



**古井贡 · 年份原浆<sup>®</sup>**

**Anhui Gujing Distillery Company Limited**

**Annual Report 2023**



**April 2024**



## Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Anhui Gujing Distillery Company Limited (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Liang Jinhui, the legal representative, and Zhu Jiafeng, the Deputy Chief Accountant and Board Secretary, hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

All the Company’s directors have attended the Board meeting for the review of this Report and its summary.

Any plans for the future and other forward-looking statements mentioned in this Report shall NOT be considered as absolute promises of the Company to investors. Investors, among others, shall be sufficiently aware of the risk and shall differentiate between plans/forecasts and promises. Again, investors are kindly reminded to pay attention to possible investment risks.

Investors’ attention is kindly directed to the detailed description of possible risks in the Company’s operations in “XI Prospects” under “Part III Management Discussion and Analysis”.

The Board has approved a final dividend plan as follows: based on the Company’s total share capital of 528,600,000 shares, a cash dividend of RMB45.00 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.



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## Documents Available for Reference

- (I) Financial statements signed and sealed by the Company's legal representative, the Company's Chief Accountant and the head of the Company's financial department (equivalent to financial manager);
- (II) The original copy of the Independent Auditor's Report stamped by the CPA firm as well as signed and stamped by the engagement certified public accountants;
- (III) All originals of the Company's documents and announcements that have been publicly disclosed in the Reporting Period on the media designated by the China Securities Regulatory Commission; and
- (IV) This Report disclosed in other securities markets.



## Definitions

Term	Definition
The “Company”, “Gu Jing” or “we”	Anhui Gujing Distillery Company Limited inclusive of its consolidated subsidiaries, except where the context otherwise requires
Gujing Sales	Bozhou Gujing Sales Co., Ltd.
The Company as the parent	Anhui Gujing Distillery Company Limited exclusive of subsidiaries, except where the context otherwise requires
Gujing Group	Anhui Gujing Group Co., Ltd.
Yellow Crane Tower	Yellow Crane Tower Distillery Co., Ltd.
Mingguang	Anhui Mingguang Distillery Co., Ltd.
Longrui Glass	Anhui Longrui Glass Co., Ltd.

## Part II Corporate Information and Key Financial Information

### I Corporate Information

Stock name	Gujing Distillery, Gujing Distillery-B	Stock code	000596, 200596
Changed stock name (if any)			
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	安徽古井贡酒股份有限公司		
Abbr.	古井		
Company name in English (if any)	ANHUI GUJING DISTILLERY COMPANY LIMITED		
Abbr. (if any)	GU JING		
Legal representative	Liang Jinhui		
Registered address	Gujing Town, Bozhou City, Anhui Province, P.R.China		
Zip code	236820		
Change of registered address	N/A		
Office address	Gujing Industrial Park, Gujing Town, Bozhou City, Anhui Province, P.R.China		
Zip code	236820		
Company website	<a href="http://www.gujing.com">http://www.gujing.com</a>		
Email address	gjzqb@gujing.com.cn		

### II Contact Information

	Board Secretary	Securities Representative
Name	Zhu Jiafeng	Mei Jia
Address	Gujing Town, Bozhou City, Anhui Province, P.R.China	Gujing Town, Bozhou City, Anhui Province, P.R.China
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### III Media for Information Disclosure and Place where this Report Is Lodged

Website of the stock exchange where this Report is	The Shenzhen Stock Exchange ( <a href="http://www.szse.cn">http://www.szse.cn</a> )
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disclosed	
Media and website where this Report is disclosed	China Securities Journal, Ta Kung Pao (HK) and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Place where this Report is lodged	The Board Secretary's Office

#### IV Change to Company Registered Information

Unified social credit code	913400001519400083
Change to principal activity of the Company since going public (if any)	No change
Every change of controlling shareholder since incorporation (if any)	No change

#### V Other Information

The independent audit firm hired by the Company:

Name	RSM China
Office address	Suite 901-22 to 901-26, Wai Jing Mao Building (Tower 1), No. 22 Fuchengmen Wai Street, Xicheng District, Beijing, China
Accountants writing signatures	Zhang Liping, Han Songliang, and Yang Fan

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable  Not applicable

Sponsor	Office address	Representatives	Supervision period
China International Capital Corporation Limited	27-28/F, China World Office 2, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing	Fang Lei, and Chen Jingjing	2021.7.22- The raised funds have been used up

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable  Not applicable

Financial advisor	Office address	Representatives	Supervision period
China International Capital Corporation Limited	27-28/F, China World Office 2, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing	Fang Lei, and Chen Jingjing	2021.7.22- The raised funds have been used up

#### VI Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes  No

	2023	2022	2023-over-2022	2021

			change (%)	
Operating revenue (RMB)	20,253,526,598.02	16,713,234,153.52	21.18%	13,269,826,266.04
Net profit attributable to the listed company's shareholders (RMB)	4,589,164,052.80	3,143,144,732.08	46.01%	2,297,894,413.25
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	4,495,219,187.57	3,066,543,993.35	46.59%	2,186,239,468.68
Net cash generated from/used in operating activities (RMB)	4,496,206,034.42	3,107,914,579.48	44.67%	5,254,308,127.79
Basic earnings per share (RMB/share)	8.68	5.95	45.88%	4.45
Diluted earnings per share (RMB/share)	8.68	5.95	45.88%	4.45
Weighted average return on equity (%)	22.92%	17.93%	4.99%	21.25%
	31 December 2023	31 December 2022	Change of 31 December 2023 over 31 December 2022 (%)	31 December 2021
Total assets (RMB)	35,420,907,274.99	29,789,822,298.65	18.90%	25,418,086,447.80
Equity attributable to the listed company's shareholders (RMB)	21,525,309,609.44	18,520,757,973.52	16.22%	16,537,389,443.64

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes  No

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

Yes  No

## VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

### 1. Net Profit and Equity under CAS and IFRS

Applicable  Not applicable

No difference for the Reporting Period.



## 2. Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable  Not applicable

No difference for the Reporting Period.

## 3. Reasons for Accounting Data Differences Above

Applicable  Not applicable

## VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	6,584,074,879.74	4,725,941,615.36	4,642,653,988.77	4,300,856,114.15
Net profit attributable to the listed company's shareholders	1,569,704,169.52	1,209,770,197.99	1,033,160,506.48	776,529,178.81
Net profit attributable to the listed company's shareholders before exceptional gains and losses	1,545,070,631.50	1,186,050,259.26	1,012,080,336.13	752,017,960.68
Net cash generated from/used in operating activities	3,078,684,397.05	1,649,152,299.68	991,789,089.45	-1,223,419,751.76

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes  No

## IX Exceptional Gains and Losses

Applicable  Not applicable

Unit: RMB

Item	2023	2022	2021	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-2,063,270.90	-4,666,425.09	-5,976,856.98	
Government grants recognised in profit or loss (exclusive of those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with government policies, and have a continuing impact on the Company's profit or loss)	39,946,354.24	46,721,259.52	55,274,502.42	
Gain or loss on fair-value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities	51,603,409.95	43,874,800.64	34,792,433.45	

(exclusive of the effective portion of hedges that is related to the Company's normal business operations)				
Reversed portions of impairment allowances for receivables which are tested individually for impairment	98,239.02	423,337.78	1,949,809.53	
Non-operating income and expense other than the above	51,716,611.35	23,314,293.08	77,025,619.76	
Less: Income tax effects	34,596,052.57	27,082,435.88	40,243,159.73	
Non-controlling interests effects (net of tax)	12,760,425.86	5,984,091.32	11,167,403.88	
Total	93,944,865.23	76,600,738.73	111,654,944.57	--

Particulars about other items that meet the definition of exceptional gain/loss:

Applicable  Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item listed in the Explanatory Announcement No.

1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable  Not applicable

No such cases for the Reporting Period.

## Part III Management Discussion and Analysis

### I Industry Overview for the Reporting Period

#### 1. Status of the Baijiu Industry

Since the beginning of the 21st century, China's baijiu industry has experienced three development stages. Before 2012, with rapid economic growth, the income of urban and rural residents rose fast, and the demand for baijiu continued to increase, while production and sales of baijiu continuously expanded at a fast pace. As a result, the baijiu industry witnessed booming supply and demand. During that period, national baijiu brands and local regional renowned baijiu enterprises achieved rapid development. In the context of the rise in both the demand and price of baijiu, the sales income and total profits of baijiu enterprises increased quickly.

