination and is not larger than the reporting segment determined by the Company.

When test for impairment, if there is an indication that relevant group of assets or combination of asset groups may be impaired, impairment testing for group of assets or combination of asset groups excluding goodwill shall be conducted first, and calculate the recoverable amount and recognize the impairment loss. Then the group of assets or combination of asset groups including goodwill shall be tested for impairment, by comparing the carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, the Company shall recognise the impairment loss.

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

3.20 Long-term Deferred Expenses

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

3.21 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee benefits are presented in the statement of financial position as “Employee benefits payable” and “Long-term employee benefits payable”.

(a) Short-term employee benefits

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

The Company recognises, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit except for those recognised as capital expenditure based on the requirement of accounting standards.

(ii) Employee welfare

The Company shall recognise the employee welfare based on actual amount when incurred into current profit or loss or related capital expenditure. Employee welfare shall be measured at fair value as it is a non-monetary benefit.

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

Payments made by the Company of social insurance for employees, such as medical insurance, work injury insurance and maternity insurance, payments of housing funds, and labor union fund and employee education fund accrued in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to required accrual bases and accrual ratio in determining the amount of employee benefits and the related liabilities, which shall be recognised in current profit or loss or the cost of relevant asset.

(iv) Short-term paid absences

The company shall recognise the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated. The Company shall recognise relevant employee benefit of non-accumulating paid absences when the absences actually occurred.

(v) Short-term profit-sharing plan

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

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

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

(b) Post-employment benefits

(i) Defined contribution plans

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the current profit or loss or the cost of a relevant asset.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they shall be discounted using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined contribution obligations) to measure employee benefits payable.

(ii) Defined benefit plan

The present value of defined benefit obligation and current service costs

Based on the expected accumulative welfare unit method, the Company shall make estimates about demographic variables and financial variables in adopting the unbiased and consistent actuarial assumptions and measure defined benefit obligation, and determine the obligation period. The Company shall discount the obligation arising from defined benefit plan using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) in order to determine the present value of the defined benefit obligation and the current service cost.

The net defined benefit liability or asset

The net defined benefit liability (asset) is the deficit or surplus recognised as the present value of the defined benefit obligation less the fair value of plan assets (if any).

When the Company has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of the surplus in the defined benefit plan and the asset ceiling.

The amount recognised in the cost of asset or current profit or loss

Service cost comprises current service cost, past service cost and any gain or loss on settlement. Other service cost shall be recognised in profit or loss unless accounting standards require or allow the inclusion of current service cost within the cost of assets.

Net interest on the net defined benefit liability (asset) comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling, shall be included in profit or loss.

The amount recognised in other comprehensive income

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

- Actuarial gains and losses, the changes in the present value of the defined benefit obligation resulting from experience adjustments or the effects of changes in actuarial assumptions;
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability or asset;
- Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the Company may transfer those amounts recognised in other comprehensive income within equity.

(c) Termination benefits

The Company providing termination benefits to employees shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

- (i) When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.

(ii) When the Company recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the Company shall discount the termination benefits using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) to measure the employee benefits.

(d) Other long-term employee benefits

(i) Meet the conditions of the defined contribution plan

When other long-term employee benefits provided by the Company to the employees satisfies the conditions for classifying as a defined contribution plan, all those benefits payable shall be accounted for as employee benefits payable at their discounted value.

(ii) Meet the conditions of the defined benefit plan

At the end of the reporting period, the Company recognised the cost of employee benefit from other long-term employee benefits as the following components:

- Service costs;
- Net interest cost for net liability or asset of other long-term employee benefits
- Changes resulting from the remeasurements of the net liability or asset of other long-term employee benefits

In order to simplify the accounting treatment, the net amount of above items shall be recognised in profit or loss or relevant cost of assets.

3.22 Estimated Liabilities

(a) Recognition criteria of estimated liabilities

The Company recognises the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

- (i) That obligation is a current obligation of the Company;
- (ii) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and
- (iii) The amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidences indicate that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying

amount shall be adjusted based on the updated best estimate.

3.23 Principles and measurement methods of revenue recognition

Revenue is the total inflow of economic benefits formed in the daily activities of the Company, which will lead to the increase of shareholders' equity and is not related to the capital invested by shareholders.

The Company has fulfilled the performance obligations in the contract, that is, the revenue is recognized when the customer obtains the relevant commodity control rights. To gain control of relevant commodities means to be able to dominate the use of the commodities and obtain almost all the economic benefits from them.

If the contract contains two or more performance obligations, the Company shall at the beginning of the contract allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the commodities or services committed by each individual performance obligation, and measure the income according to the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Company is expected to be entitled as a result of the transfer of goods or services to the customer, excluding payments received on behalf of the third parties. When determining the contract transaction price, if there is a variable consideration, the Company determines the best estimate of the variable consideration in accordance with the expected value or the amount most likely to occur, and includes the transaction price in the amount not exceeding the amount that would most likely not result in a significant reversal of the accumulated recognized revenue when the relevant uncertainties are eliminated. If there is a significant composition of financing in the contract, the Company will determine the transaction price by the amount paid in cash, according to when the customer get the commodities control. The difference between the transaction price and the contract price shall be amortized by the effective interest rate method during the contract period. If the interval between the transfer of control and the payment by the customer is not more than one year, the Company shall not consider the financing component.

If one of the following conditions is met, the performance obligations shall be performed within a certain period of time; Otherwise, the performance obligation shall be performed at a certain point:

- ①The client obtains and consumes the economic benefits brought by the Company's performance of the contract at the same time;
- ②The customer can control the commodities under construction during the performance of the Company;
- ③The commodities produced by the Company during the performance of the contract shall have irreplaceable uses and the Company shall be entitled to receive payment for the accumulated part of the performance of the contract to date throughout the contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the income according to the performance progress within that period, except where the performance progress cannot be reasonably determined. The Company shall determine the performance progress of the service provided according to the input method (or output method). When the performance schedule cannot be reasonably determined and the

Company is expected to be compensated for the costs incurred, the revenue shall be recognized according to the amount of the costs incurred until the performance schedule can be reasonably determined.

For performance obligations performed at a certain point, the Company recognizes revenue at the point when the customer acquires control over the relevant commodities. In determining whether the customer has acquired control over the goods or services, the Company will consider the following indications:

- ①The Company has a current payment right in respect of the goods or services, that is, the customer has a current payment obligation in respect of the goods;
- ②The Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity;
- ③The Company has transferred the physical goods to the customer, that is, the customer has physical possession of the goods;
- ④The Company has transferred the main risks and remuneration on the ownership of the goods to the customer, that is, the customer has acquired the main risks and remuneration on the ownership of the goods;
- ⑤The customer has accepted the goods.

3.24 Government Grants

(a) Recognition of government grants

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

- (i) The Company will comply with the conditions attaching to them; and
- (ii) The grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at a nominal value of RMB 1.00 when reliable fair value is not available.

(c) Accounting for government grants

(i) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognised as deferred income, and should be recognised in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognised in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government

grants related to income are accounted for in accordance with the following principles:

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants shall be recognised as deferred income and included into profit or loss in the same period as the relevant expenses or losses are recognised;

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognised into current profit or loss

For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.

Government grants related to daily operation activities are recognised in other income in accordance with the nature of the activities, and government grants irrelevant to daily operation activities are recognised in non-operating income.

(iii) Loan interest subsidy

When loan interest subsidy is allocated to the bank, and the bank provides a loan at lower-market rate of interest to the Company, the loan is recognised at the actual received amount, and the interest expense is calculated based on the principal of the loan and the lower-market rate of interest.

When loan interest subsidy is directly allocated to the Company, the subsidy shall be recognised as offsetting the relevant borrowing cost.

(iv) Repayment of the government grants

Repayment of the government grants shall be recorded by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, any excess will be recognised into current profit or loss; or directly recognised into current profit or loss for other circumstances.

3.25 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base at the balance sheet date. The Company recognise and measure the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

Deferred tax assets should be recognised for deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits can be utilised at the tax rates that are expected to apply to the period when the asset is realised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- (i) Is not a business combination; and
- (ii) At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company shall recognise a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, only to the extent that, it is probable that:

- (i) The temporary difference will reverse in the foreseeable future; and
- (ii) Taxable profit will be available against which the deductible temporary difference can be utilised.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognises a previously unrecognised deferred tax asset.

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

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognised for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled.

- (i) No deferred tax liability shall be recognised for taxable temporary differences arising from:
 - The initial recognition of goodwill; or
 - The initial recognition of an asset or liability in a transaction which: is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)
- (ii) An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that both of the following conditions are satisfied:
 - The Company is able to control the timing of the reversal of the temporary difference; and
 - It is probable that the temporary difference will not reverse in the foreseeable future.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

- (i) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognised, and simultaneously, goodwill recognised in the business combination shall be adjusted based on relevant deferred tax expense (income).

- (ii) Items directly recognised in equity

Current tax and deferred tax related to items that are recognised directly in equity shall be recognised in equity. Such items include: other comprehensive income generated from fair value fluctuation of available for sale investments; an adjustment to the opening balance of retained earnings resulting from either a change in accounting

policy that is applied retrospectively or the correction of a prior period (significant) error; amounts arising on initial recognition of the equity component of a compound financial instrument that contains both liability and equity component.

(iii) Unused tax losses and unused tax credits

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

Deductible loss refers to the loss calculated and permitted according to the requirement of tax law that can be offset against taxable income in future periods. The criteria for recognising deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognising deferred tax assets arising from deductible temporary differences. The Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Income taxes in current profit or loss shall be deducted as well.

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

Under a business combination, the acquiree's deductible temporary differences which do not satisfy the criteria at the acquisition date for recognition of deferred tax asset shall not be recognised. Within 12 months after the acquisition date, if new information regarding the facts and circumstances exists at the acquisition date and the economic benefit of the acquiree's deductible temporary differences at the acquisition is expected to be realised, the Company shall recognise acquired deferred tax benefits and reduce the carrying amount of any goodwill related to this acquisition. If goodwill is reduced to zero, any remaining deferred tax benefits shall be recognised in profit or loss. All other acquired deferred tax benefits realised shall be recognised in profit or loss.

(iv) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognised in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well except for deferred tax related to transactions or events recognised directly in equity and business combination.

(v) Share-based payment settled by equity

If tax authority permits tax deduction that relates to share-based payment, during the period in which the expenses are recognised according to the accounting standards, the Company estimates the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognised when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the cumulative expenses related to share-based payment recognised according to the accounting standards, the tax effect of the excess amount shall be recognised directly in equity.

3.26 Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in accounting policies

√ Applicable □ Not applicable

Contents of changes in accounting policies and reasons thereof	Approval procedures	Note
On 5 July 2017, the Ministry of Finance issued the Notice on Revising and Issuing the Accounting Standards for Business Enterprises No.14-Revenue (CK(2017)No.22 and required those enterprises both listed in domestic and aboard and those enterprises overseas listed with International Financial Reporting Standards or Accounting Standards for Business Enterprises for preparation of financial statements to implement it since 1 January 2018, required other domestically listed enterprises to implement it since 1 January 2020 and required non-listed enterprises carrying out the Accounting Standards for Business Enterprises to implement it since 1 January 2021. The Company starts to implement the new accounting policy since the date stipulated in above document and starts to implement the new standards governing revenue since 1 January 2020.	Reviewed and approved on the 14 th Meeting of the 8 th Board of Directors and the 11 th Meeting of the 8 th Supervisory Committee	For details, please refer to the announcement on changes in accounting policies disclosed on http://www.cninfo.com.cn on 27 April 2020
The Ministry of Finance issued the Notice on Revising and Issuing of Formats of 2019 Financial Statements for General Enterprises (CK[2019]No.16) (hereinafter referred to as "Revising Notice") on 19 September 2019, in which the formats of financial statements for general enterprises are revised and non-financial enterprises carrying out accounting standards for business enterprises are required to prepare the financial statements for 2019 and subsequent periods in accordance with provisions stipulated in accounting standards for business enterprises and the Revising Notice.	Reviewed and approved on the 14 th Meeting of the 8 th Board of Directors and the 11 th Meeting of the 8 th Supervisory Committee	For details, please refer to the announcement on changes in accounting policies disclosed on http://www.cninfo.com.cn on 27 April 2020

(2) Changes in Accounting Estimates

☐ Applicable ☒ Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Revenue or Leases since 2020

Whether items of balance sheets at the beginning of the year need adjustment

☒ Yes ☐ No

Consolidated Balance Sheet

Unit: RMB

Item	31 December 2019	1 January 2020	Adjusted
Current assets:			
Monetary assets	5,619,749,918.09	5,619,749,918.09	
Settlement reserve			
Interbank loans granted			
Held-for-trading financial assets	509,031,097.02	509,031,097.02	
Derivative financial assets			
Notes receivable	1,004,217,431.56	1,004,217,431.56	
Accounts receivable	40,776,567.96	40,776,567.96	
Accounts receivable financing			
Prepayments	197,453,313.96	197,453,313.96	
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables	25,746,957.22	25,746,957.22	
Including: Interest receivable	1,908,788.81	1,908,788.81	
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	3,015,051,961.78	3,015,051,961.78	
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	114,439,167.07	114,439,167.07	

Total current assets	10,526,466,414.66	10,526,466,414.66	
Non-current assets:			
Loans and advances to customers			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	4,678,282.24	4,678,282.24	
Investments in other equity instruments			
Other non-current financial assets			
Investment property	4,710,086.02	4,710,086.02	
Fixed assets	1,722,572,998.79	1,722,572,998.79	
Construction in progress	183,984,816.07	183,984,816.07	
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	785,717,932.76	785,717,932.76	
Development costs			
Goodwill	478,283,495.29	478,283,495.29	
Long-term prepaid expense	70,240,106.82	70,240,106.82	
Deferred income tax assets	90,494,544.51	90,494,544.51	
Other non-current assets	4,148,686.00	4,148,686.00	
Total non-current assets	3,344,830,948.50	3,344,830,948.50	
Total assets	13,871,297,363.16	13,871,297,363.16	
Current liabilities:			
Short-term borrowings			
Borrowings from the central bank			
Interbank loans obtained			
Held-for-trading financial liabilities			

Derivative financial liabilities			
Notes payable	703,679,646.86	703,679,646.86	
Accounts payable	563,494,195.40	563,494,195.40	
Advances from customers	529,863,011.73	0.00	-529,863,011.73
Contract liabilities	0.00	529,863,011.73	529,863,011.73
Financial assets sold under repurchase agreements			
Customer deposits and interbank deposits			
Payables for acting trading of securities			
Payables for underwriting of securities			
Employee benefits payable	454,189,532.89	454,189,532.89	
Taxes payable	482,903,109.59	482,903,109.59	
Other payables	1,315,878,229.01	1,315,878,229.01	
Including: Interest payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities			
Other current liabilities	197,484,121.41	197,484,121.41	
Total current liabilities	4,247,491,846.89	4,247,491,846.89	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			

Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	72,778,437.92	72,778,437.92	
Deferred income tax liabilities	118,872,366.61	118,872,366.61	
Other non-current liabilities			
Total non-current liabilities	191,650,804.53	191,650,804.53	
Total liabilities	4,439,142,651.42	4,439,142,651.42	
Owners' equity:			
Share capital	503,600,000.00	503,600,000.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	1,295,405,592.25	1,295,405,592.25	
Less: Treasury stock			
Other comprehensive income			
Specific reserve			
Surplus reserves	256,902,260.27	256,902,260.27	
General reserve			
Retained earnings	6,888,203,911.92	6,888,203,911.92	
Total equity attributable to owners of the Company as the parent	8,944,111,764.44	8,944,111,764.44	
Non-controlling interests	488,042,947.30	488,042,947.30	
Total owners' equity	9,432,154,711.74	9,432,154,711.74	
Total liabilities and owners' equity	13,871,297,363.16	13,871,297,363.16	

Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2019	1 January 2020	Adjusted
Current assets:			

Monetary assets	2,919,818,830.20	2,919,818,830.20	
Held-for-trading financial assets	489,861,097.02	489,861,097.02	
Derivative financial assets			
Notes receivable	378,740,100.82	378,740,100.82	
Accounts receivable	218,558,555.07	218,558,555.07	
Accounts receivable financing			
Prepayments	17,906,999.63	17,906,999.63	
Other receivables	125,219,213.84	125,219,213.84	
Including: Interest receivable	301,888.89	301,888.89	
Dividends receivable			
Inventories	2,688,839,871.27	2,688,839,871.27	
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	1,280,998.32	1,280,998.32	
Total current assets	6,840,225,666.17	6,840,225,666.17	
Non-current assets:			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	1,148,213,665.32	1,148,213,665.32	
Investments in other equity instruments			
Other non-current financial assets			
Investment property	4,710,086.02	4,710,086.02	
Fixed assets	1,310,704,771.36	1,310,704,771.36	
Construction in progress	84,477,784.02	84,477,784.02	
Productive living assets			

Oil and gas assets			
Right-of-use assets			
Intangible assets	243,928,047.95	243,928,047.95	
Development costs			
Goodwill			
Long-term prepaid expense	48,354,967.15	48,354,967.15	
Deferred income tax assets	31,360,809.87	31,360,809.87	
Other non-current assets	574,026.00	574,026.00	
Total non-current assets	2,872,324,157.69	2,872,324,157.69	
Total assets	9,712,549,823.86	9,712,549,823.86	
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	49,114,582.04	49,114,582.04	
Accounts payable	450,303,984.53	450,303,984.53	
Advances from customers	31,724.77	0.00	-31,724.77
Contract liabilities	0.00	31,724.77	31,724.77
Employee benefits payable	100,357,808.20	100,357,808.20	
Taxes payable	371,012,223.50	371,012,223.50	
Other payables	274,053,511.54	274,053,511.54	
Including: Interest payable			
Dividends payable			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities			
Other current liabilities	11,953,800.20	11,953,800.20	
Total current liabilities	1,256,827,634.78	1,256,827,634.78	
Non-current liabilities:			
Long-term borrowings			

Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	33,229,246.47	33,229,246.47	
Deferred income tax liabilities	22,799,814.64	22,799,814.64	
Other non-current liabilities			
Total non-current liabilities	56,029,061.11	56,029,061.11	
Total liabilities	1,312,856,695.89	1,312,856,695.89	
Owners' equity:			
Share capital	503,600,000.00	503,600,000.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	1,247,162,107.35	1,247,162,107.35	
Less: Treasury stock			
Other comprehensive income			
Specific reserve			
Surplus reserves	251,800,000.00	251,800,000.00	
Retained earnings	6,397,131,020.62	6,397,131,020.62	
Total owners' equity	8,399,693,127.97	8,399,693,127.97	
Total liabilities and owners' equity	9,712,549,823.86	9,712,549,823.86	

(4) Retroactive Adjustments to Comparative Data of Prior Years when First Execution of any New Standards Governing Revenue or Leases since 2020

☐ Applicable ☒ Not applicable

4. Taxation

4.1 Main Taxes and Tax Rate

Category of taxes	Basis of tax assessment	Tax rate
VAT	Taxable sales revenue	13% (16%)、10%、6%
Consumption tax	Taxable price or ex factory price	Sales of wine RMB1 per 1000 ml or per kg to calculate the amount of consumption tax, a flat rate, 20% of the annual turnover to calculate the amount of consumption tax at valorem.
Urban maintenance and construction tax	Urban maintenance and construction taxes are paid on turnover taxes	7%、5%
Education expenses surcharge	Educational surcharges are paid on turnover taxes	3%
Local education surcharge	Local educational surcharges are paid on turnover taxes	2%
Enterprise income tax	Business taxes are calculated and paid on taxable revenues	See the table below

Table of income tax rate of different entities:

Name of the entities	Income tax rate
Anhui Longrui Glass Co., Ltd	15%
Anhui Ruisiweier Technology Co., Ltd	15%
Wuhan Yashibo Technology Co., Ltd	15%
Anhui Zhenrui Construction Engineering Co., Ltd	10%
Bozhou Gujin Rubbish Recycling Co., Ltd	5%
Hubei Junhe Advertising Co., Ltd.	5%
Hubei Yellow Crane Tower Beverage Co., Ltd.	5%
Anhui Gujing gongjiu Co., Ltd. and other subsidiaries	25%

4.2 Tax Preference

(i) According to *Response Letter for the First Batch of High-tech Enterprises to be put on record in Anhui Province for 2019* (guokehuozi [2019] No.216) issued by Department of Science and Technology of Anhui province, Department of Finance of Anhui province, and Anhui Provincial Taxation Bureau of State Administration of Taxation, the subsidiary Longrui Glass was identified as a high-tech enterprise in 2019, therefore was given *High-tech Enterprise Certificate* (Certificate Number: GR201934001625) which is valid for 3 years. According to *Enterprise Income Tax Law* and other relevant regulations, the company is subject to a national high-tech enterprise

income tax rate at 15% for three years from January 1, 2019 to December 31, 2021.

(ii) According to *Response Letter for the First Batch of High-tech Enterprises to be put on record in Anhui Province for 2019* (guokehuozi [2019] No.216) issued by Department of Science and Technology of Anhui province, Department of Finance of Anhui province, and Anhui Provincial Taxation Bureau of State Administration of Taxation, the subsidiary Ruisiweier was identified as a high-tech enterprise in 2019, therefore was given *High-tech Enterprise Certificate* (Certificate Number: GR201934000355) which is valid for 3 years. According to *Enterprise Income Tax Law* and other relevant regulations, the company is subject to a national high-tech enterprise income tax rate at 15% for three years from January 1, 2019 to December 31, 2021.

(iii) According to *Response Letter for the Second Batch of High-tech Enterprises to be put on record in Hubei Province for 2018* (guokehuozi [2019] No.43) issued by Department of Science and Technology of Hubei province, Department of Finance of Hubei province, and Hubei Provincial Taxation Bureau of State Administration of Taxation, the subsidiary Yashibo was identified as a high-tech enterprise in 2018, therefore was given *High-tech Enterprise Certificate* (Certificate Number:GR201842002339) which is valid for 3 years. According to *Enterprise Income Tax Law* and other relevant regulations, the company is subject to a national high-tech enterprise income tax rate at 15% for three years from January 1, 2018 to December 31, 2020.

(iv) According to *Notice from Ministry of Finance and State Administration of Taxation on the Implementation of Inclusive Tax Reduction Policy for Small and Micro Enterprises* (Caishui [2019] No.13), from January 1, 2019 to December 31, 2021 the portion of the enterprise's annual taxable income which does not exceed 1 million yuan is reduced to 25% as taxable income, and income tax is paid at a tax rate of 20%. For the annual taxable income of more than 1 million yuan but not more than 3 million yuan, this part is reduced to 50% as taxable income, income tax is paid at the rate of 20%. The subsidiaries Gujing waste company, Junhe Advertising and Yellow Crane Tower Beverage meet the condition of annual taxable income not exceeding 1 million yuan while actual tax rate in H1 2020 was 5%. The subsidiary Zhenrui Construction meets the condition of annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan while actual tax rate for H1 2020 was 10%.

5. Notes to Major Items in the Consolidated Financial Statements of the Company

5.1 Monetary Assets

Item	30 June 2020	31 December 2019
Cash on hand	254,747.79	292,465.36
Cash in bank	7,417,660,747.68	5,618,712,121.81
Other monetary assets	271,980.24	745,330.92
Total	7,418,187,475.71	5,619,749,918.09

Notes: (i) At 30 June 2020, the structural deposits that cannot be withdrawn in advance amounted to RMB1,590

million, fixed deposits that cannot be withdrawn in advance totaled RMB100 million, and fixed deposits used to pledge and issue bank acceptance bills totaled RMB330 million. Except for that, no other monetary assets are restricted to use or in some potential risks of recovery due to the mortgage, pledge or freezing;

5.2 Trading Financial Assets

Item	30 June 2020	31 December 2019
Financial Assets at Fair Value through Profit or Loss	230,264,936.41	509,031,097.02
Including: bank financial products	10,000,000.00	297,146,591.78
Fund investment	220,264,936.41	211,884,505.24
Total	230,264,936.41	509,031,097.02

5.3 Notes Receivable

(1) Notes Receivable Listed by Category

Category	30 June 2020			31 December 2019		
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value
Bank acceptance bills	1,035,170,219.39	0.00	1,035,170,219.39	1,002,758,533.39	0.00	1,002,758,533.39
Commercial acceptance bills	993,836.54	49,691.83	944,144.71	1,493,836.54	34,938.37	1,458,898.17
Total	1,036,164,055.93	49,691.83	1,036,114,364.10	1,004,252,369.93	34,938.37	1,004,217,431.56

(2) Notes Receivable Pledged by the Company at the Period-end

Item	Pledged amount
Bank acceptance bills	382,801,475.30
Total	382,801,475.30

(3) Notes Receivable which Had Endorsed by the Company or had Discounted but had not Due at the Period-end

Item	Amount of derecognition	Amount of recognition
Bank acceptance bills	1,668,974,827.37	0.00
Total	1,668,974,827.37	0.00

The issuing banks of the bank acceptance bill of the Company for endorsement or discount are commercial banks with higher credit. Therefore, when the bank acceptance bills are mature, they are likely to get paid. The interest rate risk related to the bill has been transferred to the bank, so it can be judged that the main risks and rewards of the bill ownership have been transferred, so need to be derecognised.

(4) There Were No Notes Transferred to Accounts Receivable because Drawer of the Notes Failed to Execute the Contract or Agreement at the Period-end

(5) Notes Receivable by Bad Debt Provision Method

Category	30 June 2020				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion	
Provision for bad debt recognised individually					
Provision for bad debt recognised collectively	1,036,164,055.93	100.00	49,691.83	0.00	1,036,114,364.10
Including: Group 1	993,836.54	0.10	49,691.83	5.00	944,144.71
Group 2	1,035,170,219.39	99.90	0.00	0.00	1,035,170,219.39
Total	1,036,164,055.93	100.00	49,691.83	0.00	1,036,114,364.10

① Notes receivable with provision for bad debt provision withdrawn by group 1

Aging	30 June 2020		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	993,836.54	49,691.83	5.00
Of which: 1-6 months			
7-12 months	993,836.54	49,691.83	5.00
Total	993,836.54	49,691.83	5.00

② Notes receivable with bad debt provision withdrawn by group 2

On 30 June 2020, the Company measured bad debt provision of bank acceptance bill according to the duration of expected credit loss. The Company believes that no significant credit risk exists in the bank acceptance bills and no significant losses are arisen from default risk of banks or other issuer's failure of fulfillment.

Refer to Note III-10. Financial Instrument for recognition criteria and notes of withdrawal of bad debt provision by group.

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

Category	31 December 2019	Changes in the Reporting Period			30 June 2020
		Withdrawal	Reversal or recovery	Write-off	
Commercial acceptance bills	34,938.37	14,753.46	0.00	0.00	49,691.83

Category	31 December 2019	Changes in the Reporting Period			30 June 2020
		Withdrawal	Reversal or recovery	Write-off	
Total	34,938.37	14,753.46	0.00	0.00	49,691.83

4. Accounts Receivable

(1) Disclosure by aging

Aging	30 June 2020	31 December 2019
Within one year	43,013,302.45	41,004,875.62
Of which: 1-6 months	31,855,517.41	37,333,246.24
7-12 months	11,157,785.04	3,671,629.38
1-2 years	2,728,605.43	365,118.07
2-3 years	209.20	0.00
Over 3 years	0.00	141,121.87
Subtotal	45,742,117.08	41,511,115.56
Less: Bad debt provision	1,149,409.56	734,547.60
Total	44,592,707.52	40,776,567.96

(2) Disclosure by withdrawal method of bad debt provision

① 30 June 2020

Category	30 June 2020				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately					
Bad debt provision withdrawn by group	45,742,117.08	100.00	1,149,409.56	2.51	44,592,707.52
Of which: Group 1					
Group 2	45,742,117.08	100.00	1,149,409.56	2.51	44,592,707.52
Total	45,742,117.08	100.00	1,149,409.56	2.51	44,592,707.52

② 31 December 2019

Category	31 December 2019		
	Carrying amount	Bad debt provision	Carrying value

	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately					
Bad debt provision withdrawn by group	41,511,115.56	100.00	734,547.60	1.77	40,776,567.96
Of which: Group 1					
Group 2	41,511,115.56	100.00	734,547.60	1.77	40,776,567.96
Total	41,511,115.56	100.00	734,547.60	1.77	40,776,567.96

On 30 June 2020, Accounts receivable with bad debt provision withdrawn by group 2

Aging	30 June 2020		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	43,013,302.45	876,444.43	2.04
Of which: 1-6 months	31,855,517.41	318,555.18	1.00
7-12 months	11,157,785.04	557,889.25	5.00
1-2 years	2,728,605.43	272,860.53	10.00
2-3 years	209.20	104.60	50.00
Over 3 years			
Total	45,742,117.08	1,149,409.56	2.51

Refer to Note III-10. Financial Instrument for recognition criteria and notes of withdrawal of bad debt provision by group.