From the second half of 2012 to 2016, China's economy once again entered a period of adjustment, as the Chinese government introduced a string of policies to restrict the spending on official overseas visits, official vehicles and official hospitality, such as the "Eight-point Decision" and "Six Prohibitions", which include restrictions on the consumption of high-end alcohol with public funds. Consumption scenarios such as commercial consumption and government consumption were limited, leading to a drop in consumer demand in a short time. Moreover, baijiu prices were under huge pressure. China's baijiu industry entered a period of profound adjustment. After 2012, both the output growth and income growth of China's baijiu industry slowed down.

The baijiu industry began to recover in the second half of 2016, with a rise in consumption demand by end-users, propelling the growth of the overall income and profits of the industry. Since 2017, the overall demand and price of baijiu have increased, and the recovery of mid- and high-end baijiu has picked up. In the future, benefiting from the consumption upgrade and the change of consumption concept, the growth of sub-high-end baijiu will be the key driver for the development of the baijiu industry. Baijiu enterprises need to fully grasp the great opportunities from the extensive consumption upgrade and strive to better meet the consumption needs of the market through quality improvement, market segmentation and product innovation and other means, so as to advance the transformation and upgrade of the product structure.

According to data released by the China Alcoholic Drinks Association, in 2023, the national alcoholic beverage industry achieved a total production output of 61.31 million kilolitres, marking a year-on-year increase of 1.1%. Within this, the baijiu sector produced 6.29 million kilolitres, experiencing a decline of 5.1% compared to the previous year; however, it generated sales revenue of RMB756.3 billion, an increase of 9.7%, and realised a total profit of RMB232.8 billion, an increase of 7.5%. Despite a reduction in production, the baijiu industry in China continued to see growth in revenue and profits, with competition in the high-end market expected to intensify further.

#### 2. Position of the Company in the Industry

China has a long history of baijiu. There are a large number of baijiu production enterprises in the country, but the regional distribution of baijiu consumers is particularly evident. The baijiu industry is characterized by full competition, with a high degree of marketization. The market competition is fierce, and the industry adjustments are constantly deepening. In the national market, the competitive edges of the enterprises come from their brand influence, product style and marketing & operation models. In a single regional market, the competitive strengths of the enterprises depend on their brand influence in the region, the recognition of the companies by regional consumers and comprehensive marketing capacity.

As one of China's traditional top eight liquor brands, the Company is the first listed baijiu company with both A and B stocks. It is located in Bozhou City, Anhui Province in China, the hometown of historic figures Cao Cao and Hua Tuo, as well as one of the world's top 10 liquor-producing areas. No changes have occurred to the main business of the Company in the Reporting Period. As the main product of the Company, the Gujing spirit originated as a "JiuYunChun Spirit", together with its making secrets, being presented as a hometown specialty by Cao Cao, a famous warlord in China's history, to Emperor Han Xiandi (name: Liu Xie) in A.D.

196, and was continually presented to the royal house since then. With crystalline liquid, rich aroma, a fine flavor and a lingering aftertaste, the Gujing spirit has helped the Company win four national baijiu golden awards, a golden award at the 13th SIAL Paris, the title of China's "Geographical Indication Product", the recognition as a "Key Cultural Relics Site under the State Protection", the recognition with a "National Intangible Cultural Heritage Protection Project", a Quality Award from the Anhui provincial government, a title of "National Quality Benchmark", among other honors.

In April 2016, Gujing Distillery signed a strategic cooperation agreement with Huanghelou Liquor Co., Ltd., opening a new era of cooperation in China's famous liquor industry. Yellow Crane Tower Baijiu is the only famous Chinese liquor in Hubei. Its unique style is "soft, mellow, elegant and cool, and has a long lingering fragrance". It won the two China gold medal in baijiu appreciation in 1984 and 1989. At present, Huanghelou liquor industry has three bases: Wuhan, Xianning and Suizhou. Among them, Huanghelou Liquor Culture Expo Park in Wuhan base has been approved as national AAA scenic spot, and Huanghelou forest wine town in Xianning base has been approved as national AAAA scenic spot.

In January 2021, Gujing Distillery and Mingguang signed a strategic cooperation agreement. The unique mung bean flavor adds to the famous liquor family of Gu Jing. The primary products of Mingguang Distillery include Mingguang Jianiang, Mingguang Daqu, Mingguang Youye, Mingguang Tequ, and 53% vol Mingluye. In December 2021, the Old Mingguang Brewing Technique was selected for the sixth batch of provincial intangible cultural heritage list.

## II Principal Activity of the Company in the Reporting Period

The Company is subject to the Guideline No. 14 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Food and Liquor & Wine Production.

The Company primarily produces and markets baijiu. According to the Industry Categorization Guide for Listed Companies (Revised in 2012) issued by the CSRC, baijiu making belongs to the "liquor, beverage and refined tea making industry" (C15). The Company's principal operations remained unchanged in the Reporting Period.

Main sales model

The Company's key sales model is dealer model. Under the dealer model, the Company will select one or more dealers for sales of a product brand (or product sub-brand) according to the market capacity.

Distribution model:

Applicable  Not applicable

### 1. Operating Performance by Distribution Channel and Product Category

Unit: RMB

By	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Channel						
Online	729,306,974.15	188,844,601.39	74.11%	19.48%	34.77%	-2.93%
Offline	19,524,219,623.87	4,051,006,305.52	79.25%	21.25%	10.20%	2.08%
Total	20,253,526,598.02	4,239,850,906.91	79.07%	21.18%	11.10%	1.90%
By	Operating revenue	Cost of sales	Gross profit margin	YoY	YoY	YoY

				change in operating revenue (%)	change in cost of sales (%)	change in gross profit margin (%)
Product series						
Original Vintage	15,417,295,372.80	2,212,921,728.80	85.65%	27.34%	18.04%	1.14%
Gujingong Liquor	2,015,573,278.78	841,033,015.00	58.27%	7.56%	11.43%	-1.45%
Yellow Crane Tower and others	2,205,888,021.33	714,102,955.49	67.63%	0.87%	-6.50%	2.55%
Total	19,638,756,672.91	3,768,057,699.29	80.81%	21.47%	11.04%	1.80%

## 2. Number of Distributors by Geographical Segment

Segment	Ending number	Change in the Reporting Period
North China	1,224	92
South China	593	63
Central China	2,803	82
International	21	5
Total	4,641	242

Proportion of store sales terminal exceeds 10%

Applicable  Not applicable

Online direct sales

Applicable  Not applicable

The major product varieties sold online are Original Vintage Series, and Gujingong Liquor Series, among others. The main online sales platforms are Gujing Distillery platform, Tmall, JD.com, and Suning.com.

Any over 30% YoY movements in the selling price of main products contributing over 10% of current total operating revenue

Applicable  Not applicable

Model and contents of purchase

Model of purchase: The Company primarily adopts the bidding and strategic cooperation models. It also adopts the base planting model in order to ensure the quality of some raw materials.

Contents of purchase

Purchase contents		Purchase model	Amount (RMB'0,000)
1	Raw materials	Strategic purchasing	107,301.16
		Tendering purchasing	169,580.63
2	Packing materials	Tendering purchasing	266,685.76
Total			543,567.55

The proportion of raw materials purchased from cooperations or farmers to total purchase amount exceeds 30%

Applicable  Not applicable

Any over 30% YoY movements in prices of main purchased raw materials

Applicable  Not applicable

Main production model

The Company's existing production model is sales-based production. Specifically, the Logistics Control Center is responsible for coordinating the implementation of production plans, release of material production plans, and delivery and tracking of products, and prepares balanced production plans on a quarterly basis according to the product inventory. The logistics distribution system is coordinated according to the production schedule and inventory with a view to ensuring timely delivery of products.

Commissioned production

Applicable  Not applicable

Breakdown of cost of sales

Item	2023		2022		Change (%)
	Cost of sales (RMB)	As % of total cost of sales	Cost of sales (RMB)	As % of total cost of sales	
Direct materials	3,053,570,734.57	72.02%	2,740,292,507.27	71.80%	11.43%
Direct labor cost	372,085,693.59	8.78%	332,141,904.07	8.70%	12.03%
Manufacturing expenses	240,904,845.07	5.68%	224,128,683.40	5.87%	7.49%
Fuels	101,496,426.06	2.39%	96,765,210.22	2.54%	4.89%
Total	3,768,057,699.29	88.87%	3,393,328,304.96	88.91%	11.04%

Output and inventory

1. Output, sales volume and inventory of main products for the Reporting Period and respective YoY changes thereof

Unit: ton

Main product	Output	Sales volume	inventory	YoY changes of output	YoY changes of sales volume	YoY changes of inventory
Original Vintage Series	63,528.17	63,477.51	24,652.92	0.18%	20.63%	0.21%
Gujinggong Liquor Series	26,769.14	29,664.39	5,656.61	-26.70%	-3.83%	-33.86%
Yellow Crane Tower Liquor Series and other	24,248.62	25,177.38	4,227.93	-27.51%	-19.37%	-18.01%

2. Ending inventory of finished liquor and semi-product

Category	Ending quantity (ton)
Finished liquor	34,537.46
Semi-product (including base liquor)	234,292.88

3. Capacity

Unit: ton

Main product	Designed capacity	Actual capacity	Capacity in progress

Finished liquor	115,000	114,546	130,000
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### III Core Competitiveness Analysis

No significant changes occurred to the Company's core competitiveness in the Reporting Period.

### IV Analysis of Core Businesses

#### 1. Overview

2023 marked the inaugural year of implementing the guiding principles of the 20th CPC National Congress on all fronts, a truly extraordinary year and a pivotal one for the Company as it crossed the RMB20 billion revenue threshold. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company diligently implemented the guiding principles of the 20th CPC National Congress and the party congresses at provincial and municipal levels. We fully embraced the new development philosophy, focused on the annual targets, adhered to long-termism, pursuit of excellence, and commitment to quality, firmly grasped the primary task of high-quality development, and promoted steady progress, quality enhancement, and efficiency in all areas of operation, successfully achieving the goals set for 2023 and smoothly surpassing the RMB20 billion revenue mark.

For 2023, the Company recorded operating revenue of RMB20.254 billion, up 21.18% compared to the prior year; a net profit attributable to the Company as the parent of RMB4.589 billion, increasing 46.01% from the year earlier; and earnings per share of RMB8.68, 45.88% higher than last year.

The overall operating performance of the Company in the Reporting Period:

#### (I) The Company strove for more influential "brands" year-on-year

The Company guided by the "Brand Revival Project", strengthened digital marketing, consumer cultivation, and resource integration, and deepened the integrated marketing system construction involving Gujing, Mingguang, and Yellow Crane Tower. Moreover, with adherence to the communication strategy of "striving for influential brands, spiking hard from a high position and concentrating resources", the Company innovated in communication methods, and continually built up high-speed rail and Spring Festival Gala IP. The baijiu culture embarked on a global tour, and at the 15th "Hua Zun Cup" China liquor brand value contest, the brand value of "Gujingong" reached a new high of RMB293.102 billion.

#### (II) The Company strengthened quality management and steadily improved in product quality

The Company strictly implemented production processes and continuously optimised brewing techniques. Lean production was further advanced, and supply chain efficiency was enhanced. Scientific scheduling and efficient collaboration continued to optimise key efficiency indicators.

#### (III) The Company focused on scientific research and advanced the deep operation of research platforms

The Company deepened cooperation and exchanges, and reaped significant achievements in the construction of scientific research platforms. It coordinated the advancement of the China Baijiu Health Research Institute, the Gujing Distillery Original Vintage Grain Research Institute, and the Gujing Distillery Original Vintage Quality Research Institute, focusing on projects related to baijiu health, brewing grains, and quality, thus enhancing the application of research and development outcomes. The Company was awarded the "The First Prize of the 2020 Science and Technology Award by the China National Food Industry Association", received one Second Prize for Scientific and Technological Progress from Anhui Province and was granted 38 patents.

#### (IV) The Company advanced innovative models and deepened digital construction of Gujing

The Company has established a new digital model for Gujing, achieving significant results in digital infrastructure, data resource systems, platform capabilities, contextual applications, and security measures, thereby enhancing the vigour of intelligent digital operations. The development of the Gujing data middleware has successfully broken data silos, activated data value, and supported

scientific decision-making. The construction of an industrial Internet of Things platform has placed smart factories and digital workshops on the fast track. Guided by the lighthouse factory model, the MES system has been developed to promote the integration of Operational Technology (OT) and Information Technology (IT), accelerating the transformation towards intelligent manufacturing.

**(V) The Company focused on building a premier enterprise, and unleashed new management dynamics**

The Company has deepened the three-year action of the reform of state-owned enterprises, ensuring the implementation of reform measures for mechanisms and systems. It has intensified the competition for management positions, the elimination of the least competent personnel, and continuously improved the rotation and secondment of management staff, further activating the potential of Gujing talent. The internal control system has been further refined, firmly establishing safety responsibilities, and achieving the "four zeros" target in safe production.

**(VI) The Company focused on enhancing the guidance of Party building, demonstrating a new look for the Company**

The Company has intensively studied, propagated, and implemented the guiding principles of the 20th CPC National Congress on all fronts, fully embracing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and deepened themed education. We have continued to emphasise the leading role of Party building, persistently improved our style of work, and tightened up on ideological work.

**(VII) In the Reporting Period, the Company was still under pressure and had deficiencies as follows.**

- (1) The industry is experiencing accelerated differentiation and transformation, requiring further enhancement in product capabilities, brand strength, and channel influence.
- (2) The internal management system of the enterprise is not sufficiently efficient for its scale of development, necessitating further activation of internal dynamics.

## 2. Revenue and Cost Analysis

### (1) Breakdown of Operating Revenue

Unit: RMB

	2023		2022		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	20,253,526,598.02	100%	16,713,234,153.52	100%	21.18%
By operating division					
Manufacturing	20,253,526,598.02	100.00%	16,713,234,153.52	100.00%	21.18%
By product category					
Baijiu	19,638,756,672.91	96.97%	16,167,709,250.64	96.74%	21.47%
Hotel services	83,688,162.68	0.41%	57,506,783.34	0.34%	45.53%
Other	531,081,762.43	2.62%	488,018,119.54	2.92%	8.82%
By operating segment					
North China	1,842,994,377.93	9.10%	1,325,791,564.93	7.93%	39.01%
Central China	17,106,718,631.38	84.47%	14,354,624,988.86	85.89%	19.17%
South China	1,282,816,365.91	6.33%	1,011,003,651.35	6.05%	26.89%



Overseas	20,997,222.80	0.10%	21,813,948.38	0.13%	-3.74%
By sales model					
Online	729,306,974.15	3.60%	610,385,143.59	3.65%	19.48%
Offline	19,524,219,623.87	96.40%	16,102,849,009.93	96.35%	21.25%

**(2) Operating Division, Product Category, Operating Segment or Sales Model Contributing over 10% of Operating Revenue or Operating Profit**

Applicable  Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Manufacturing	20,253,526,598.02	4,239,850,906.91	79.07%	21.18%	11.10%	1.90%
By product category						
Baijiu	19,638,756,672.91	3,768,057,699.29	80.81%	21.47%	11.04%	1.80%
Hotel services	83,688,162.68	45,130,663.83	46.07%	45.53%	33.50%	4.85%
Other	531,081,762.43	426,662,543.79	19.66%	8.82%	9.63%	-0.59%
By operating segment						
North China	1,842,994,377.93	373,249,635.06	79.75%	39.01%	24.41%	2.38%
Central China	17,106,718,631.38	3,637,568,886.44	78.74%	19.17%	10.05%	1.77%
South China	1,282,816,365.91	224,324,231.97	82.51%	26.89%	10.03%	2.67%
Overseas	20,997,222.80	4,708,153.44	77.58%	-3.74%	-34.10%	10.33%
By sales model						
Online	729,306,974.15	188,844,601.39	74.11%	19.48%	34.77%	-2.93%
Offline	19,524,219,623.87	4,051,006,305.52	79.25%	21.25%	10.20%	2.08%

Core business data of the prior year restated according to the changed statistical caliber for the Reporting Period:

Applicable  Not applicable

**(3) Whether Revenue from Physical Sales is Higher than Service Revenue**

Yes  No

Operating division	Item	Unit	2023	2022	Change (%)
Baijiu brewage	Sales volume	Ton	118,319.28	114,694.21	3.16%
	Output	Ton	114,545.93	133,386.36	-14.12%
	Inventory	Ton	34,537.46	38,310.81	-9.85%

Any over 30% YoY movements in the data above and why:

Applicable  Not applicable

#### (4) Execution Progress of Major Signed Sales and Purchase Contracts in the Reporting Period

Applicable  Not applicable

#### (5) Breakdown of Cost of Sales

By operating division

Unit: RMB

Operating division	Item	2023		2022		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Food manufacturing	Direct materials	3,053,570,734.57	72.02%	2,740,292,507.27	71.80%	11.43%
Food manufacturing	Direct labor cost	372,085,693.59	8.78%	332,141,904.07	8.70%	12.03%
Food manufacturing	Manufacturing expenses	240,904,845.07	5.68%	224,128,683.40	5.87%	7.49%
Food manufacturing	Fuels	101,496,426.06	2.39%	96,765,210.22	2.54%	4.89%

#### (6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Yes  No

Compared with the prior year, the following subsidiaries were added to the consolidated financial statements of the Reporting Period: Wuhan Gulou Junhe Trading Co., Ltd., Wuhan Gulou Juntai Trading Co., Ltd., Xiaogan Gulou Tiancheng Trading Co., Ltd., Guizhou Zhencang Distillery Sales Co., Ltd., and Anhui Guqi Distillery Co., Ltd.; and one subsidiary, Anhui Anjie Technology Co., Ltd., was de-registered.