On 31 December 2019, Accounts receivable with bad debt provision withdrawn by group 2

Aging	31 December 2019		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	41,004,875.62	556,913.92	1.36
Of which: 1-6 months	37,333,246.24	373,332.45	1.00
7-12 months	3,671,629.38	183,581.47	5.00
1-2 years	365,118.07	36,511.81	10.00
2-3 years			
Over 3 years	141,121.87	141,121.87	100.00

Aging	31 December 2019		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Total	41,511,115.56	734,547.60	1.77

Refer to Note III-10. Financial Instrument for recognition criteria and notes of withdrawal of bad debt provision by group.

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

Category	31 December 2019	Changes in the Reporting Period			30 June 2020
		Withdrawal	Recovery or reversal	Write-off	
Accounts receivable with insignificant amount but bad debt provision withdrawn separately					
Group 2: Bad debt provision withdrawn by group	734,547.60	414,861.96			1,149,409.56
Total	734,547.60	414,861.96			1,149,409.56

(4) Top five closing balances by entity

Entity name	Balance at 30 June 2020	Proportion of the balance to the total accounts receivable (%)	Bad debt provision
No. 1	4,956,160.50	10.84	49,561.61
No. 2	4,316,440.00	9.44	43,164.40
No. 3	3,193,774.58	6.98	156,016.38
No. 4	2,901,645.00	6.34	98,327.80
No. 5	2,547,734.97	5.57	25,477.35
Total	17,915,755.05	39.17	372,547.54

5. Prepayment

(1) Disclosure by aging

Aging	30 June 2020		31 December 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within one year	90,383,425.38	96.45	196,781,962.46	99.66
1 to 2 years	3,266,389.16	3.49	647,771.50	0.33
2 to 3 years	31,761.99	0.03	-	-
Over 3 years	23,580.00	0.03	23,580.00	0.01

Aging	30 June 2020		31 December 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Total	93,705,156.53	100.00	197,453,313.96	100.00

(2) Top five closing balances by entity

Entity name	Balance on 30 June 2020	Proportion of the balance to the total prepayment (%)
No. 1	8,490,566.30	9.07
No. 2	7,036,794.75	7.51
No. 3	3,980,935.51	4.25
No. 4	3,272,798.50	3.49
No. 5	3,152,000.00	3.36
Total	25,933,095.06	27.68

6. Other Receivables

(1) Listed by category

Item	30 June 2020	31 December 2019
Interest receivable	10,600,806.32	1,908,788.81
Dividends receivable	0.00	0.00
Other receivables	25,871,628.10	23,838,168.41
Total	36,472,434.42	25,746,957.22

(2) Interest receivable

① Listed by category

Item	30 June 2020	31 December 2019
Interest on large-denomination certificates of deposit	10,600,806.32	1,908,788.81
Less: Bad debt provision	0.00	0.00
Total	10,600,806.32	1,908,788.81

(3) Other Receivables

① Disclosure by aging

Aging	30 June 2020	31 December 2019
Within one year	24,840,606.02	21,391,891.49
Of which: 1-6 months	22,423,471.08	16,704,667.12

Aging	30 June 2020	31 December 2019
7-12 months	2,417,134.94	4,687,224.37
1-2 years	1,000,035.64	2,804,920.23
2-3 years	951,997.22	646,513.23
Over 3 years	42,130,262.35	42,087,287.44
Subtotal	68,922,901.23	66,930,612.39
Less: Bad debt provision	43,051,273.13	43,092,443.98
Total	25,871,628.10	23,838,168.41

② Disclosure by nature

Nature	30 June 2020	31 December 2019
Investment in securities	40,850,949.35	40,850,949.35
Deposit and guarantee	5,011,416.41	5,343,741.34
Borrowing for business trip expenses	284,063.80	884,420.74
Rent, utilities and gasoline charges	8,139,458.33	8,479,446.65
Other	14,637,013.34	11,372,054.31
Subtotal	68,922,901.23	66,930,612.39
Less: Bad debt provision	43,051,273.13	43,092,443.98
Total	25,871,628.10	23,838,168.41

③ Disclosure by withdrawal method of bad debt provision

A. As of 30 June 2020, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	28,071,951.88	2,200,323.78	25,871,628.10
Stage 2	0.00	0.00	0.00
Stage 3	40,850,949.35	40,850,949.35	0.00
Total	68,922,901.23	43,051,273.13	25,871,628.10

A1. As of 30 June 2020, bad debt provision at stage 1:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately				

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn by group	28,071,951.88	7.84	2,200,323.78	25,871,628.10
Of which: Group 1				
Group 2	28,071,951.88	7.84	2,200,323.78	25,871,628.10
Total	28,071,951.88	7.84	2,200,323.78	25,871,628.10

On 30 June 2020, other receivables with bad debt provision withdrawn by group 2

Aging	30 June 2020		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	24,840,606.02	345,008.61	1.39
Of which: 1-6 months	22,423,471.08	224,151.86	1.00
7-12 months	2,417,134.94	120,856.75	5.00
1-2 years	1,000,035.64	100,003.56	10.00
2-3 years	951,997.22	475,998.61	50.00
Over 3 years	1,279,313.00	1,279,313.00	100.00
Total	28,071,951.88	2,200,323.78	7.84

A2. As of 30 June 2020, bad debt provision at stage 3:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately	40,850,949.35	100.00	40,850,949.35	0.00
Bad debt provision withdrawn by group				
Of which: Group 1				
Group 2				
Total	40,850,949.35	100.00	40,850,949.35	0.00

On 30 June 2020, other receivables with bad debt provision withdrawn separately:

Name	30 June 2020			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason
Hengxin Securities Co., Ltd.	29,010,449.35	29,010,449.35	100.00	The enterprise enters the bankruptcy liquidation

Name	30 June 2020			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason
				procedure
Jianqiao Securities Co., Ltd.	11,840,500.00	11,840,500.00	100.00	The enterprise enters the bankruptcy liquidation procedure
Total	40,850,949.35	40,850,949.35	100.00	--

B. As of 31 December 2019, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	26,079,663.04	2,241,494.63	23,838,168.41
Stage 2	0.00	0.00	0.00
Stage 3	40,850,949.35	40,850,949.35	0.00
Total	66,930,612.39	43,092,443.98	23,838,168.41

B1. On 31 December 2019, bad debt provision at stage 1:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately				
Bad debt provision withdrawn by group	26,079,663.04	8.59	2,241,494.63	23,838,168.41
Of which: Group 1	0.00	0.00	0.00	0.00
Group 2	26,079,663.04	8.59	2,241,494.63	23,838,168.41
Total	26,079,663.04	8.59	2,241,494.63	23,838,168.41

On 31 December 2019, other receivables with bad debt provision withdrawn by group 2

Aging	31 December 2019		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	21,391,891.49	401,407.90	1.88
Of which: 1-6 months	16,704,667.12	167,046.67	1.00
7-12 months	4,687,224.37	234,361.23	5.00
1-2 years	2,804,920.23	280,492.02	10.00
2-3 years	646,513.23	323,256.62	50.00

Aging	31 December 2019		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Over 3 years	1,236,338.09	1,236,338.09	100.00
Total	26,079,663.04	2,241,494.63	8.59

B2. As of 31 December 2019, bad debt provision at stage 3:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately	40,850,949.35	100.00	40,850,949.35	0.00
Bad debt provision withdrawn by group				
Of which: Group 1				
Group 2				
Total	40,850,949.35	100.00	40,850,949.35	0.00

On 31 December 2019, other receivables with bad debt provision withdrawn separately:

Name	31 December 2019			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason
Hengxin Securities Co., Ltd.	29,010,449.35	29,010,449.35	100.00	The enterprise enters the bankruptcy liquidation procedure
Jianqiao Securities Co., Ltd.	11,840,500.00	11,840,500.00	100.00	The enterprise enters the bankruptcy liquidation procedure
Total	40,850,949.35	40,850,949.35	100.00	--

④Changes of bad debt provision during the Reporting Period

Category	31 December 2019	Changes in the Reporting Period			30 June 2020
		Withdrawal	Recovery or reversal	Write-off	
Bad debt provision withdrawn separately	40,850,949.35		0.00		40,850,949.35
Bad debt provision withdrawn by group	2,241,494.63		41,170.85		2,200,323.78

Category	31 December 2019	Changes in the Reporting Period			30 June 2020
		Withdrawal	Recovery or reversal	Write-off	
Total	43,092,443.98		41,170.85		43,051,273.13

⑤ Top five closing balances by entity

Entity name	Nature	Balance at 30 June 2020	Aging	Proportion of the balance to the total other receivables (%)	Bad debt provision
No. 1	Securities investment	29,010,449.35	Over 3 years	42.09	29,010,449.35
No. 2	Securities investment	11,840,500.00	Over 3 years	17.18	11,840,500.00
No. 3	Oil cost	6,436,108.96	Within 6 months	9.34	64,361.09
No. 4	Deposit	3,953,761.28	Within 6 months	5.74	39,537.61
No. 5	Other	1,576,841.20	Within 6 months	2.29	15,768.41
Total	--	52,817,660.79	--	76.64	40,970,616.46

7. Inventories

(1) Category of inventories

Item	30 June 2020		
	Carrying amount	Falling price reserves	Carrying value
Raw materials and package materials	151,425,817.44	19,925,649.07	131,500,168.37
Semi-finished goods and work in process	2,632,022,035.43	0.00	2,632,022,035.43
Finished goods	160,297,894.70	3,047,213.46	157,250,681.24
Total	2,943,745,747.57	22,972,862.53	2,920,772,885.04

(Continued)

Item	31 December 2019		
	Carrying amount	Falling price reserves	Carrying value
Raw materials and package	177,976,566.48	14,772,001.80	163,204,564.68

materials			
Semi-finished goods and work in process	2,291,945,127.85	0.00	2,291,945,127.85
Finished goods	562,948,591.57	3,046,322.32	559,902,269.25
Total	3,032,870,285.90	17,818,324.12	3,015,051,961.78

(2) Falling price reserves of inventories

Items	31 December 2019	Increase		Decrease		30 June 2020
		Withdrawal	Other	Reversal or recovery	Other	
Raw materials and package materials	14,772,001.80	5,258,503.74		104,856.47		19,925,649.07
Finished goods	3,046,322.32	434,682.03		433,790.89		3,047,213.46
Total	17,818,324.12	5,693,185.77		538,647.36		22,972,862.53

8. Other Current Assets

Item	30 June 2020	31 December 2019
Deductible tax	92,193,691.95	114,439,167.07
Pledge-style repo of treasury bonds	10,900,000.00	0.00
Total	103,093,691.95	114,439,167.07

9. Long-term Equity Investment

Investees	31 December 2019	Changes in the Reporting Period				
		Additional investments	Reduced investments	Profit and loss on investments confirmed according to equity law	Adjustment of other comprehensive income	Changes in other equity
I. Associated enterprises						
Beijing Guge Trading Co., Ltd.	4,678,282.24			-53,631.34		
Total	4,678,282.24			-53,631.34		

(Continued)

Investees	Changes in the Reporting Period	30 June 2020	Balance of
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	Declaration of cash dividends or distribution of profit	Withdrawal of impairment provision	Other		impairment provision
I. Associated enterprises					
Beijing Guge Trading Co., Ltd.				4,624,650.90	
Total				4,624,650.90	

10. Investment Property

(1) Investment property adopting cost measurement mode

Items	Building and plants	Land use rights	Total
I. Original carrying value			
1. Balance on 31 December 2019	8,680,555.75	2,644,592.00	11,325,147.75
2. Increase during the Reporting Period	0.00	0.00	0.00
3. Decrease during the Reporting Period	0.00	0.00	0.00
4. Balance on 30 June 2020	8,680,555.75	2,644,592.00	11,325,147.75
II. Accumulated depreciation and amortization:			
1. Balance on 31 December 2019	5,915,361.87	699,699.86	6,615,061.73
2. Increase during the Reporting Period	130,557.96	28,013.28	158,571.24
(1) Withdrawal or amortization	130,557.96	28,013.28	158,571.24
3. Decrease during the Reporting Period	0.00	0.00	0.00
4. Balance on 30 June 2020	6,045,919.83	727,713.14	6,773,632.97
III. Impairment provision			
1. Balance on 31 December 2019	0.00	0.00	0.00
2. Increase during the Reporting Period	0.00	0.00	0.00
3. Decrease during the Reporting Period	0.00	0.00	0.00
4. Balance on 30 June 2020	0.00	0.00	0.00
IV. Original carrying value			
1. Carrying value on 30 June 2020	2,634,635.92	1,916,878.86	4,551,514.78
2. Carrying value on 31 December 2019	2,765,193.88	1,944,892.14	4,710,086.02

11. Fixed Assets

(1) Listed by category

Item	30 June 2020	31 December 2019
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Item	30 June 2020	31 December 2019
Fixed assets	1,629,268,366.99	1,722,572,998.79
Disposal of fixed assets	0.00	0.00
Total	1,629,268,366.99	1,722,572,998.79

(2) Fixed assets

① General information of fixed assets

Items	Buildings and constructions	Machinery equipments	Vehicles	Office equipment and other	Total
I. Original carrying value					
1. Balance on 31 December 2019	2,034,543,017.61	1,002,176,887.05	60,967,511.99	170,904,070.21	3,268,591,486.86
2. Increase during the Reporting Period	0.00	8,118,223.00	2,891,743.16	5,906,716.55	16,916,682.71
(1) Acquisition	0.00	3,670,477.43	2,891,743.16	4,207,601.55	10,769,822.14
(2) Transfer from construction in progress	0.00	4,447,745.57	0.00	1,699,115.00	6,146,860.57
3. Decrease during the Reporting Period	6,831,022.80	14,047,285.07	279,075.12	1,119,654.19	22,277,037.18
(1) Disposal or scrap	6,831,022.80	14,047,285.07	279,075.12	1,119,654.19	22,277,037.18
4. Balance on 30 June 2020	2,027,711,994.81	996,247,824.98	63,580,180.03	175,691,132.57	3,263,231,132.39
II. Accumulated depreciation					
1. Balance on 31 December 2019	810,920,134.01	575,262,319.33	51,633,020.95	103,244,644.01	1,541,060,118.30
2. Increase during the Reporting Period	36,210,126.91	51,670,929.87	3,060,438.40	16,674,135.79	107,615,630.97
(1) Withdrawal	36,210,126.91	51,670,929.87	3,060,438.40	16,674,135.79	107,615,630.97
3. Decrease during the Reporting Period	6,174,155.47	11,556,705.91	270,702.87	1,093,536.48	19,095,100.73
(1) Disposal or scrap	6,174,155.47	11,556,705.91	270,702.87	1,093,536.48	19,095,100.73
4. Balance on 30 June 2020	840,956,105.45	615,376,543.29	54,422,756.48	118,825,243.32	1,629,580,648.54
III. Impairment provision					
1. Balance on 31 December 2019	3,311,778.44	1,053,187.15	7,047.07	586,357.11	4,958,369.77