#### (7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable  Not applicable

#### (8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	2,590,984,495.97
Total sales to top five customers as % of total sales of the Reporting Period (%)	12.79%

Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%
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Information about top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Distributor A	1,717,248,953.48	8.48%
2	Distributor B	274,630,334.07	1.36%
3	Distributor C	209,362,099.42	1.03%
4	Distributor D	201,552,509.46	0.99%
5	Distributor E	188,190,599.54	0.93%
Total	--	2,590,984,495.97	12.79%

Other information about major customers:

Applicable  Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	1,054,578,376.52
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	19.40%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	0.00%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier A	269,578,605.42	4.96%
2	Supplier B	229,314,852.59	4.22%
3	Supplier C	203,794,945.66	3.75%
4	Supplier D	176,697,081.21	3.25%
5	Supplier E	175,192,891.64	3.22%
Total	--	1,054,578,376.52	19.40%

Other information about major suppliers:

Applicable  Not applicable

### 3. Expense

Unit: RMB

	2023	2022	Change (%)	Reason for any significant change
Selling expense	5,436,773,057.25	4,668,185,055.13	16.46%	
Administrative expense	1,367,146,467.89	1,166,780,389.23	17.17%	

Finance costs	-162,244,024.88	-216,299,053.07	24.99%	
R&D expense	70,947,196.49	56,667,203.01	25.20%	

The Company is subject to the Guideline No. 14 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Food and Liquor & Wine Production.

Breakdown of selling expense:

Unit: RMB

Item	2023	2022	Change (%)	Reason
Employment benefits	1,230,880,423.44	938,740,215.88	31.12%	The main reason is the combined impact of sales staff and salary increase.
Travel fees	223,518,669.30	169,521,676.66	31.85%	The main reason is the increase of sales staff.
Advertisement fees	1,101,364,892.63	995,196,089.71	10.67%	
Comprehensive promotion costs	2,089,071,299.15	1,814,692,295.39	15.12%	
Service fees	656,190,943.27	638,147,336.90	2.83%	
Others	135,746,829.46	111,887,440.59	21.32%	
Total	5,436,773,057.25	4,668,185,055.13	16.46%	

Details about advertisement

No.	Main way	Amount (RMB*0,000)
1	TV	31,575.84
2	Offline	61,938.67
3	Online	16,621.98
Total		110,136.49

#### 4. R&D Investments

Applicable  Not applicable

Names of main R&D projects	Project objectives	Project progress	Objectives to be achieved	Expected impact on the future development of the Company
Research on the process of making compound fragrant baijiu	The process of producing compound fragrant baijiu is explored to prepare for the development of new products and the design of liquor body of the Company.	Concluded.	The Company aims to produce high-quality flavouring liquor with unique flavour to prepare for the development of its new products and the design of liquor body.	By exploring the process of making compound fragrant baijiu, the Company is expected to produce high-quality flavouring liquor with unique flavour, further enrich the product system of Gujingong Liquor, and strengthen its market competitiveness.
Research of process	The experiments	Concluded.	Theoretically and practically,	The quality of Gujingong

and experiments for making strongly fragrant baijiu	systematically optimize the production process of making strongly fragrant liquor, improve the sensory quality of Gujinggong liquor, making the product No. 1 in China in terms of strongly fragrant baijiu.		the various parameters of the strongly fragrant baijiu are revealed to be scientific and reasonable, which provides more scientific support for process execution.	liquor will be steadily improved to maintain the continuously improving quality of the brand.
Research on key technologies for brewing with different water sources	Water plays a crucial role in the fermentation environment, aiding in the separation of aroma-carrying substances and solids. Due to the varying qualities of different water sources, this project aims to explore the effects of these variations on brewing production and provide a scientific basis for selecting water suitable for brewing.	The project has successfully concluded with the completion of the research on brewing production using different water sources and the compilation of a comprehensive project summary report.	To conduct trials on brewing production using various water sources in order to explore their specific impacts on the brewing process.	This project is expected to clarify the influence of different water sources on brewing production, thereby providing a scientific basis for the selection of brewing water.
Research on the impact of intelligent brewing and grain mixing methods on the quality of daqu	This project is focused on intelligent brewing in the standing vat production, conducting orthogonal experiments on the ratio of clear distillation grain, bottom grain, and covering grain. This research aims to provide foundational data for the operation of Workshops 2 to 6 at the Intelligent Park in 2023.	The project plan has been fully implemented and summarised.	To enhance the quality of the base spirit in newly established workshops, thus supporting the Company's development towards increased intelligence.	This project is expected to establish technical support for the commissioning of new intelligent workshops
Research on key factors influencing the moistening of grains in strong flavour baijiu	By conducting single-factor experiments, the optimal grain moistening temperature, water	Following the project plan, the implementation and comprehensive summary analysis	This is to achieve an improved grain moistening process that supports the enhancement of daqu quality in intelligent brewing.	The refined grain moistening process will improve the quality of daqu produced via intelligent brewing, contributing to the Company's

production	amount, and time were determined. This was followed by a three-factor, three-level orthogonal experiment to develop an improved grain moistening process.	have been completed.		rapid development.
Research on key technology control in intelligent distillation	To study the distillation speeds of bottom liquor and jujube liquor through single-factor experiments, and to determine the optimal distillation speed, providing a reference for improving the quality of the daqu.	The project summary has been completed.	To optimise and refine the distillation speeds and temperature parameters for different types of daqu in the brewing production process.	The project aims to enhance the quality of the Company's daqu, laying a foundation for rapid development.
Research on quality standards for crushing brewing grains	Through the optimisation of single-grain crushing degree testing methods, exploration of the current state of grain crushing in the Company, study of crushing conditions, and workshop validation, this project aims to establish evaluation standards for grain crushing.	The crushing degree testing method has been determined, using a 40-mesh sieve for assessing the degree of crushing.	To determine the optimal range of crushing degrees for brewing grains.	Ensuring that the grain flour reaches the optimal gelatinisation state, thereby promoting an improvement in the quality of the brewing production.
Research on steaming spent grain technology and quality evaluation system for strong flavour baijiu production	To determine the evaluation methods for spent grain husks through physicochemical analysis after steaming, and to establish the steaming spent grain process at the Intelligent Park.	The project has been concluded.	To establish the optimal steaming spent grain process conditions at the Intelligent Park.	This project aims to ensure the quality level of the production-used rice husks, thereby safeguarding the quality of the base spirit.
Research on key factors for high-quality, low-carbon distillation in baijiu production	Conduct brewing experiments in the workshop to investigate the changes in the fermented mash before and after steam pressurisation,	The project has been concluded.	By examining the differences in the fermented mash and liquor samples before and after steam acidification, and exploring the necessity of steam acidification, to provide guidance for the Company's	This project aims to clarify the effects of steam acidification before and after on the fermented mash and liquor samples, providing technical support for the Company's clean production

	scientifically elucidate the impact of steam acidification on the mash, and explore the necessity of steam acidification to provide technical support for the Company's clean production initiatives.		brewing production processes.	efforts.
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## Details about R&amp;D personnel:

	2023	2022	Change (%)
Number of R&D personnel	1,147	1,057	8.51%
R&D personnel as % of total employees	8.84%	9.35%	-0.51%
Educational background of R&D personnel	—	—	—
Bachelor's degree	190	191	-0.52%
Master's degree	68	47	44.68%
Other	889	819	8.55%
Age structure of R&D personnel	—	—	—
Below 30	236	155	52.26%
30~40	458	384	19.27%
Over 40	453	518	-12.55%

## Details about R&amp;D investments:

	2023	2022	Change (%)
R&D investments (RMB)	366,964,999.32	288,639,442.89	27.14%
R&D investments as % of operating revenue	1.81%	1.73%	0.08%
Capitalized R&D investments (RMB)	0.00	0.00	0.00
Capitalized R&D investments as % of total R&D investments	0.00%	0.00%	0.00%

Reasons for any significant change to the composition of R&amp;D personnel and the impact:

 Applicable  Not applicable

Reasons for any significant YoY change in the percentage of R&amp;D investments in operating revenue:

 Applicable  Not applicable

Reasons for any sharp variation in the percentage of capitalized R&amp;D investments and rationale:

 Applicable  Not applicable

## 5. Cash Flows

Unit: RMB

Item	2023	2022	Change (%)
Subtotal of cash generated from operating activities	22,245,995,624.12	18,629,603,955.66	19.41%
Subtotal of cash used in operating activities	17,749,789,589.70	15,521,689,376.18	14.35%
Net cash generated from/used in operating activities	4,496,206,034.42	3,107,914,579.48	44.67%
Subtotal of cash generated from investing activities	1,926,743,407.87	8,483,831,118.31	-77.29%
Subtotal of cash used in investing activities	3,204,676,207.01	3,215,119,847.70	-0.32%
Net cash generated from/used in investing activities	-1,277,932,799.14	5,268,711,270.61	-124.26%
Subtotal of cash generated from financing activities	162,200,000.00	75,900,000.00	113.70%
Subtotal of cash used in financing activities	1,809,679,253.14	1,404,702,593.47	28.83%
Net cash generated from/used in financing activities	-1,647,479,253.14	-1,328,802,593.47	-23.98%
Net increase in cash and cash equivalents	1,570,793,982.14	7,047,823,256.62	-77.71%

Explanation of why any of the data above varies significantly:

Applicable  Not applicable

(1) Net cash generated from operating activities stood at RMB4,496,206,034.42 in the Reporting Period, up 44.67% year-on-year, primarily driven by the increased cash received from sale of goods and rendering of services.

(2) Subtotal of cash generated from investing activities stood at RMB1,926,743,407.87 in the Reporting Period, down 77.29% year-on-year, primarily driven by the decreased cash received from disinvestment.

(3) Subtotal of cash generated from financing activities stood at RMB162,200,000.00 in the Reporting Period, up 113.70% year-on-year, primarily driven by the increased cash received by subsidiaries as borrowings.

Reasons for any big difference between the net operating cash flow and the net profit for this Reporting Period

Applicable  Not applicable

## V Analysis of Non-Core Businesses

Applicable  Not applicable



## VI Analysis of Assets and Liabilities

### 1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2023		1 January 2023		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	15,966,371,744.19	45.08%	13,772,561,141.30	46.23%	-1.15%	
Accounts receivable	68,607,919.27	0.19%	62,688,668.94	0.21%	-0.02%	
Inventories	7,519,682,536.51	21.23%	6,058,106,090.88	20.34%	0.89%	
Investment property	46,622,910.19	0.13%	13,396,881.96	0.04%	0.09%	
Long-term equity investments	10,367,078.26	0.03%	10,154,235.98	0.03%	0.00%	
Fixed assets	4,596,044,056.92	12.98%	2,741,844,586.30	9.20%	3.78%	
Construction in progress	2,910,735,155.39	8.22%	2,454,703,251.44	8.24%	-0.02%	
Right-of-use assets	81,038,100.24	0.23%	32,562,171.10	0.11%	0.12%	
Short-term borrowings	0.00	0.00%	83,232,176.31	0.28%	-0.28%	
Contract liabilities	1,401,122,249.53	3.96%	826,636,478.35	2.77%	1.19%	
Long-term borrowings	107,106,256.94	0.30%	44,944,737.91	0.15%	0.15%	
Lease liabilities	68,380,767.78	0.19%	18,631,395.93	0.06%	0.13%	

Indicate whether overseas account for a larger proportion in the total assets.

Applicable  Not applicable

### 2. Assets and Liabilities at Fair Value

Applicable  Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	1,782,687,769.66	19,987,547.42	0.00	0.00	700,000,000.00	1,782,687,769.66	0.00	719,987,547.42
2. Derivative financial assets								
3. Other debt investments								
4. Other equity investments	56,447,789.94	0.00	6,657,868.13	0.00	0.00	0.00	0.00	63,105,658.07
5. Other non-current financial assets								
Subtotal of financial assets	1,839,135,559.60	19,987,547.42	6,657,868.13	0.00	700,000,000.00	1,782,687,769.66	0.00	783,093,205.49
Total of the above	1,839,135,559.60	19,987,547.42	6,657,868.13	0.00	700,000,000.00	1,782,687,769.66	0.00	783,093,205.49
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes  No

### 3. Restricted Asset Rights as at the Period-End

Item	Ending carrying value	Reason for restriction
Monetary assets	1,290,204,326.83	Time deposits, certificate of deposit and cash deposits that are pledged for issuing bank acceptance bills
Intangible assets	54,303,340.26	Pledged loans.
Total	1,344,507,667.09	--

## VII Investments Made

### 1. Total Investment Amount

Applicable  Not applicable

### 2. Major Equity Investments Made in the Reporting Period

Applicable  Not applicable

### 3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable  Not applicable

Unit: RMB

Item	Way of investment	Fixed assets investment or not	Industry involved	Input amount in the Reporting Period	Accumulative actual input amount as of the period-end	Capital resources	Progress	Estimated return on investment	Accumulative realized revenues as of the period-end	Reason for not reaching the schedule and anticipated income	Disclosure date (if any)	Disclosure index (if any)
The smart technology transformation project for liquor production	Self-built	Yes	Liquor production	2,311,258,225.68	5,107,283,150.56	Self-owned funds and raised funds	62.00%	N/A	N/A	N/A	3 March 2020	For details, please refer to the Announcement on Investment in the Smart Technology Transformation

												Project for Liquor Production disclosed by the Company on the website of Cninfo dated 3 March 2020.
Total	--	--	--	2,311,258,225.68	5,107,283,150.56	--	--	N/A	N/A	--	--	--

#### 4. Financial Investments

##### (1) Securities Investments

Applicable  Not applicable

Unit: RMB

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Beginning carrying value	Gain/loss on fair value changes in the Reporting Period	Cumulative fair value changes charged to equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying value	Accounting title	Funding source
Fund		DAPU Asset Management	200,000,000.00	Fair value method	202,334,870.49				202,334,870.49	-1,934,564.20	0.00	Held-for-trading financial assets	Self-owned funds
Other ending holding securities investments				--								--	--
Total			200,000,000.00	--	202,334,870.49				202,334,870.49	-1,934,564.20	0.00	--	--
Disclosure date of the announcement about the board's consent for the securities investment			N/A										
Disclosure date of the announcement about the general meeting's consent for the securities investment (if any)			N/A										

**(2) Investments in Derivative Financial Instruments**

Applicable  Not applicable

**1) Investments in derivative financial instruments for the purpose of hedging during the Reporting Period**

Applicable  Not applicable

No such cases in the Reporting Period.

**2) Investments in derivative financial instruments for the purpose of speculation during the Reporting Period**

Applicable  Not applicable

Unit: RMB'0,000

Operator	Relationship with the Company	Connected transaction	Type of derivative	Initial investment amount	Starting date	Ending date	Beginning investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment provision (if any)	Ending investment amount	Proportion of closing investment amount in the Company's ending net assets	Actual gain/loss in the Reporting Period
Reverse repurchase of national debt	Naught	No	Reverse repurchase of national debt	6,000.00	20 December 2022	11 January 2024	6,000.00	11,019.90	14,500.00	0.00	2,519.90	0.11%	14.41
Total				6,000.00	--	--	6,000.00	11,019.90	14,500.00	0.00	2,519.90	0.11%	14.41
Capital source for derivative investment				Company's own funds									
Lawsuits involved (if applicable)				N/A									

Disclosure date of board announcement approving derivative investment (if any)	30 August 2013
Disclosure date of shareholders' meeting announcement approving derivative investment (if any)	N/A
Analysis of risks and control measures associated with derivative investments held in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	The Company had controlled the relevant risks strictly according to the Derivatives Investment Management System.
Changes in market prices or fair value of derivative investments during the Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)	Naught
Significant changes in accounting policies and specific accounting principles adopted for derivative investments in the Reporting Period compared to previous reporting period	Naught
Opinion of independent directors on derivative investments and risk control	Based on the sustainable development of the main business and the sufficient free idle money, the Company increased the profits through investing in the reasonable financial derivative instruments, which was in favor of improving the service efficiency of the idle funds; in order to reduce the investment risks of the financial derivative instruments, the Company had set up corresponding supervision mechanism for the financial derivative instrument business and formulated reasonable accounting policy as well as specific principles of financial accounting; the derivative Investment business developed separately took national debts as mortgage object, which was met with the cautious and steady risks management principle and the interest of the Company and shareholders. Therefore, agreed the Company to develop the derivative Investment business of reverse repurchase of national debt not more than the limit of RMB0.3 billion.