Items	Buildings and constructions	Machinery equipments	Vehicles	Office equipment and other	Total
2. Increase during the Reporting Period	0.00	0.00	0.00	0.00	0.00
(1) Withdrawal	0.00	0.00	0.00	0.00	0.00
3. Decrease during the Reporting Period	520,414.64	55,838.27	0.00	0.00	576,252.91
(1) Disposal or scrap	520,414.64	55,838.27	0.00	0.00	576,252.91
4. Balance on 30 June 2020	2,791,363.80	997,348.88	7,047.07	586,357.11	4,382,116.86
IV. Carrying value of fixed assets					
1. Carrying value on 30 June 2020	1,183,964,525.56	379,873,932.81	9,150,376.48	56,279,532.14	1,629,268,366.99
2. Carrying value on 31 December 2019	1,220,311,105.16	425,861,380.57	9,327,443.97	67,073,069.09	1,722,572,998.79

② Idle fixed assets

Item	Original carrying value	Accumulated depreciation	Impairment provision	Carrying value	Note
Buildings and constructions	8,155,407.00	5,263,789.95	2,791,363.80	100,253.25	
Machinery equipments	6,398,959.48	5,369,319.30	997,348.88	32,291.30	
Vehicles	58,119.66	49,329.00	7,047.07	1,743.59	
Office equipment and others	843,135.27	244,860.60	586,357.11	11,917.56	
Total	15,455,621.41	10,927,298.85	4,382,116.86	146,205.70	

③ Fixed assets without certificate of title

Items	Carrying value	Reason
Buildings and constructions	715,850,341.33	In process
Total	715,850,341.33	--

12. Construction in Progress

(1) Listed by category

Item	30 June 2020	31 December 2019
Construction in progress	258,954,824.33	183,984,816.07

Item	30 June 2020	31 December 2019
Engineering materials	0.00	0.00
Total	258,954,824.33	183,984,816.07

(2) Construction in progress

① General information of construction in progress

Item	30 June 2020			31 December 2019		
	Carrying amount	Depreciation on reserve	Carrying value	Carrying amount	Depreciation on reserve	Carrying value
Brewing automatization technological improvement project	84,453,154.26		84,453,154.26	74,782,393.43		74,782,393.43
Furnace project (No.5)	50,058,863.82		50,058,863.82	43,893,912.18		43,893,912.18
Suizhou new plant phase I project	81,059,874.07		81,059,874.07	40,023,041.23		40,023,041.23
Machine installment	11,820,431.52		11,820,431.52	10,393,296.42		10,393,296.42
Liquid filling line renovation project	5,934,194.72		5,934,194.72	5,934,194.72		5,934,194.72
Gujing digital marketing project Phase II	6,479,804.63		6,479,804.63	2,150,943.39		2,150,943.39
Renovation project of potential safety concerns	0.00		0.00	387,770.85		387,770.85
Advanced sewage treatment system	6,262,773.98		6,262,773.98	0.00		0.00
Intelligent technology renovation of brewing production	391,792.45		391,792.45	0.00		0.00
Other individual project	12,493,934.88		12,493,934.88	6,419,263.85		6,419,263.85
Total	258,954,824.33		258,954,824.33	183,984,816.07		183,984,816.07

② Changes in significant projects of construction in progress

Project	Budget (RMB'0,000)	31 December 2019	Increase during the Reporting Period	Amount transferred to fixed asset	Decrease during the Reporting Period	30 June 2020
Brewing automatization technological improvement project	27,430.00	74,782,393.43	9,938,942.66	268,181.83	0.00	84,453,154.26
Furnace project (No.5)	7,134.35	43,893,912.18	6,164,951.64	0.00	0.00	50,058,863.82

		8				
Suizhou new plant phase I project	26,000.00	40,023,041.23	41,036,832.84	0.00	0.00	81,059,874.07
Machine installment	4,741.05	10,393,296.42	1,692,621.84	265,486.74	0.00	11,820,431.52
Liquid filling line renovation project	4,000.00	5,934,194.72	0.00	0.00	0.00	5,934,194.72
Gujing digital marketing project Phase II	1,656.75	2,150,943.39	4,328,861.24	0.00	0.00	6,479,804.63
Renovation project of potential safety concerns	67.30	387,770.85	166,187.58	553,958.43	0.00	0.00
Advanced sewage treatment system	2,358.98	0.00	6,262,773.98	0.00	0.00	6,262,773.98
Intelligent technology renovation of brewing production	828,965.74	0.00	391,792.45	0.00	0.00	391,792.45
Other individual project	13,018.00	6,419,263.85	11,133,904.60	5,059,233.57	0.00	12,493,934.88
Total	915,372.17	183,984,816.07	81,116,868.83	6,146,860.57	0.00	258,954,824.33

(Continued)

Project	Proportion of project input to budgets (%)	Schedule (%)	Cumulative amount of interest capitalization	Of which: Interest capitalized during the reporting period	Interest capitalization during the Reporting Period (%)	Source of funds
Brewing automatization technological improvement project	39.21	80.00				Self-owned fund
Furnace project (No.5)	70.17	100.00				Self-owned fund
Suizhou new plant phase I project	18.53	18.53				Self-owned fund
Machine installment	24.93	89.00				Self-owned fund
Liquid filling line renovation project	14.84	50.00				Self-owned fund

Project	Proportion of project input to budgets (%)	Schedule (%)	Cumulative amount of interest capitalization	Of which: Interest capitalized during the reporting period	Interest capitalization during the Reporting Period (%)	Source of funds
Gujing digital marketing project Phase II	39.11	60.00				Self-owned fund
Renovation project of potential safety concerns	82.31	100.00				Self-owned fund
Advanced sewage treatment system	26.55	8.00				Self-owned fund
Intelligent technology renovation of brewing production	0.01	1.00				Self-owned fund
Other individual project	62.00	62.00				Self-owned fund
Total	--	--	--	--	--	--

13. Intangible Assets

(1) General information of intangible assets

Item	Land use rights	Software	Patents and trademark	Total
I. Original carrying value				
1. Balance on 31 December 2019	683,451,302.56	105,085,318.08	215,006,066.19	1,003,542,686.83
2. Increase during the Reporting Period	122,043,483.02	0.00	0.00	122,043,483.02
(1) Acquisition	122,043,483.02	0.00	0.00	122,043,483.02
(2) Transfer from construction in progress	0.00	0.00	0.00	0.00
3. Decrease during the Reporting Period	0.00	18,867.92	0.00	18,867.92
(1) Disposal	0.00	0.00	0.00	0.00
(2) Other	0.00	18,867.92	0.00	18,867.92
4. Balance on 30 June 2020	805,494,785.58	105,066,450.16	215,006,066.19	1,125,567,301.93
II. Accumulated amortization:				
1. Balance on 31 December 2019	143,777,958.04	27,857,857.39	46,188,938.64	217,824,754.07
2. Increase during the Reporting	7,748,741.11	9,371,698.38	24,038.88	17,144,478.37

Item	Land use rights	Software	Patents and trademark	Total
Period				
(1) Withdrawal	7,748,741.11	9,371,698.38	24,038.88	17,144,478.37
3. Decrease during the Reporting Period	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00
4. Balance on 30 June 2020	151,526,699.15	37,229,555.77	46,212,977.52	234,969,232.44
III. Impairment provision				
1. Balance on 31 December 2019	0.00	0.00	0.00	0.00
2. Increase during the Reporting Period	0.00	0.00	0.00	0.00
3. Decrease during the Reporting Period	0.00	0.00	0.00	0.00
4. Balance on 30 June 2020	0.00	0.00	0.00	0.00
IV. Original carrying value				
1. Carrying value on 30 June 2020	653,968,086.43	67,836,894.39	168,793,088.67	890,598,069.49
2. Carrying value on 31 December 2019	539,673,344.52	77,227,460.69	168,817,127.55	785,717,932.76

14. Goodwill

(1) Original carrying value of goodwill

Investees or matters that goodwill arising from	31 December 2019	Increase		Decrease		30 June 2020
		Formed by business combination	Other	Disposal	Other	
Yellow Crane Tower Distillery Co., Ltd.	478,283,495.29	0.00	0.00	0.00	0.00	478,283,495.29
Total	478,283,495.29	0.00	0.00	0.00	0.00	478,283,495.29

(2) Impairment provision of goodwill

Investees or matters that goodwill arising from	31 December 2019	Increase		Decrease		30 June 2020
		Withdrawal	Other	Disposal	Other	
Yellow Crane Tower Distillery Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00

According to relevant provisions of Accounting Standards for Business Enterprises No. 8-Assets Impairment and Accounting Supervision Risk Prompts No. 8-Goodwill Impairment of China Securities Regulatory Commission, the Company shall implement the impairment testing to goodwill formed by business combination and the end of the year.

15. Long-term Deferred Expenses

Item	31 December 2019	Increase	Decrease		30 June 2020
			Amortization	Other decrease	
Experience center	26,238,799.46	0.00	3,912,625.17	0.00	22,326,174.29
Pottery	1,836,642.57	0.00	1,836,642.57	0.00	0.00
Sewage treatment project	3,767,377.05	0.00	461,311.48	0.00	3,306,065.57
Yellow Crane Tower chateau and museum	11,496,948.62	0.00	1,757,322.57	0.00	9,739,626.05
Gujing party building cultural center	4,727,272.73	0.00	590,909.09	0.00	4,136,363.64
Yantai wine museum project	1,293,370.71	0.00	221,720.69	0.00	1,071,650.02
Other individual project with insignificant amounts	20,879,695.68	103,884.64	3,882,247.31	0.00	17,101,333.01
Total	70,240,106.82	103,884.64	12,662,778.88	0.00	57,681,212.58

16. Deferred Tax Assets and Deferred Tax Liabilities

(1) Deferred tax assets before offsetting

Item	30 June 2020		31 December 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Asset impairment provision	27,354,979.39	6,833,265.18	22,776,693.89	5,688,693.81
Credit impairment provision	44,250,374.52	11,046,978.77	43,861,929.95	10,955,709.29
Unrealized intragroup profit	24,800,846.93	6,200,211.73	32,086,076.52	8,021,519.13
Deferred income	74,384,425.08	18,187,119.73	72,778,437.92	17,941,534.40
Deductible losses	47,496,756.92	11,805,516.94	0.00	0.00
Carry-over of payroll payables deductible during the next period	0.00	0.00	32,995,460.19	8,248,865.05
Accrued expenses and discount	271,504,169.67	67,876,042.42	158,552,891.33	39,638,222.83
Total	489,791,552.51	121,949,134.77	363,051,489.80	90,494,544.51

(2) Deferred tax liabilities before offsetting

Item	30 June 2020		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Difference in accelerated depreciation of fixed assets	61,113,072.51	15,278,268.13	73,614,107.09	18,403,526.77
Assets appreciation arising from business combination not under the same control	381,561,354.20	95,390,338.55	384,290,207.88	96,072,551.97
Changes in fair value of trading financial assets	20,264,936.41	5,066,234.10	17,585,151.48	4,396,287.87
Total	462,939,363.12	115,734,840.78	475,489,466.45	118,872,366.61

(3) Unrecognized deferred tax assets

Item	30 June 2020	31 December 2019
Deductible losses	8,243,989.86	8,072,655.25
Total	8,243,989.86	8,072,655.25

17. Other Non-current Assets

Item	30 June 2020	31 December 2019
Prepayments for equipment and constructions	574,026.00	4,148,686.00
Total	574,026.00	4,148,686.00

18. Short-term Borrowings

Item	30 June 2020	31 December 2019
Credit borrowings	30,094,500.00	0.00
Guarantee borrowings	20,000,000.00	0.00
Total	50,094,500.00	0.00

19. Notes Payable

Category	30 June 2020	31 December 2019
Bank acceptance bills	1,020,583,475.29	654,965,064.82
Commercial acceptance bills	0.00	48,714,582.04
Total	1,020,583,475.29	703,679,646.86

20. Accounts Payable

(1) Listed by nature

Item	30 June 2020	31 December 2019
Payments for goods	242,832,951.18	399,583,249.41
Payments for constructions and equipment	80,488,599.59	88,412,144.22
Other	63,035,070.24	75,498,801.77
Total	386,356,621.01	563,494,195.40

(2) Significant accounts payable aging over one year

Item	30 June 2020	Reason
No. 1	2,252,093.02	Final payment
No. 2	577,691.84	Final payment
No. 3	393,392.70	Final payment
No. 4	348,350.03	Final payment
No. 5	244,906.28	Final payment
Total	3,816,433.87	--

21. Advances from Customers

(1) List of Advances from Customers

Item	30 June 2020	31 December 2019
Loan	0.00	529,863,011.73
Total	0.00	529,863,011.73

(2) There are no significant advances from customers aging over one year.

22. Contract Liabilities

(1) List of contract liabilities

Item	30 June 2020	31 December 2019
Loans	727,347,929.08	0.00
Total	727,347,929.08	0.00

(2) There are no significant contract liabilities aging over one year.

23. Payroll Payable

(1) List of payroll payable

Item	31 December 2019	Increase	Decrease	30 June 2020
I. Short-term employee benefits	453,674,655.69	1,071,079,133.49	1,227,668,307.07	297,085,482.11
II. Post-employment	514,877.20	23,661,037.84	23,034,120.29	1,141,794.75

Item	31 December 2019	Increase	Decrease	30 June 2020
benefits-defined contribution plans				
III. Termination benefits	0.00	0.00	0.00	0.00
Total	454,189,532.89	1,094,740,171.33	1,250,702,427.36	298,227,276.86

(2) List of short-term payroll payable

Item	31 December 2019	Increase	Decrease	30 June 2020
I. Salaries, bonuses, allowances and subsidies	357,387,670.42	925,474,559.57	1,066,882,430.78	215,979,799.21
II. Employee benefits	45,069.27	44,330,742.23	44,330,742.23	45,069.27
III. Social insurance	607,379.61	12,927,727.56	12,983,943.54	551,163.63
Of which: Health insurance	590,576.75	12,540,804.58	12,603,695.76	527,685.57
Injury insurance	5,730.43	384,567.63	378,878.03	11,420.03
Birth insurance	11,072.43	2,355.35	1,369.75	12,058.03
IV. Housing accumulation fund	4,465,854.45	35,906,861.82	36,227,524.29	4,145,191.98
V. Labor union funds and employee education funds	73,606,168.29	12,803,169.96	14,427,759.75	71,981,578.50
VI. Enterprise annuity	17,562,513.65	39,636,072.35	52,815,906.48	4,382,679.52
Total	453,674,655.69	1,071,079,133.49	1,227,668,307.07	297,085,482.11

(3) Defined contribution plans

Item	31 December 2019	Increase	Decrease	30 June 2020
1. Basic endowment insurance	509,340.98	22,905,408.65	22,287,978.80	1,126,770.83
2. Unemployment insurance	5,536.22	755,629.19	746,141.49	15,023.92
Total	514,877.20	23,661,037.84	23,034,120.29	1,141,794.75

24. Taxes Payable

Item	30 June 2020	31 December 2019
VAT	134,321,025.20	16,929,480.44
Consumption tax	165,311,329.62	347,582,441.49
Enterprise income tax	139,093,438.30	94,038,327.53
Individual income tax	1,791,267.81	1,173,190.21

Item	30 June 2020	31 December 2019
Urban maintenance and construction tax	15,163,554.83	9,328,392.65
Stamp duty	965,306.80	1,058,588.17
Educational surcharge	14,929,428.45	7,991,963.70
Other	5,297,116.48	4,800,725.40
Total	476,872,467.49	482,903,109.59

25. Other Payables

(1) Listed by category

Item	30 June 2020	31 December 2019
Interest payable	0.00	0.00
Dividends payable	755,400,000.00	0.00
Other payables	1,435,446,597.94	1,315,878,229.01
Total	2,190,846,597.94	1,315,878,229.01

(2) Dividends payable

Item	30 June 2020	31 December 2019
Ordinary stock dividends	755,400,000.00	0.00
Total	755,400,000.00	0.00

(3) Other payables

① Listed by nature

Item	30 June 2020	31 December 2019
Security deposit and guarantee	1,323,160,418.91	1,206,935,123.77
Warranty	45,615,013.51	42,966,560.82
Personal housing fund paid by company	4,112,923.98	4,465,854.45
Borrowing of business trip expenses	0.00	296,993.67
Other	62,558,241.54	61,213,696.30
Total	1,435,446,597.94	1,315,878,229.01

② Significant other payables aging over one year

Other payables balance aging over one year totaled RMB495,549,588.71, which are mainly security deposit and warranty not yet matured.

26. Other Current Liabilities

Item	30 June 2020	31 December 2019
Accrued expenses	306,044,574.61	197,484,121.41

Item	30 June 2020	31 December 2019
Total	306,044,574.61	197,484,121.41

27. Deferred Income

(1) General information of deferred income

Item	31 December 2019	Increase	Decrease	30 June 2020	Reason
Government grants	72,778,437.92	3,870,000.00	2,264,012.84	74,384,425.08	Grants received from government
Total	72,778,437.92	3,870,000.00	2,264,012.84	74,384,425.08	--

(2) Items involved with government grants:

Item	31 December 2019	Increase during the Reporting Period	Recognized in other income during the Reporting Period	Other changes	30 June 2020	Related to assets/related to income
Wine production system technical transformation	192,708.47		31,249.98		161,458.49	Related to assets
Instrument subsidy	1,550,437.50		76,329.89		1,474,107.61	Related to assets
Intelligent solid brewing technology innovation project	119,791.53		15,625.02		104,166.51	Related to assets
Anhui province development of direct funds of service industry	795,122.12		146,341.44		648,780.68	Related to assets
Anhui province subsidy of innovative province construction capacity for independent innovation	1,948,120.00		365,272.50		1,582,847.50	Related to assets
Equipment subsidy	1,068,028.16		102,807.24		965,220.92	Related to assets
Enterprise development funds	22,500.00		15,000.00		7,500.00	Related to assets
Internet traceability system project	1,856,250.00		556,875.00		1,299,375.00	Related to assets
Subsidy for Suizhou new factory infrastructure	35,338,000.00		0.00		35,338,000.00	Related to assets
Motor and boiler energy-saving technical transformation project	275,000.24		68,749.98		206,250.26	Related to assets
Automation of check and storage, on-line monitoring of product	265,625.00		46,875.00		218,750.00	Related to assets

quality						
Funds for research projects of koji-making Technology	1,000,000.00		0.00		1,000,000.00	Related to assets
Gujing Zhangji wine cellar optimization and reconstruction project	835,208.43		23,749.98		811,458.45	Related to assets
Subsidy for food safety improvement project	689,655.25		68,965.50		620,689.75	Related to assets
Subsidy for key technical cooperation project on the authenticity of important food isotopes	600,000.00		0.00		600,000.00	Related to assets
Comprehensive subsidy fund for air pollution prevention and control	2,345,083.29		131,500.02		2,213,583.27	Related to assets
Funds for strategic emerging industry agglomeration development base	798,080.00	2,000,000.00	111,360.00		2,686,720.00	Related to assets
Refund of Land payment	22,562,827.93		275,103.09		22,287,724.84	Related to assets
Specific funds for side management of power demand	516,000.00		72,000.00		444,000.00	Related to assets
Project subsidy for coal to gas of 1# furnace	0.00	1,870,000.00	156,208.20		1,713,791.80	Related to assets
Total	72,778,437.92	3,870,000.00	2,264,012.84		74,384,425.08	--

28. Share Capital

Item	31 December 2019	Changes during the Reporting Period (+,-)					30 June 2020
		New issues	Bonus issues	Capitalization of reserves	Others	Subtotal	
The sum of shares	503,600,000.00						503,600,000.00

29. Capital Reserves

Item	31 December 2019	Increase	Decrease	30 June 2020
Capital premium (share premium)	1,262,552,456.05			1,262,552,456.05
Other capital reserves	32,853,136.20			32,853,136.20

Item	31 December 2019	Increase	Decrease	30 June 2020
Total	1,295,405,592.25			1,295,405,592.25

30. Surplus Reserves

Item	31 December 2019	Increase	Decrease	30 June 2020
Statutory surplus reserve	256,902,260.27			256,902,260.27
Total	256,902,260.27			256,902,260.27

Note: Pursuant to the Company Law of the People's Republic of China and Articles of Association, the Company appropriates 10% of net profit to the statutory surplus reserves. If the cumulative amount of the statutory surplus reserve is more than 50% of the registered capital of the company, it can be not appropriated any more.

31. Retained Earnings

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	6,888,203,911.92	5,541,281,341.47
Total beginning balance of retained earnings before adjustment (increase+, decrease-)	0.00	4,794,830.59
Beginning balance of retained earnings after adjustments	6,888,203,911.92	5,546,076,172.06
Add: Net profit attributable to owners of the Company as the parent	1,024,936,604.36	2,097,527,739.86
Dividend of ordinary shares payable	755,400,000.00	755,400,000.00
Ending retained earnings	7,157,740,516.28	6,888,203,911.92

32. Operating Revenue and Cost of Sales

Item	Reporting Period		Same period of last year	
	Operating revenue	Costs of sales	Operating revenue	Costs of sales
Main operations	5,495,370,627.67	1,301,529,714.81	5,958,624,293.86	1,380,565,871.04
Other operations	24,250,372.95	12,395,877.67	29,488,705.23	13,590,863.51
Total	5,519,621,000.62	1,313,925,592.48	5,988,112,999.09	1,394,156,734.55

33. Taxes and Surcharges

Item	Reporting Period	Same period of last year
Consumption tax	731,743,604.96	711,806,689.93
Urban maintenance and construction tax and educational surcharge	129,960,286.58	138,007,221.23
Land use tax	6,984,861.27	3,447,726.79

Item	Reporting Period	Same period of last year
Property tax	8,847,804.72	4,547,732.36
Stamp duty	4,724,705.33	5,043,756.63
Other	5,735,777.86	6,674,635.10
Total	887,997,040.72	869,527,762.04

34. Selling Expense

Item	Reporting Period	Same period of last year
Employment benefits	269,309,951.20	197,359,561.67
Travel fees	55,722,038.26	60,001,666.01
Advertisement fees	453,767,973.19	442,193,538.62
Transportation charges	24,048,795.64	27,580,054.90
Comprehensive promotion costs	445,968,323.13	787,961,795.81
Service fees	299,367,311.62	281,570,342.23
Other	69,865,244.23	43,822,480.46
Total	1,618,049,637.27	1,840,489,439.70

35. Administrative Expenses

Item	Reporting Period	Same period of last year
Employee benefits	253,062,668.21	180,945,738.54
Office fees	22,537,545.08	17,415,335.29
Maintenance expenses	26,618,712.24	17,708,807.57
Depreciation	36,411,144.00	30,873,944.56
Amortization of intangible assets	12,940,993.85	9,656,033.10
Pollution discharge	7,786,943.40	9,730,796.01
Travel expenses	3,183,652.98	1,375,252.69
Water and electricity charges	3,790,246.91	6,162,660.18
Other	29,355,766.48	28,176,889.19
Total	395,687,673.15	302,045,457.13

36. Development Costs

Item	Reporting Period	Same period of last year
Labor cost	11,741,116.01	8,702,736.52
Direct input costs	383,301.13	1,225,388.53

Item	Reporting Period	Same period of last year
Depreciation expense	1,658,315.10	1,633,752.38
Other	1,471,650.74	3,102,360.24
Total	15,254,382.98	14,664,237.67

37. Finance Costs

Item	Reporting Period	Same period of last year
Interest expenses	28,973,275.97	14,173,972.09
Less: Interest income	96,891,173.45	20,466,649.02
Net interest expenses	-67,917,897.48	-6,292,676.93
Net foreign exchange losses	13,095.11	1,577,281.36
Bank charges and others	-303,665.57	412,770.27
Total	-68,208,467.94	-4,302,625.30

38. Other Income

Item	Reporting Period	Same period of last year	Related to assets /related to income
I. Government grants recorded to other income			
Of which: Government grant related to deferred income	2,264,012.84	2,450,178.09	Related to assets
Government grant recorded to current profit or loss	12,710,340.82	28,333,740.59	Related to income
Total	14,974,353.66	30,783,918.68	--

39. Investment Income

Item	Reporting Period	Same period of last year
Investment income from long-term equity investments under equity method	-53,631.34	-164,994.19
Investment income from holding of trading financial assets	0.00	0.00
Other investment income	18,539,603.54	77,512,041.72
Total	18,485,972.20	77,347,047.53

40. Gains on Changes in Fair Values

Sources	2020 年 1-6 月	2019 年 1-6 月
Trading financial assets		
Of which: Changes in fair value of designated as trading	-3,596,160.61	11,320,345.56

Sources	2020 年 1-6 月	2019 年 1-6 月
financial assets		
Total	-3,596,160.61	11,320,345.56

41. Credit Impairment Loss

Item	Reporting Period	Same period of last year
Bad debt of notes receivable	-14,753.46	0.00
Bad debt of accounts receivable	-414,861.96	-75,535.11
Bad debt of other receivables	41,170.85	-401,034.29
Total	-388,444.57	-476,569.40

42. Asset Impairment Loss

Item	Reporting Period	Same period of last year
I. Inventory falling price loss	-5,693,185.77	-5,945,248.67
II. Impairment loss of fixed assets	0.00	0.00
Total	-5,693,185.77	-5,945,248.67

43. Gains on Disposal of Assets

Item	Reporting Period	Same period of last year
Gains/losses from disposal of fixed assets, construction in progress, productive biological assets and intangible assets not classified as held for sale	77,867.25	119,488.56
Of which: Fixed assets	77,867.25	119,488.56
Total	77,867.25	119,488.56

44. Non-operating Income

(1) Details of non-operating income

Item	Reporting Period	Same period of last year	Recognized in current non-recurring profit or loss
Gains from damage or scrapping of non-current asset	588.35	146,982.76	588.35
Government grants irrelevant to daily operation activities	6,377.80	20,000.00	6,377.80
Income from penalties and compensation	14,641,373.42	9,154,446.13	14,641,373.42
Sales of wastes	3,144,859.28	1,527,143.43	3,144,859.28
Other	2,781,962.69	302,191.21	2,781,962.69

Item	Reporting Period	Same period of last year	Recognized in current non-recurring profit or loss
Total	20,575,161.54	11,150,763.53	20,575,161.54

(2) Government grants irrelevant to daily operation activities

Item	Reporting Period	Same period of last year	Related to assets/related to income
Other rewards	6,377.80	20,000.00	Related to income
Total	6,377.80	20,000.00	--

45. Non-operating Expenses

Item	Reporting Period	Same period of last year	Recognized in current non-recurring profit or loss
Loss from damage or scrapping of non-current assets	2,296,765.56	576,926.25	2,296,765.56
Other	21,976,890.93	1,160,684.82	21,976,890.93
Total	24,273,656.49	1,737,611.07	24,273,656.49

46. Income Tax Expenses

(1) Details of income tax expenses

Item	Reporting Period	Same period of last year
Current tax expenses	405,227,638.33	479,158,161.69
Deferred tax expenses	-34,592,116.09	-60,012,757.38
Total	370,635,522.24	419,145,404.31

(2) Reconciliation of accounting profit and income tax expenses

Item	Reporting Period
Profit before taxation	1,377,077,049.17
Current income tax expense accounted at applicable tax rate of the Company as the parent	344,269,262.29
Influence of applying different tax rates by subsidiaries	-2,506,979.36
Influence of income tax before adjustment	20,003,127.36
Influence of non-taxable income	0.00
Influence of non-deductable costs, expenses and losses	11,060,996.69
Influence of deductible losses of unrecognized deferred income tax at the beginning of the Reporting Period	0.00

Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	42,833.65
Influence of development expense deduction	-2,233,718.39
Tax rate adjustment to the beginning balance of deferred income tax assets/liabilities	0.00
Income tax credits	0.00
Total	370,635,522.24

47. Notes to the Statement of Cash Flows

(1) Other cash received relating to operating activities

Item	Reporting Period	Same period of last year
Security deposit, guarantee and warranty	118,873,747.83	103,959,881.28
Government grants	11,109,436.15	11,786,600.00
Interest income	88,199,155.94	20,466,649.02
Release of restricted monetary assets	1,085,000,000.00	100,200,000.00
Other	20,568,195.39	40,318,774.38
Total	1,323,750,535.31	276,731,904.68

(2) Other cash payments relating to operating activities

Item	Reporting Period	Same period of last year
Cash paid in sales and distribution expenses and general and administrative expense	1,031,070,499.98	657,188,029.24
Time deposits or deposits pledged for the issuance of notes payable	30,000,000.00	13,960,226.78
Structured time deposits that cannot be withdrawn in advance	400,000,000.00	0.00
Other	23,665,514.20	25,350,534.61
Total	1,484,736,014.18	696,498,790.63