**5. Use of Funds Raised**

Applicable  Not applicable

**(1) Overall Usage of Funds Raised**

Applicable  Not applicable

Unit: RMB'0,000

Year	Way of raising	Total funds raised	Net of funds raised	Total funds used in the Current Period	Accumulative fund used	Total funds with usage changed	Accumulative funds with usage changed	Proportion of accumulative funds with usage changed	Total unused funds	The usage and destination of unused funds	Amount of funds raised idle for over two years
2021	Private placement of stocks	500,000	495,434.21	156,611.37	308,553.86	0.00	0.00	0.00%	186,880.35	Deposited in fund raising account and cash management	0.00
Total	--	500,000	495,434.21	156,611.37	308,553.86	0.00	0.00	0.00%	186,880.35	--	0.00
Explanation of overall usage of funds raised											
Through this issuance, the Company raised total proceeds of RMB5,000,000,000.00. After deducting the expenses related to the issuance of RMB45,657,925.15 (excluding VAT), the actual net proceeds raised were RMB4,954,342,074.85, and the actual amount received was RMB4,957,547,169.81. In 2023, the Company cumulatively used raised funds of RMB1,566,113,700 and the interest from the special account of raised funds was RMB66,998,300. As of the end of 2023, the balance of certificate of deposit and time deposits purchased with temporarily idle raised funds was RMB1.9 billion. The amount of balance due in the special account of raised funds on 31 December 2023 was RMB2,023,232,600.											

**(2) Commitment Projects of Fund Raised**

Applicable  Not applicable



Unit: RMB'0,000

Committed investment project and super raise fund arrangement	Changed or not (including partial changes)	Committed investment amount	Investment amount after adjustment (1)	Investment amount in the Reporting Period	Accumulative investment amount as of the period-end (2)	Investment schedule as the period-end (3)=(2)/(1)	Date of reaching intended use of the project	Realized income in the Reporting Period	Whether reached anticipated income	Whether occurred significant changes in project feasibility
Committed investment project										
The smart technology transformation project for liquor production	Not	495,434.21	495,434.21	156,611.37	308,553.86	62.28%	31 December 2024	N/A	N/A	Not
Subtotal of committed investment project	--	495,434.21	495,434.21	156,611.37	308,553.86	--	--	N/A	--	--
Total	--	495,434.21	495,434.21	156,611.37	308,553.86	--	--	N/A	--	--
Condition and reason for not reaching the schedule and anticipated income (by specific items)	N/A									
Notes of condition of significant changes occurred in project feasibility	N/A									
Amount, usage and schedule of super raise fund	N/A									
Changes in implementation address of investment project	N/A									

Adjustment of implementation mode of investment project	N/A
Advance investments in projects financed with raised funds and swaps of such advance investments with subsequent raised funds	N/A
Idle fund supplementing the current capital temporarily	N/A
Amount of surplus in project implementation and the reasons	N/A
Usage and destination of unused funds	As of 31 December 2023, the unused raised funds and the interest were deposited in the special account for raised funds, and idle raised funds of RMB1.9 billion were outstanding for cash management purposes.
Problems incurred in fund using and disclosure or other condition	N/A

### (3) Raised Funds Re-purposed

Applicable  Not applicable

No such cases in the Reporting Period.

## VIII Sale of Major Assets and Equity Interests

### 1. Sale of Major Assets

Applicable  Not applicable

No such cases in the Reporting Period.

## 2. Sale of Major Equity Interests

Applicable  Not applicable

## IX Principal Subsidiaries and Joint Stock Companies

Applicable  Not applicable

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profits

Unit: RMB

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Bozhou Gujing Sales Co., Ltd	Subsidiary	Wholesales of baijiu, construction materials, feeds, assistant materials, etc.	84,864,497.89	9,602,688,039.38	2,973,495,817.94	18,352,818,599.69	2,265,501,869.15	1,755,194,808.96
Anhui Longrui Glass Co., Ltd	Subsidiary	Manufacture and sale of glass products, etc.	86,660,268.98	542,941,516.84	437,163,522.79	417,924,826.89	38,424,264.16	37,107,914.81
Yellow Crane Tower Wine Industry Co., Ltd	Subsidiary	Production and sales of baijiu, etc.	400,000,000.00	2,075,028,332.22	957,759,311.79	1,827,457,484.53	282,928,028.47	221,724,360.09
Shanghai Gujing Jinhao Hotel Management Co., Ltd.	Subsidiary	Hotel management, house lease, etc.	54,000,000.00	162,043,054.02	82,791,185.49	69,568,008.98	6,562,610.27	3,750,118.62

Subsidiaries obtained or disposed in the Reporting Period:

Applicable  Not applicable

Subsidiary	How subsidiary was obtained or disposed	Effects on overall operations and performance
Anhui Guqi Distillery Co., Ltd.	Incorporated with investment	Practicing the internationalization strategy of Gujing and cultivating new consumer groups
Guizhou Zhencang Winery Industry Sales Co., Ltd.	Incorporated with investment	Optimizing internal operation structure and enhancing endogenous impetus
Wuhan Gulou Junhe Trading Co., Ltd.	Incorporated with investment	Optimizing internal operation structure and enhancing endogenous impetus
Wuhan Gulou Juntai Trading Co., Ltd.	Incorporated with investment	Optimizing internal operation structure and enhancing endogenous impetus
Xiaogan Gulou Tiancheng Trading Co., Ltd.	Incorporated with investment	Optimizing internal operation structure and enhancing endogenous impetus
Anhui Anjie Technology Co., Ltd.	De-registered and liquidated	

Notes to main controlled and joint stock companies:

Not applicable.

## X Structured Bodies Controlled by the Company

Applicable  Not applicable

## XI Prospects

### (I) Development Prospect of the Industry the Company is in

#### 1. The baijiu growth logic has been adjusted with slowing consumption upgrades

From the perspective of consumption scenarios, the most distinct trend in 2023 was the booming banquet sector contrasted with weaker business-related consumption, which led to a temporary shift in the structure of baijiu consumption. The year 2024 is set to be a pivotal starting year for the gradual recovery of the baijiu industry. The growth logic of the past decade has been driven by consumption upgrades, resulting in price increases and a shift towards higher-end products, a phenomenon that saw many companies experiencing a "volume decrease, price increase, continuous ascent". However, with increasing economic uncertainty, more rational consumption, reduced government and business spending, demographic aging, and declining birth rates, the Chinese liquor industry is transitioning from a "price increase logic" to a "comprehensive competition logic".

#### 2. The industry concentration continues to increase while the market segmentation intensifies

Looking at the competitive landscape of the industry, concentration is continuously increasing, showing a "dual concentration trend" towards leading baijiu brands and strong regional brands. In 2024, the baijiu industry is expected to continue the trend of "the strong get stronger, the weak decline". Key production areas, leading companies, and renowned brands will further consolidate their market positions. Additionally, the differentiation among companies will persist, with baijiu enterprises that possess competitive advantages and innovation capabilities encountering more development opportunities. Under the dual concentration trend, it is crucial for brands to elevate their profile while also grounding their marketing efforts. Deep market penetration to achieve compressive and substitutive growth will become a core strategy.

#### 3. Brand enhancement has accelerated the quality expression

The trend towards brand-oriented development in the baijiu industry has resulted in an increasing concentration within the sector, a testament to the growing influence and enhancement of leading brands. Shifting from purchasing "products" to "values", baijiu companies must attract consumers by enhancing brand added value. The significance of brand factors in market competition is growing, with high-potential brand development expected to accelerate. Quality is the foundation of a brand, yet historically, baijiu branding has largely been shaped by history, culture, and accolades. In today's competitive environment, consumers place greater emphasis on product quality, thus enhancing the importance of quality expression in market competitiveness.

#### 4. Digitisation drives marketing innovations

The introduction of digital tools has made liquor marketing more dynamic, with digital channel marketing increasingly becoming a means for liquor companies to reinforce their strengths. Companies are diversifying their marketing strategies, developing digital systems, and introducing mechanisms like QR code red packets to boost sales and bottle opening rates, thereby enhancing cost efficiency. Utilizing digital platforms allows for precise targeting of desired audiences, boosting promotional impacts. Strengthening market monitoring and implementing "multi-code integration", digital platforms can track product distribution, mitigate the risks of product diversion, and monitor stock changes, leading to more precise and market-oriented marketing rhythms.