48. Supplementary Information to the Statement of Cash Flows

(1) Supplementary information to the statement of cash flows

Supplementary information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities:		
Net profit	1,006,441,526.93	1,274,948,723.71
Add: Provisions for impairment of assets	6,081,630.34	6,421,818.07

Supplementary information	Reporting Period	Same period of last year
Depreciation of fixed assets, investment properties, oil and gas assets and productive biological assets	107,774,202.21	102,235,366.57
Amortization of intangible assets	17,144,478.37	12,195,535.21
Amortization of long-term deferred expenses	12,662,778.88	13,486,720.57
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-77,867.25	-119,488.56
Losses on scrapping of fixed assets (gains: negative)	2,296,177.21	429,943.49
Losses on changes in fair value (gains: negative)	3,596,160.61	-11,320,345.56
Finance costs (gains: negative)	290,708.33	14,173,972.09
Investment losses (gains: negative)	-18,485,972.20	-77,347,047.53
Decreases in deferred tax assets (increase: negative)	-31,454,590.26	-63,337,537.53
Increases in deferred tax liabilities (decrease: negative)	-3,137,525.83	3,324,780.16
Decreases in inventories (increase: negative)	88,585,890.97	-14,040,094.66
Decreases in operating receivables (increase: negative)	-350,818,607.86	146,484,134.95
Increases in operating payables (decrease: negative)	413,475,097.35	-463,552,554.06
Amortization of deferred income	2,264,012.84	-2,450,178.09
Other ^{*1}	1,085,000,000.00	100,200,000.00
Net cash flows from operating activities	2,341,638,100.64	1,041,733,748.83
2. Significant investing and financing activities without involvement of cash receipts and payments		
Conversion of debt into capital		
Current portion of convertible corporate bonds		
Fixed assets acquired under finance leases		
3. Net increase/decrease of cash and cash equivalents:		
Ending balance of cash	5,398,187,475.71	2,395,374,286.79
Less: Beginning balance of cash	2,944,749,918.09	835,560,865.12
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	2,453,437,557.62	1,559,813,421.67

*1: Refer to impact of restricted funds on net cash flow generated from operating activities of the reporting period.

(2) The components of cash and cash equivalents

Item	Reporting Period	Same period of last year
I. Cash	5,398,187,475.71	2,395,374,286.79
Including: Cash on hand	254,747.79	374,122.81
Bank deposit on demand	5,397,660,747.68	2,394,869,696.55
Other monetary assets on demand	271,980.24	130,467.43
II. Cash equivalents	0.00	0.00
Of which: Bond investments maturing within three months	0.00	0.00
III. Ending balance of cash and cash equivalents	5,398,187,475.71	2,395,374,286.79
Of which: cash and cash equivalents with restriction to use in the subsidiaries of the Company as the parent or Group	0.00	0.00

49. Assets with Restricted Ownership or Right of Use

Item	Carrying value on 30 June 2020	Reason
Bank deposits	2,020,000,000.00	Structured deposit and fixed deposit which cannot be withdrawn in advance as well as time deposits pledged for issuance of bank acceptance bills
Notes receivable	382,801,475.30	Pledged for issuance of bank acceptance bills
Total	2,402,801,475.30	--

50. Government Grants

(1) Government grants related to assets

Item	Amount	Item presented in the statement of financial position	Recognized in current profit or loss or as deduct of related cost		Presented item recorded to current profit or loss or as deduct of related cost
			Reporting Period	Same period of last year	
Technical transformation of brewing production system	161,458.49	Deferred income	31,249.98	31,249.98	Other income
Equipment subsidy	1,474,107.61	Deferred income	76,329.89	110,250.00	Other income
Intelligent solid brewing technology innovation project	104,166.51	Deferred income	15,625.02	15,625.02	Other income
Guiding funds for the development of service industry in Anhui	648,780.68	Deferred	146,341.44	146,341.44	Other income

Province		income			
Subsidy for the construction of independent innovation capacity of Anhui Province	1,582,847.50	Deferred income	365,272.50	365,272.50	Other income
Energy saving transformation project of coal-fired industrial boiler and glass furnace	0.00	Deferred income	0.00	12,750.00	Other income
Project fund of Bozhou logistics center	0.00	Deferred income	0.00	30,000.00	Other income
Equipment subsidy	965,220.92	Deferred income	102,807.24	101,399.82	Other income
Financial subsidy for technological transformation	0.00	Deferred income	0.00	267,110.76	Other income
Special funds for enterprise development	7,500.00	Deferred income	15,000.00	15,000.00	Other income
Internet of things traceability system project	1,299,375.00	Deferred income	556,875.00	556,875.00	Other income
Electric motor and boiler energy saving technology transformation project	206,250.26	Deferred income	68,749.98	68,749.98	Other income
Whole process online monitoring of hook and store automation and product quality	218,750.00	Deferred income	46,875.00	46,875.00	Other income
Gujing Zhangji liquor warehouse optimization and transformation project	811,458.45	Deferred income	23,749.98	23,749.98	Other income
Subsidy for food safety improvement project	620,689.75	Deferred income	68,965.50	68,965.50	Other income
Comprehensive subsidy fund for air pollution prevention and control	2,213,583.27	Deferred income	131,500.02	131,500.02	Other income
Funds for strategic emerging industry agglomeration development base	2,686,720.00	Deferred income	111,360.00	111,360.00	Other income
Refund for land payment	22,287,724.84	Deferred income	275,103.09	275,103.09	Other income

Suizhou new plant construction subsidy	35,338,000.00	Deferred income	0.00	0.00	Other income
Funds for research projects of koji-making technology	1,000,000.00	Deferred income	0.00	0.00	Other income
Subsidy for key technical cooperation project on the authenticity of important food isotopes	600,000.00	Deferred income	0.00	0.00	Other income
Specific funds for side management of power demand	444,000.00	Deferred income	72,000.00	72,000.00	Other income
Project subsidy of coal to gas in 1#	1,713,791.80	Deferred income	156,208.20	0.00	Other income
Total	74,384,425.08	--	2,264,012.84	2,450,178.09	--

(2) Government grants related to income

Item	Amount	Item presented in the statement of financial position	Recognized in current profit or loss or as deduct of related cost		Presented item recorded to current profit or loss or as deduct of related cost
			Reporting Period	Same period of last year	
Tax refund	2,937,700.91	Other income	2,937,700.91	15,816,253.89	Other income
2019 subsidy fund and reward for being manufacture province and development policy of private economy	600,000.00	Other income	600,000.00	0.00	Other income
Subsidy from Social Security Bureau	910,749.30	Other income	910,749.30	0.00	Other income
Agriculture and Rural Areas award of Xianning	50,000.00	Other income	50,000.00	0.00	Other income
Unemployment insurance premium refund	2,314,709.05	Other income	2,314,709.05	2,000.00	Other income
Provincial Skilled Master Award	250,000.00	Other income	250,000.00	0.00	Other income
Tourism entrepreneurship marketing subsidy	100,000.00	Other income	100,000.00	0.00	Other income
Fund of Wuhan Hanyang Industrial and Commercial	50,000.00	Other income	50,000.00	0.00	Other income

Association					
Financial support of Wuhan Hanyang Treasury Collection and Payment Center	2,364,000.00	Other income	2,364,000.00	0.00	Other income
Subsidies for statisticians of the Management Committee of Xianning Hi-tech Industrial Development Zone	3,600.00	Other income	3,600.00	0.00	Other income
Tax breaks for veterans	90,000.00	Other income	90,000.00	0.00	Other income
Local financial funds of Xianning High-tech Industrial Development Zone	350,000.00	Other income	350,000.00	0.00	Other income
Fund of Xianning Economy and information Bureau	100,000.00	Other income	100,000.00	0.00	Other income
Subsidies for the municipal Innovation Platform of Xianning Science and Technology Bureau in 2019	50,000.00	Other income	50,000.00	0.00	Other income
Additional deduction of VAT	2,539,581.56	Other income	2,539,581.56	864,686.70	Other income
2018 project funds for being manufacture province	0.00	Other income	0.00	9,180,000.00	Other income
The State intellectual property rights demonstration enterprises award	0.00	Other income	0.00	1,200,000.00	Other income
Grant from Xianning Science and Technology Bureau	0.00	Other income	0.00	50,000.00	Other income
Subsidy for Wuhan Science and Technology Bureau commissioner workstation	0.00	Other income	0.00	200,000.00	Other income
Subsidy for Xianning High-tech Zone industrial enterprise technology project	0.00	Other income	0.00	200,000.00	Other income
Bozhou Science and	0.00	Other income	0.00	50,000.00	Other income

Technology Bureau award					
Robot project subsidy of Commission of Economy and Information Technology	0.00	Other income	0.00	300,000.00	Other income
Other	0.00	Other income	0.00	470,800.00	Other income
Other not related to daily operation	0.00	Non-operating income	0.00	20,000.00	Non-operating income
Total	12,710,340.82	--	12,710,340.82	28,353,740.59	--

VI. Changes of Consolidation Scope

There was no change in the Reporting Period compared with the prior period.

VII. Equity in Other Entities

1. Equity in Subsidiaries

(1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Bozhou Gujing Sales Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Commercial trade	100.00		Investment establishment
Anhui Longrui Glass Co., Ltd	Anhui Bozhou	Anhui Bozhou	Manufacture	100.00		Investment establishment
BozhouGujing Waste Reclamation Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Waste recycle	100.00		Investment establishment
Anhui Jinyunlai Culture & Media Co., Ltd.	Anhui Hefei	Anhui Hefei	Advertisement marketing	100.00		Investment establishment
Anhui Ruisiweier Technology Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Technical research	100.00		Investment establishment
Anhui Baiweilu Liquor Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Manufacture	100.00		Investment establishment
Shanghai Gujing Jinhao Hotel Management Co., Ltd.	Shanghai	Shanghai	Hotel management	100.00		Business combination under the same control
Bozhou Gujing Hotel Co., Ltd	Anhui Bozhou	Anhui Bozhou	Hotel operating	100.00		Business

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
						combination under the same control
Anhui Yuanqing Environmental Protection Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Sewage treatment	100.00		Investment establishment
Anhui Gujing Yunshang E-commerce Co., Ltd.	Anhui Hefei	Anhui Hefei	Electronic commerce	100.00		Investment establishment
Anhui Zhenrui Construction Engineering Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Construction	100.00		Investment establishment
Anhui RunAnXinKe Testing Technology Co., Ltd.	Anhui Bozhou	Anhui Bozhou	Food testing	100.00		Investment establishment
Yellow Crane Tower Distillery Co., Ltd.	Hubei Wuhan	Hubei Wuhan	Manufacture	51.00		Business combination not under the same control
Yellow Crane Tower Distillery (Xianning) Co., Ltd.	Hubei Xianning	Hubei Xianning	Manufacture		51.00	Business combination not under the same control
Yellow Crane Tower Distillery (Suizhou) Co., Ltd.	Hubei Suizhou	Hubei Suizhou	Manufacture		51.00	Business combination not under the same control
Hubei Junhe Advertising Co., Ltd.	Hubei Wuhan	Hubei Wuhan	Advertisement marketing		51.00	Business combination not under the same control
Hubei Yellow Crane Tower Beverage Co., Ltd.	Hubei Xianning	Hubei Xianning	Manufacture		51.00	Investment establishment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Wuhan Yashibo Technology Co., Ltd.	Hubei Wuhan	Hubei Wuhan	Technology development		51.00	Investment establishment
Wuhan Tianlong Jindi Technology Development Co., Ltd	Hubei Wuhan	Hubei Wuhan	Commercial trade		51.00	Business combination not under the same control
Xianning Junhe Sales Co., Ltd	Hubei Xianning	Hubei Xianning	Commercial trade		51.00	Business combination not under the same control
Wuhan Junya Sales Co., Ltd	Hubei Wuhan	Hubei Wuhan	Commercial trade		51.00	Investment establishment
Suizhou Junhe Commercial Co., Ltd.	Hubei Suizhou	Hubei Suizhou	Commercial trade		51.00	Investment establishment

(2) Significant non-wholly owned subsidiaries

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Yellow Crane Tower Distillery Co., Ltd.	49.00	-18,495,077.43	0.00	469,547,869.87

(3) Main financial information of significant non-wholly owned subsidiaries

Name	30 June 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Yellow Crane Tower Distillery Co., Ltd.	686,235,476.83	777,112,835.05	1,463,348,311.88	373,556,283.73	131,531,069.23	505,087,352.96

(Continued)

Name	31 December 2019
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	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Yellow Crane Tower Distillery Co., Ltd.	755,439,438.85	742,229,246.05	1,497,668,684.90	369,369,757.38	132,292,912.62	501,662,670.00

(Continued)

Name	Reporting Period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Yellow Crane Tower Distillery Co., Ltd.	181,381,939.34	-37,745,055.98	-37,745,055.98	-107,245,907.79

(Continued)

Name	Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Yellow Crane Tower Distillery Co., Ltd.	457,947,025.03	54,351,856.52	54,351,856.52	39,866,055.42

VIII. The Risk Related to Financial Instruments

Risks related to the financial instruments of the Company arise from the recognition of various financial assets and financial liabilities during its operation, including credit risk, liquidity risk and market risk.

Management of the Company is responsible for determining risk management objectives and policies related to financial instruments. Operational management is responsible for the daily risk management through functional departments. Internal audit department is responsible for the daily supervision of implementation of the risk management policies and procedures, and report their findings to the audit committee in a timely manner.

Overall risk management objective of the Company is to establish risk management policies to minimize the risks without unduly affecting the competitiveness and resilience of the Company.

1. Credit Risk

Credit risk is the risk of one party of the financial instrument face to a financial loss because the other party of the financial instrument fails to fulfill its obligation. The credit risk of the Company is related to cash and equivalent, notes receivable, accounts receivables, other receivables and long-term receivables. Credit risk of these financial assets is derived from the counterparty's breach of contract. The maximum risk exposure is equal to the carrying amount of these financial instruments.

Cash and cash equivalent of the Company has lower credit risk, as they are mainly deposited in such financial

institutions as commercial bank, of which the Company thinks with higher reputation and financial position.

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

2. Liquidity Risk

Liquidity risk is the risk of shortage of funds when fulfilling the obligation of settlement by delivering cash or other financial assets. The Company is responsible for the capital management of all of its subsidiaries, including short-term investment of cash surplus and dealing with forecasted cash demand by raising loans. The Company's policy is to monitor the demand for short-term and long-term floating capital and whether the requirement of loan contracts is satisfied so as to ensure to maintain adequate cash and cash equivalents.

3. Market Risk

(1) Foreign currency risk

Foreign exchange risk refers to the risk of loss due to exchange rate fluctuations generally. The core business of the Company is on the mainland of China and trading with RMB. Foreign exchange risk is minimal.

(2) Interest rate risk

The operating fund of the Company is sufficient, and there is no loan in recent years so that the risk of interest is very small for the Company.

(3) Other price risk

The trading financial assets of the Company are measured by fair value. Therefore, the Company bears the risk of the change of security market. To decrease the risk, the management decided that the Company held a combination of several equities and securities.

IX. The Disclosure of Fair Value

The inputs used in the fair value measurement in its entirety are to be classified in the level of the hierarchy in which the lowest level input that is significant to the measurement is classified.

Level 1: Inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Inputs for the assets or liabilities (other than those included in Level 1) that are directly or indirectly observable.

Level 3: Inputs are unobservable inputs for the assets or liabilities

1. Assets and liabilities measured at fair value on 30 June 2020

Item	Fair value on 30 June 2020
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	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement				
(I) Trading financial assets				
1. Financial assets assigned measured by fair value and the changes be included in the current gains and losses		230,264,936.41		230,264,936.41
(1) Debt instrument investment				
(2) Equity instrument investment		230,264,936.41		230,264,936.41
(3) Derivative financial assets				
Total assets consistently measured at fair value		230,264,936.41		230,264,936.41

The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date. The fair value of financial instruments not traded in an active market is determined by using valuation techniques. Specific valuation techniques used to value the above financial instruments include discounted cash flow and market approach to comparable company model. Inputs in the valuation technique include risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, discount for lack of liquidity.

2. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 2

The items of fair value measurement in Level 2 of the Company are mainly about bank financial products and fund investments. For bank financial products, the Company shall calculate its rate of return based on the observable market rate of return on the financial products so as to determine the gains or losses arising from the changes in fair value, and then finally recognize the value of trading financial assets. For fund investment, the Company shall determine the gains or losses arising from changes in fair value and the value of trading financial assets according to the valuation table of securities investment fund provided by the asset management company.

X. Related Party and Related-party Transactions

The recognition criteria of related party: related party is that one party controls or jointly controls the other party or exerts significant influence on the other party, and two or more parties are controlled by the same controller, jointly controlled or exerted significant influence.

1. General Information of the Parent Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company (%)	Proportion of voting rights owned by the Company as the parent against the Company (%)
Anhui Gujing Group Co., Ltd.	Anhui Bozhou	Beverages, construction materials, manufacturing plastic production	1,000,000,000.00	53.89	53.89

① The ultimate controller of the Company: The ultimate controller is State-owned Assets Supervision and Administration Commission of Bozhou, Anhui.

2. General Information of Subsidiaries

Refer to Note VII-1. Equity in subsidiaries for details.

3. Other Related Parties of the Company

Name	Relationship with the Company
Anhui Ruifuxiang Food Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Ruijing Catering Management Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Haochidian Catering Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Shanghai Beihai Hotel Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Ruijing Business Travel (Group) Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Bozhou Hotel Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Orient Ruijing Enterprise Investment Development Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Hengxin Pawn Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Bozhou Ruineng Thermal Power Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Hefei Gujing Holiday Hotel Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Bozhou Ruifyxiang High Protein Feed Co. Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Gujing Hotel Development Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Ruixin Pawn Co. Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Zhongxin Finance Leasing Co. Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Huixin Finance Investment Group Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Hefei Longxin Financial Management Consulting Co., Ltd.	An affiliate of the actual controller and controlling shareholder

Name	Relationship with the Company
Bozhou Anxin Micro Finance Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Dazhongyuan Wine Valley Culture Tourism Development Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Lvyuan Ecological Agriculture Development Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Youxin Financing Guarantee Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Lixin E-commerce Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Gujing Huishenglou Catering Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Bozhou Gujing Junlai Hotel Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Gujing International Tourism Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Gujing Health Industry Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Lejiu Home Tourism Management Co., Ltd.	An affiliate of the actual controller and controlling shareholder
Anhui Shenglong Commercial Co., Ltd.	An affiliate of the actual controller and controlling shareholder

4. Related Party Transactions

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

Purchases of goods, receiving of services:

Related party	Content	Reporting Period	Same period of last year
Anhui Gujing International Tourism Co., Ltd.	Labor service	0.00	786,329.00
Anhui Gujing International Development Co., Ltd.	Labor service	103,773.58	0.00
Anhui Gujing Group Co., Ltd.	Labor service	0.00	63,716.81
Anhui Gujing Group Co., Ltd.	Purchase of materials	56,952.00	0.00
Anhui Gujing Health Industry Co., Ltd.	Purchase of materials	191,893.81	19,433.63
Anhui Gujing Hotel Development Co., Ltd.	Catering and accommodation service	121,508.00	16,766.00
Anhui Gujing Hotel Development Co., Ltd.	Labor service	3,413.21	31.51
Anhui Haochidian Catering Co., Ltd.	Labor service	991,145.50	0.00
Anhui Haochidian Catering Co., Ltd.	Catering and accommodation service	884,017.40	34,440.00
Anhui Haochidian Catering Co., Ltd.	Purchase of materials	8,757,860.85	245,594.50
Anhui Huixin Finance Investment Group Co., Ltd.	Labor service	0.00	55,722.40
Anhui Lvyuan Ecological Agriculture Development Co., Ltd.	Labor service	0.00	25,821.13

Anhui Lvyuan Ecological Agriculture Development Co., Ltd.	Afforestation fees	0.00	404,865.62
Anhui Ruijing Catering Management Co., Ltd.	Catering and accommodation service	0.00	33,725.00
Anhui Ruijing Business Travel (Group) Co., Ltd.	Purchase of materials	525,535.82	3,076,852.09
Anhui Xinyuan Municipal Garden Engineering Co., Ltd.	Afforestation fees	0.00	31,849.06
Beijing Anhui Building	Catering and accommodation service	0.00	1,285.00
Bozhou Hotel Co., Ltd.	Catering and accommodation service	1,439,005.95	3,257,170.88
Anhui Gujing Huishenglou Catering Co., Ltd.	Catering and accommodation service	416,771.00	2,695,540.00
Bozhou Gujing Junlai Hotel Co., Ltd.	Catering and accommodation service	0.00	234,710.54
Dazhongyuan Wine Valley Culture Tourism Development Co., Ltd.	Purchase of materials and labor service	201,143.63	0.00
Anhui Lejiu Home Tourism Management Co., Ltd.	Purchase of materials and labor service	99,546.43	0.00
Hefei Gujing Holiday Hotel Co., Ltd.	Purchase of materials	149,618.90	387,017.20
Hefei Gujing Holiday Hotel Co., Ltd.	Catering and accommodation service	63,570.78	14,865.26
Total	--	14,005,756.86	11,385,735.63

Sales of goods and rendering of services:

Related party	Content	Reporting Period	Same period of last year
Anhui Gujing International Tourism Co., Ltd.	Catering and accommodation service	0.00	206.00
Anhui Gujing International Tourism Co., Ltd.	Sales of small materials	0.00	404.78
Anhui Gujing International Tourism Co., Ltd.	Sales of liquor	0.00	389.36
Anhui Gujing Group Co., Ltd.	Catering and accommodation service	28,125.00	87,090.19
Anhui Gujing Group Co., Ltd.	Sales of small materials	35,549.10	63,778.94
Anhui Gujing Health Industry Co., Ltd.	Catering and accommodation service	1,250.00	29,059.00
Anhui Gujing Health Industry Co., Ltd.	Labor service	232,430.19	501,596.23

Anhui Gujing Health Industry Co., Ltd.	Sales of liquor	5,738,435.24	5,473,459.08
Anhui Gujing Health Industry Co., Ltd.	Sales of small materials	1,314.60	3,136.93
Anhui Gujing Hotel Development Co., Ltd.	Sales of liquor	94,938.00	45,325.31
Anhui Haochidian Catering Co., Ltd.	Sales of liquor	48,584.08	0.00
Anhui Hengxin Pawn Co., Ltd.	Sales of liquor	6,244.25	0.00
Anhui Huixin Finance Investment Group Co., Ltd.	Sales of liquor	21,225.67	452,567.02
Anhui Lejiu Home Tourism Management Co., Ltd.	Sales of hydropower	51,180.85	179,311.29
Anhui Lejiu Home Tourism Management Co., Ltd.	Labor service	7,620.00	0.00
Anhui Lejiu Home Tourism Management Co., Ltd.	Sales of small materials	0.00	5,849.50
Anhui Lejiu Home Tourism Management Co., Ltd.	Sales of liquor	4,539.82	3,114.91
Anhui Lixin E-commerce Co., Ltd.	Sales of liquor	7,461.93	63,756.26
Anhui Ruijing Business Travel (Group) Co., Ltd.	Catering and accommodation service	600.00	22,829.26
Anhui Ruijing Business Travel (Group) Co., Ltd.	Sales of liquor	251,495.58	2,979,148.41
Anhui Ruixin Pawn Co. Ltd.	Sales of liquor	3,512.39	2,731.85
Anhui Shenglong Commercial Co., Ltd.	Catering and accommodation service	3,800.00	5,909.00
Anhui Shenglong Commercial Co., Ltd.	Sales of liquor	1,450,295.22	6,206.90
Anhui Youxin Financing Guarantee Co., Ltd.	Sales of liquor	3,122.12	2,203.45
Anhui Zhongxin Finance Leasing Co. Ltd.	Sales of liquor	8,115.92	3,956.90
Bozhou Anxin Micro Finance Co., Ltd.	Sales of liquor	8,506.19	3,724.14
Bozhou Hotel Co., Ltd.	Sales of liquor	50,575.23	17,379.31
Anhui Gujing Huishenglou Catering Co., Ltd.	Sales of liquor	68,654.87	17,767.24
Bozhou Gujing Junlai Hotel Co., Ltd.	Sales of liquor	0.00	4,655.17
Bozhou Ruifyxiang High Protein Feed Co. Ltd.	Sales of liquor	0.00	11,405.17
Bozhou Ruineng Thermal Power Co., Ltd.	Sales of liquor	74,150.45	190,103.02
Dazhongyuan Wine Valley Culture Tourism Development Co., Ltd.	Sales of small materials	2,631.13	841.63
Dazhongyuan Wine Valley Culture Tourism Development Co., Ltd.	Catering and accommodation service	420.00	2,735.00
Dazhongyuan Wine Valley Culture Tourism Development Co., Ltd.	Labor service	2,889.91	15,665.68

Dazhongyuan Wine Valley Culture Tourism Development Co., Ltd.	Sales of liquor	88,799.29	902,976.02
Dazhongyuan Wine Valley Culture Tourism Development Co., Ltd.	Sales of hydropower	0.00	36,105.11
Hefei Gujing Holiday Hotel Co., Ltd.	Catering and accommodation service	0.00	2,937.76
Hefei Gujing Holiday Hotel Co., Ltd.	Sales of liquor	14,336.28	0.00
Shanghai Beihai Hotel Co., Ltd.	Sales of liquor	8,601.77	7,964.60
Anhui Lvyuan Ecological Agriculture Development Co., Ltd.	Sales of small materials	0.00	3,724.33
Anhui Gujing International Development Co., Ltd.	Sales of small materials	5,437.89	0.00
Anhui Gujing International Development Co., Ltd.	Catering and accommodation service	2,820.00	0.00
Anhui Gujing International Development Co., Ltd.	Sales of liquor	1,700,563.88	0.00
Total	--	10,028,226.85	11,150,014.75

(2) Related-party leases

The Company as lessor:

Name of lessee	Category of leased assets	The lease income confirmed in the Reporting Period	The lease income confirmed in the same period of last year
Anhui Gujing Hotel Development Co., Ltd.	Houses and buildings	417,153.83	689,124.81
Total	--	417,153.83	689,124.81

The Company as lessee:

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the same period of last year
Anhui Gujing Group Co., Ltd.	Houses and buildings	749,786.08	1,095,238.10
Total	--	749,786.08	1,095,238.10

5. Receivables and Payables with Related Parties

(1) Payables

Item	Related party	30 June 2020	31 December 2019
Accounts payable	Anhui Ruijing Business Travel (Group) Co., Ltd.	147,120.00	147,120.00
Accounts payable	Anhui Haochidian Catering Co., Ltd.	280,520.87	0.00
Advances from customers	Anhui Ruijing Business Travel (Group) Co., Ltd.	788,175.25	913,047.40

Item	Related party	30 June 2020	31 December 2019
Advances from customers	Dazhongyuan Wine Valley Culture Tourism Development Co., Ltd.	0.00	490,292.90
Advances from customers	Anhui Gujing Health Industry Co., Ltd.	704,379.00	6,625,624.40
Advances from customers	Bozhou Ruineng Thermal Power Co., Ltd.	0.00	2,883.84
Advances from customers	Anhui Gujing International Development Co., Ltd.	128,004.36	1,038,479.00
Advances from customers	Anhui Shenglong Commercial Co., Ltd.	0.00	144,580.50
Other receivables	Anhui Gujing Hotel Development Co., Ltd.	100,000.00	50,000.00
Other receivables	Anhui Ruijing Business Travel (Group) Co., Ltd.	123,500.00	85,000.00
Other receivables	Dazhongyuan Wine Valley Culture Tourism Development Co., Ltd.	0.00	50,000.00
Other receivables	Anhui Gujing International Development Co., Ltd.	0.00	16,200.00
Other receivables	Anhui Shenglong Commercial Co., Ltd.	0.00	4,300.00

XI. Commitments and Contingency

1. Significant Commitments

As of 30 June 2020, there was no significant commitment for the Company to disclose.

2. Contingency

As of 30 June 2020, there was no contingency for the Company to disclose.

XII. Events after Balance Sheet Date

As of 30 June 2020, there was no event after balance sheet date to disclose.

XIII. Other Significant Events

Segment Information

The Company did not determine the operating segment in accordance with the internal organizational structure, management requirements, and internal reporting system, so there was no need to disclose segment information report based on the operating segments.