### (II) Development Strategy of the Company

#### 1. Firmly boost "Strategy 5.0, Five-Star Operation" Strategy

Comprehensively fulfill Strategy 5.0 and have the "User-Centered" thought fully and deeply implemented in the Company. Solidly create the "Five-Star Operation", enhance competitive force, improve quality and efficiency, optimize services and promote healthy and efficient operation of the enterprise.

#### 2. Firmly boost reform and innovation strategy

Deeply boost marketing innovation, technological innovation and mechanism innovation and generate endogenous power of the enterprise.

#### 3. Firmly create "Talent Highland" strategy

Intensify talent recruitment and attraction and establish flexible talent attraction and wisdom experience borrowing mechanism. Innovate talent training mode and promote independent cultivation & development and absorption & attraction simultaneously.

### **(III) Operating Revenue Plan of the Company in 2024**

In 2024, the Company plans to achieve the operating revenue of RMB24.45 billion, rising 20.72% compared with that of last year; and achieve a total profit of RMB7.95 billion, rising 25.55% compared with that of last year.

### **(IV) Operating Risk of the Company**

1. The strengthened concentration and intensified polarisation in the baijiu industry, leading to highly competitive conditions;
2. The more complex, severe and uncertain external environment.

### **(V) Operating Measures**

#### **1. Brand Development**

We will continue to focus on mainstream media while strengthening new media platforms to enhance synergistic effects in our promotions. Efforts will be made to enhance our CCTV and satellite TV Spring Festival IP, as well as high-speed rail IP, include deepening the quality expression and cultural content of strong flavour baijiu. Leveraging live streaming and short video platforms, the Company aims to continually invigorate our brand, increasing our presence in e-commerce, factory tours, and experience stores through multi-channel traffic driving, creating synergy between online and offline efforts to expand both the reach and effectiveness of our initiatives.

#### **2. Marketing**

The Company will maintain the strategy of aiming high, anchoring on a "nationwide and sub-high-end" approach, and continue to deepen the "Three Ones Project", optimizing our product and customer structures. We will coordinate the advancement of both domestic and international markets. Domestically, we will accelerate our national expansion, strengthen provincial markets, speed up inter-provincial reach, and refine key markets. Internationally, we will capitalise on the "Belt and Road" initiative to fully launch global partnerships and identify optimal agents, continuing to target the sub-high-end consumer segment with our strategic focus on "Gu 20".

#### **3. Production Management**

We will progress our wine storage projects and expedite key initiatives, enhancing our capabilities for automated baijiu production and improving our capacity for production reserves, bottling operations, and related infrastructure. We will bolster our quality initiatives and establish a distinctive "Grand Quality Control" system specific to Gujing Distillery. Horizontal management will be strengthened to oversee the entire production process from grain to fragrance, while vertical management will be reinforced from the ground up to solidify the responsibility of quality management staff at all levels, ensuring comprehensive, gap-free quality control. Centring on "three products", "transparent factory", and "four research institutes", we will continue to refine our quality expression, converting technical terminology into more accessible language, and advancing the health, flavour, quality, and cultural aspects of Gujing Distillery.

#### **4. Engineering Construction**

We will accelerate the progression of the Intelligent Park project, ensuring the completion of new workshops that are both intelligent and automated. This initiative will significantly enhance our production capacity, quality, and efficiency.

#### **5. Informatisation Construction**

We will hasten our efforts in advancing the "Digital Engineering" initiative to bolster our capabilities in digital management. This will include deepening the integration of digital technologies with production and manufacturing processes. We will also intensify our digital marketing efforts to enrich user experiences and optimise our digital production models. The deployment of the Manufacturing Execution System (MES) will further facilitate the integration of IT and Operational Technology (OT), merging data resources and automation benefits to refine production processes, boost efficiency, reduce costs, and ensure that digital advances significantly enhance the quality of our products.

#### **6. Safety and Environmental Protection**

We will comprehensively enforce a strict safety responsibility system and enhance fire management to fortify our safety defences. We will intensify source control and process management of pollutants, aiming to further reduce emissions and promote the recycling of waste. We will continue to advance our energy-saving and environmental protection projects, including the implementation of

photovoltaic projects, research into energy storage applications, bilateral green energy trading, and balanced energy and water usage. We will also meticulously coordinate and enhance our top-level energy-saving management planning and dual-carbon implementation strategies.

#### 7. Internal Management

We will strengthen our innovative talent incentive mechanisms and consolidate the outcomes of the three-year action plan for state-owned enterprise reform. We will advance reforms in "tenure systems", "performance wagering", "internal marketisation", and "independent legal entity" frameworks. By employing more flexible staffing and incentive mechanisms, we aim to further unleash potential, revitalise our workforce, and significantly boost our core competitiveness.

#### 8. Corporate Culture Construction

We will enhance our political framework by deeply studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and comprehensively embracing the guiding principles of the 20th CPC National Congress. Supported by the Gujing Distillery Original Vintage Cultural Research Institute, we will actively explore and disseminate China's excellent traditional culture, continuously implementing the cultural contributions of Gujing Distillery and Zhengzi culture. At the same time, leveraging our steps towards internationalisation with the new Ancient Well approach, we will innovate ways and means of cultural communication, aiming to "make Chinese baijiu a global language".

In 2024, the Company will continue to be guided by Xi Jinping's Thoughts on Socialism with Chinese Characteristics for a New Era, and deeply implement the guiding principles of the 20th CPC National Congress along with the strategic decisions of the provincial and municipal governments. With the "Three Products Project" as our blueprint, we will work tirelessly, hand in hand, and focus our efforts to deeply implement a new round of state-owned enterprise reform and enhancement actions. We will raise the bar, strive to be pioneers, and aim to reach RMB30 billion, as we set forth on this new journey to compose new chapters and achieve new glories.

## XII Communications with the Investment Community such as Researches, Inquiries and Interviews

Applicable  Not applicable

## XIII Implementation of the Action Plan for "Dual Enhancement of Quality and Profitability"

Indicate whether the Company has disclosed its Action Plan for "Dual Enhancement of Quality and Profitability".

Yes  No

In order to implement the guiding ideology of "to activate the capital market and boost investor confidence" proposed by the meeting of the Political Bureau of the CPC Central Committee and "to vigorously improve the quality and investment value of listed companies, and to take more effective and effective measures to stabilize the market and stabilize confidence" proposed by the National Standing Committee, combined with the company's development strategy, operating conditions and financial conditions, in order to safeguard the interests of all shareholders of the company, To enhance investor confidence and promote the long-term healthy and sustainable development of the company, the company has formulated a "quality return double improvement" action plan. For details, see the "Announcement on Promoting the" Double Improvement of Quality Return "action Plan" disclosed by the company on March 6, 2024 (Announcement Number: 2024-001).

In accordance with the provisions of the Company Law, the Articles of Association and other relevant provisions on profit distribution policy, combined with the company's actual situation and development needs, in order to fully return shareholders, the company's 2023 profit distribution plan is as follows: Based on the total share capital of 528,600,000 shares, the Company will distribute a cash dividend of RMB45 (including tax) to all shareholders for every 10 shares. The Company intends to distribute a total cash dividend of RMB2,378,700,000.00 (including tax), accounting for 51.83% of the net profit attributable to the shareholders of the listed company in the consolidated statement of this year. This year's cash dividend amount increased by 50.00%, fully sharing the company's development results with the majority of investors.

## Part IV Corporate Governance

### I General Information of Corporate Governance

The Company has enabled the General Meeting, the Board of Directors, the Board of Supervisors and the management to form a standardized and scientific decision-making mechanism of operation to sufficiently protect the rights and interests of investors, and small and medium investors in particular, and to intensify the standardized operation of the Company, in strict accordance with relevant laws and regulations such as *the Company Law*, *the Securities Law*, *the Code of Corporate Governance for Listed Companies*, *the Rules for Stock Listing of Shenzhen Stock Exchange*, and *Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Standard Operation of Listed Companies on the Main Board*. During the Reporting Period, the Company's actual situation of corporate governance met the relevant requirements of the normative documents on the governance of listed companies issued by the China Securities Regulatory Commission. In strict accordance with the relevant laws and regulations, and the Company's requirements on internal rules, regulations, and management system, each of the directors, supervisors and senior managers of the Company executed his or her rights and obligations, to ensure transparent disclosure of the Company's information, its operation according to law, and honesty and trustworthiness.