XIV. Notes of Main Items in the Financial Statements of the Company as the Parent

1. Accounts Receivable

(1) Disclosure buy aging

Aging	30 June 2020	31 December 2019
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Aging	30 June 2020	31 December 2019
Within one year	1,591,313.17	218,558,555.07
Of which: 1-6 months	1,591,313.17	218,558,555.07
7-12 months	0.00	0.00
1-2 years	0.00	0.00
2-3 years	0.00	0.00
Over 3 years	0.00	141,121.87
Subtotal	1,591,313.17	218,699,676.94
Less: Bad debt provision	0.00	141,121.87
Total	1,591,313.17	218,558,555.07

(2) Disclosure by withdrawal method of bad debt provision

Item	30 June 2020				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately					
Bad debt provision withdrawn by group	1,591,313.17	100.00	0.00	0.00	1,591,313.17
Of which: Group 1	1,591,313.17	100.00	0.00	0.00	1,591,313.17
Group 2	0.00	0.00	0.00	0.00	0.00
Total	1,591,313.17	100.00	0.00	0.00	1,591,313.17

(Continued)

Item	31 December 2019				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately					
Bad debt provision withdrawn by group	218,699,676.94	100.00	141,121.87	0.06	218,558,555.07

Item	31 December 2019				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Bad debt provision withdrawn separately					
Of which: Group 1	218,558,555.07	99.94	0.00	0.00	218,558,555.07
Group 2	141,121.87	0.06	141,121.87	100.00	0.00
Total	218,699,676.94	100.00	141,121.87	0.06	218,558,555.07

On 30 June 2020, accounts receivable with bad debt provision withdrawn by group 1

Aging	30 June 2020		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Related parties within the scope of consolidation	1,591,313.17	0.00	0.00
Total	1,591,313.17	0.00	0.00

On 30 June 2020, there was no account receivable with bad debt provision withdrawn by group 2.

On 31 December 2019, accounts receivable with bad debt provision withdrawn by group 1

Aging	31 December 2019		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Related parties within the scope of consolidation	218,558,555.07	0.00	0.00
Total	218,558,555.07	0.00	0.00

On 31 December 2019, accounts receivable with bad debt provision withdrawn by group 2

Aging	31 December 2019		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year			
Of which: 1-6 months			
7-12 months			
1-2 years			
2-3 years			

Aging	31 December 2019		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Over 3 years	141,121.87	141,121.87	100.00
Total	141,121.87	141,121.87	100.00

Refer to Note III-10. Financial Instrument for recognition criteria and notes of withdrawal of bad debt provision by group.

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

Investees	31 December 2019	Changes in the Reporting Period			30 June 2020
		Withdrawal	Reversal or recovery	Write-off	
Bad debt provision withdrawn separately					
Bad debt provision withdrawn by group	141,121.87		141,121.87		
Total	141,121.87		141,121.87		

(4) On 30 June 2020, top five ending balances by entity

Entity name	Balance on 30 June 2020	Proportion of the balance to the total accounts receivable (%)	Bad debt provision
No. 1	728,777.34	45.80	
No. 2	430,560.24	27.06	
No. 3	328,613.03	20.65	
No. 4	75,977.37	4.77	
No. 5	27,385.19	1.72	
Total	1,591,313.17	100.00	

2. Other Receivables

(1) Listed by category

Item	30 June 2020	31 December 2019
Interest receivable	301,888.89	301,888.89
Dividends receivable	0.00	0.00
Other receivables	121,000,189.69	124,917,324.95

Item	30 June 2020	31 December 2019
Total	121,302,078.58	125,219,213.84

(2) Other receivables

① Disclosure by aging

Aging	30 June 2020	31 December 2019
Within one year	120,530,314.73	64,773,476.22
Of which: 1-6 months	39,092,200.18	50,595,906.92
7-12 months	81,438,114.55	14,177,569.30
1-2 years	355,158.20	59,983,186.13
2-3 years	392,570.00	525,794.00
Over 3 years	41,228,262.35	41,540,607.44
Subtotal	162,506,305.28	166,823,063.79
Less: Bad debt provision	41,506,115.59	41,905,738.84
Total	121,000,189.69	124,917,324.95

② Disclosure by nature

Nature	30 June 2020	31 December 2019
Related parties within the scope of consolidation	117,715,798.06	120,200,301.28
Security investment	40,850,949.35	40,850,949.35
Security deposit and guarantee	1,882,139.09	1,850,139.09
Rent, water, electricity and gas	277,104.86	853,843.90
Other	1,780,313.92	3,067,830.17
Total	162,506,305.28	166,823,063.79

③ Disclosure by withdrawal method of bad debt provision

A. As of 30 June 2020, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	121,655,355.93	655,166.24	121,000,189.69
Stage 2	0.00	0.00	0.00
Stage 3	40,850,949.35	40,850,949.35	0.00
Total	162,506,305.28	41,506,115.59	121,000,189.69

A1. As of 30 June 2020, bad debt provision at stage 1:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately				
Bad debt provision withdrawn by group	121,655,355.93	0.54	655,166.24	121,000,189.69
Of which: Group 1	117,715,798.06	0.00	0.00	117,715,798.06
Group 2	3,939,557.87	16.63	655,166.24	3,284,391.63
Total	121,655,355.93	0.54	655,166.24	121,000,189.69

On 30 June 2020, other receivables with bad debt provision withdrawn by group 2

Aging	30 June 2020		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	2,814,516.67	46,052.42	1.64
Of which: 1-6 months	2,366,835.25	23,668.35	1.00
7-12 months	447,681.42	22,384.07	5.00
1-2 years	355,158.20	35,515.82	10.00
2-3 years	392,570.00	196,285.00	50.00
Over 3 years	377,313.00	377,313.00	100.00
Total	3,939,557.87	655,166.24	16.63

A2. As of 30 June 2020, bad debt provision at stage 2:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately	40,850,949.35	100.00	40,850,949.35	0.00
Bad debt provision withdrawn by group	0.00	0.00	0.00	0.00
Of which: Group 1	0.00	0.00	0.00	0.00
Group 2	0.00	0.00	0.00	0.00
Total	40,850,949.35	100.00	40,850,949.35	0.00

On 30 June 2020, other receivables with bad debt provision withdrawn separately:

Name	30 June 2020
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	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason
Hengxin Securities Co., Ltd.	29,010,449.35	29,010,449.35	100.00	The enterprise enters the bankruptcy liquidation procedure
Jianqiao Securities Co., Ltd.	11,840,500.00	11,840,500.00	100.00	The enterprise enters the bankruptcy liquidation procedure
Total	40,850,949.35	40,850,949.35	--	--

B. As of 31 December 2019, bad debt provision withdrawn based on three stages model:

Stage	Carrying amount	Bad debt provision	Carrying value
Stage 1	125,972,114.44	1,054,789.49	124,917,324.95
Stage 2	0.00	0.00	0.00
Stage 3	40,850,949.35	40,850,949.35	0.00
Total	166,823,063.79	41,905,738.84	124,917,324.95

B1. On 31 December 2019, bad debt provision at stage 1:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately				
Bad debt provision withdrawn by group	125,972,114.44	0.84	1,054,789.49	124,917,324.95
Of which: Group 1	120,200,301.28	0.00	0.00	120,200,301.28
Group 2	5,771,813.16	18.27	1,054,789.49	4,717,023.67
Total	125,972,114.44	0.84	1,054,789.49	124,917,324.95

On 31 December 2019, other receivables with bad debt provision withdrawn by group 2

Aging	31 December 2019		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within one year	4,312,272.07	77,825.50	1.80
Of which: 1-6 months	3,444,702.77	34,447.03	1.00
7-12 months	867,569.30	43,378.47	5.00
1-2 years	244,089.00	24,408.90	10.00

Aging	31 December 2019		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
2-3 years	525,794.00	262,897.00	50.00
Over 3 years	689,658.09	689,658.09	100.00
Total	5,771,813.16	1,054,789.49	18.27

B2. As of 31 December 2019, bad debt provision at stage 3:

Category	Carrying amount	12-month expected credit losses rate (%)	Bad debt provision	Carrying value
Bad debt provision withdrawn separately	40,850,949.35	100.00	40,850,949.35	0.00
Bad debt provision withdrawn by group	0.00	0.00	0.00	0.00
Of which: Group 1	0.00	0.00	0.00	0.00
Group 2	0.00	0.00	0.00	0.00
Total	40,850,949.35	100.00	40,850,949.35	0.00

On 31 December 2019, other receivables with bad debt provision withdrawn separately:

Name	31 December 2019			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason
Hengxin Securities Co., Ltd.	29,010,449.35	29,010,449.35	100.00	The enterprise enters the bankruptcy liquidation procedure
Jianqiao Securities Co., Ltd.	11,840,500.00	11,840,500.00	100.00	The enterprise enters the bankruptcy liquidation procedure
Total	40,850,949.35	40,850,949.35	--	--

④ Changes of bad debt provision during the Reporting Period

Category	31 December 2019	Changes in the Reporting Period			30 June 2020
		Withdrawal	Reversal or recovery	Write-off	
Bad debt provision withdrawn separately	40,850,949.35	0.00	0.00	0.00	40,850,949.35

Category	31 December 2019	Changes in the Reporting Period			30 June 2020
		Withdrawal	Reversal or recovery	Write-off	
Bad debt provision withdrawn by group	1,054,789.49	0.00	399,623.25	0.00	655,166.24
Total	41,905,738.84	0.00	399,623.25	0.00	41,506,115.59

⑤ On 30 June 2020, top five ending balance by entity

	Nature	Balance at 30 June 2020	Aging	Proportion of the balance to the total other receivables (%)	Bad debt provision
No. 1	Related party within the scope of consolidation	89,300,433.13	Within 1 year	54.95	0.00
No. 2	Security Investment	29,010,449.35	Over 3 years	17.85	29,010,449.35
No. 3	Related party within the scope of consolidation	27,950,553.93	Within 1 year	17.20	0.00
No. 4	Security Investment	11,840,500.00	Over 3 years	7.29	11,840,500.00
No. 5	Related party within the scope of consolidation	464,811.00	Within 1 year	0.29	0.00
Total	--	158,566,747.41	--	97.58	40,850,949.35

3. Long-term Equity Investments

Item	30 June 2020			31 December 2019		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment in subsidiaries	1,148,213,665.32	0.00	1,148,213,665.32	1,148,213,665.32	0.00	1,148,213,665.32
Total	1,148,213,665.32	0.00	1,148,213,665.32	1,148,213,665.32	0.00	1,148,213,665.32

(1) Investments in subsidiaries

Investees	31 December 2019	Increase during the Reporting Period	Decrease during the Reporting Period	30 June 2020	Impairment provision during the Reporting Period	Provision for impairment at 30 June 2020
Bozhou Gujing Sales Co.,	68,949,286.89	0.00	0.00	68,949,286.89	0.00	0.00

Investees	31 December 2019	Increase during the Reporting Period	Decrease during the Reporting Period	30 June 2020	Impairment provision during the Reporting Period	Provision for impairment at 30 June 2020
Ltd.						
Anhui Longrui Glass Co., Ltd.	85,267,453.06	0.00	0.00	85,267,453.06	0.00	0.00
Shanghai Gujing Jinhao Hotel Management Co., Ltd.	49,906,854.63	0.00	0.00	49,906,854.63	0.00	0.00
BozhouGujing Hotel Co., Ltd.	648,646.80	0.00	0.00	648,646.80	0.00	0.00
Anhui Ruisiweier Technology Co., Ltd.	40,000,000.00	0.00	0.00	40,000,000.00	0.00	0.00
Anhui Baiweilu Liquor Co., Ltd.	30,000,000.00	0.00	0.00	30,000,000.00	0.00	0.00
Anhui Yuanqing Environmental Protection Co., Ltd.	16,000,000.00	0.00	0.00	16,000,000.00	0.00	0.00
Anhui Gujing Yunshang E-commerce Co., Ltd.	5,000,000.00	0.00	0.00	5,000,000.00	0.00	0.00
Anhui Zhenrui Construction Engineering Co., Ltd.	10,000,000.00	0.00	0.00	10,000,000.00	0.00	0.00
Yellow Crane Tower Distillery Co., Ltd.	816,000,000.00	0.00	0.00	816,000,000.00	0.00	0.00
Anhui Jinyunnlai Cultural Media Co., Ltd.	15,000,000.00	0.00	0.00	15,000,000.00	0.00	0.00
Bozhou Gujing Waste Recycling Co., Ltd.	1,441,423.94	0.00	0.00	1,441,423.94	0.00	0.00
Anhui RunanXinke Testing Technology Co., Ltd.	10,000,000.00	0.00	0.00	10,000,000.00	0.00	0.00
Total	1,148,213,665.32	0.00	0.00	1,148,213,665.32	0.00	0.00

4. Operating Revenue and Cost of Sales

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	3,264,418,953.05	1,298,189,995.07	3,104,047,962.07	1,254,351,553.67
Other operations	32,698,219.44	18,869,268.55	40,634,501.51	23,567,023.24
Total	3,297,117,172.49	1,317,059,263.62	3,144,682,463.58	1,277,918,576.91

5. Investment Income

Item	Reporting Period	Same period of last year
Gains on disposal of available-for-sale financial assets		
Investment income from trading financial assets during the holding period		
Other investment income	12,434,590.21	31,883,868.76
Total	12,434,590.21	31,883,868.76

XV. Supplementary Materials

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

Item	Amount	Note
Gains/losses on the disposal of non-current assets	-2,218,309.96	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents		
Government grants recognized in the Current Period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	14,980,731.46	
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses		
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments		
Gain/loss on non-monetary asset swap		
Gain/loss on entrusting others with		

investments or asset management		
Asset impairment provisions due to acts of God such as natural disasters		
Gains and losses from debt restructuring		
Expenses on business reorganization, such as expenses on staff arrangements, integration, etc.		
Gain/loss on the part over the fair value due to transactions with distinctly unfair prices		
Current net gains and losses of subsidiaries acquired in business combination under the same control from period-begin to combination date		
Profit and loss from contingencies irrelative to the normal business operations of company		
Gain/loss from change of fair value of trading financial assets and liabilities, and derivative financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities, and derivative financial assets and liabilities, and investment in other debt obligations, other than valid hedging related to the Company's common businesses	14,943,442.93	
Depreciation reserves returns of receivables and contract assets with separate depreciation test		
Gain/loss on entrustment loans		
Gain/loss on change of the fair value of investing real estate of which the subsequent measurement is carried out adopting the fair value method		
Effect on current gains/losses when a one-off adjustment is made to current gains/losses according to requirements of taxation, accounting and other relevant laws and regulations		
Custody fee income when entrusted with operation		

Other non-operating income and expense other than the above	-1,408,695.54	
Project confirmed with the definition of non-recurring gains and losses		
Less: Income tax effects	7,739,708.20	
Non-controlling interests effects	1,539,724.85	
Total	17,017,735.84	--

2. Return on Net Assets and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	10.84	2.04	2.04
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit and loss	10.66	2.00	2.00