#### 1. Shareholders and General Meeting of Shareholders

The Company regulates the convening, holding, and voting procedures of the general meeting of shareholders in strict accordance with the provisions and requirements of *the Company Law*, *the Articles of Association*, and *the Rules of Procedure of the General Meeting*. During the Reporting Period, the convening and holding procedures of general meetings of shareholders, the qualifications of attendants to the meetings and the voting procedures of the meetings all met the provisions of *the Company Law*, *Rules of Procedure of the General Meeting*, and other laws and regulations. The Company equally treated all of its shareholders, and small and medium shareholders in particular, to ensure full execution of rights of all shareholders.

#### 2. The Company and Controlling Shareholders

The Company's controlling shareholders are able to strictly regulate their own behaviors, without any violation of provisions of relevant laws, regulations, and the Company's Articles of Association. They have not directly or indirectly interfered with the Company's decision-making, and production and operation activities, nor have they occupied the Company's funds; the Company has not provided its controlling shareholders with any form of guarantee.

#### 3. Directors and Board of Directors

The Company's Board of Directors consists of nine directors, three of whom are independent directors. The number of directors and the personnel composition of the Board of Directors comply with the requirements of laws, regulations, and *the Articles of Association*. All directors act in accordance with *the Articles of Association*, *Rules of Procedure of the Board of Directors*, and *the Work Policy for Independent Directors*, etc., attend the meetings of the Board of Directors and general meetings of shareholders, diligently and faithfully perform their duties and obligations. Meanwhile, they actively participate in relevant training, and get familiar with relevant laws and legislations. Under the Board of Directors, there are four special committees, i.e., the Audit Committee, the Nominating Committee, the Remuneration and Appraisal Committee, and the Strategy Committee, which perform their normal duties, to provide scientific and professional comments and references for decision-making of the Board of Directors.

#### 4. Supervisors and Board of Supervisors

There are five supervisors in the Company's Board of Supervisors, including two employee supervisors. The number and composition of the Board of Supervisors are in compliance with the requirements of laws and regulations. All supervisors are able to conscientiously perform their duties in accordance with the requirements of *the Rules of Procedure of the Board of Supervisors*, earnestly perform their duties, and supervise the major events, related-party transactions, financial status, law-and-regulation compliance of performance of duties of directors and senior managers of the Company.

#### 5. The Mechanism of Performance Appraisal, and Incentive and Constraint



The procedures for appointment and removal of directors, supervisors, and senior managers of the Company shall be open and transparent, and in line with the relevant provisions of laws, regulations, and *the Articles of Association*; the Company's remuneration appraisal scheme shall specifically stipulate the evaluation to the Company's management team. The Company shall constantly improve the performance evaluation standard and incentive and constraint mechanism of directors, supervisors, and senior managers.

#### **6. Fulfillment of Social Responsibilities, and Stakeholders**

The Company is able to fully respect and protect the legitimate rights and interests of relevant stakeholders, achieve a balance of interests between the society, shareholders, the Company, suppliers, customers, employees, and other relevant parties, to promote the sustainable, stable, and healthy development of the Company.

#### **7. Information Disclosure and Transparency**

The Company faithfully performs the obligation of information disclosure in strict accordance with *the Articles of Association of the Company*, *Listing Rules of Shenzhen Stock Exchange*, *Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Standard Operation of Listed Companies on the Main Board*, *Self-regulatory Guidelines No. 5 for Companies Listed on Shenzhen Stock Exchange - Management of Information Disclosure Affairs*, and the relevant laws and regulations of China's Securities Regulatory Commission and Shenzhen Stock Exchange. The Company designates *China Securities Journal*, *Shanghai Securities News*, *Ta Kung Pao*, and Cninfo (<http://www.cninfo.com.cn>) as its information disclosure media and website, to guarantee investors' right to know, and to ensure that all shareholders of the Company have a fair opportunity to obtain information of the Company. Meanwhile, the Company has established diversified communication channels for investors, including special telephone line, exclusive mailbox, and interactive platform for investors, and many other forms, to fully guarantee the right of a large number of investors to know.

#### **8. The formulation and implementation of the registration and management system on inside information and insiders**

In accordance with the requirements of regulatory authorities, the Company and all of its controlling shareholders have formulated the system for registration and record on inside information and insiders, regulated the acts of managing inside information of the Company and its controlling shareholder, strengthened the classification of inside information, and safeguarded the principle of fairness for information disclosure. During the Reporting Period, in strict accordance with *the Management System on Inside Information and Insiders*, the Company has made well classification of inside information, and registration and record on insiders.

Indicate by tick market whether there is any material in-compliance with laws, administrative regulations and the regulatory documents issued by the CSRC governing the governance of listed companies.

Yes No

No such cases in the Reporting Period.

## **II The Company's Independence from Its Controlling Shareholder and Actual Controller in Business, Personnel, Asset, Organization and Financial Affairs**

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

### **1. Independence of Business**

The Company is mainly engaged in the production and sale of baijiu, and the Company's business is mutually independent of its controlling shareholder Gujing Group and other enterprises controlled by the Group. The issuer owns independent research and development system, purchasing system, production system, and sale system, forming a complete business chain, all of which do not rely on its shareholders and their subordinate enterprises. Therefore, the issuer's business is independent of its controlling shareholders.

## 2. Independence of Personnel

The Company has independent management systems of labor, personnel, salary, etc., and independent staff teams, in which the salary payment and welfare expenditure of the Company are strictly independent of those of its shareholders and related parties. The directors, supervisors and senior managers of the Company are all selected in strict accordance with the relevant provisions of *the Company Law* and *the Company's Articles of Association*. All senior managers do not take other positions than directors or supervisors in any of other entities controlled by the controlling shareholders or actual controllers of the Company, nor do they receive salary from any other entities controlled by the controlling shareholders or actual controllers of the Company. None of the financial staff members of the Company takes part-time positions in any of other entities controlled by the controlling shareholders or actual controllers of the Company.

## 3. Independence of Assets

The Company has its production system, auxiliary production system, and supporting facilities related to its production and operation; and legally has the ownership or use rights of the land, plants, machines, trademarks, and patents in relation to its production and operation. Therefore, there is not any damage to the Company's interests in such a way that the assets and funds of the Company are occupied by the Company's controlling shareholders and their related parties.

## 4. Independence of Organization

The Company has established a sound and integral governance structure of general meeting of shareholders, the Board of Directors, and the Board of Supervisors, and formulated the corresponding internal control management system. The Company independently exercises the duties and rights of operation and management, in which the Company's units of production, operation, and office are completely separated from the shareholding entities. Therefore, the Company does not make mixed operation and has mixed office with its shareholding entities; the Company's shareholding entities and their related entities or persons do not interfere with the Company's structural setup; there is not any subordinate relationship between the Company and its controlling shareholders, or between their functional departments.

## 5. Independence of Finance

The Company has set up an independent finance department with full-time personnel; and established an independent accounting system and financial management system, independently making financial decisions, and implementing a strict internal audit system. An independent bank account has been opened for the Company, without sharing the account with the Company's shareholding entities or any other entity or person. The Company, as an independent taxpayer, declares taxes and fulfills tax payment obligations independently according to law, and does not pay taxes together with its shareholding entities.

## III Horizontal Competition

Applicable  Not applicable

## IV Annual and Extraordinary General Meetings Convened during the Reporting Period

### 1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 2022 Annual General Meeting	Annual General Meeting	58.01%	29 June 2023	30 June 2023	Announcement on Resolutions of the 2022 Annual General Meeting disclosed on

						www.cninfo.com.cn
The 1 <sup>st</sup> Extraordinary General Meeting of 2023	Extraordinary General Meeting	59.06%	19 December 2023	20 December 2023		Announcement on Resolutions of the 1 <sup>st</sup> Extraordinary General Meeting of 2023 disclosed on www.cninfo.com.cn

## 2. Extraordinary General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable  Not applicable

## V Directors, Supervisors and Senior Management

### 1. Basic Information

Name	Office title	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Beginning shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)
Liang Jinhui	Chairman of the Board	Incumbent	Male	58	23 April 2014	29 June 2026					
Li Peihui	Director	Incumbent	Male	51	23 August 2016	29 June 2026					
Zhou Qingwu	Director, GM	Incumbent	Male	50	23 April 2014	29 June 2026					
Yan Lijun	Director, Executive Deputy GM	Incumbent	Male	51	5 August 2016	29 June 2026					
Xu Peng	Director, Deputy GM	Incumbent	Male	54	23 August 2016	29 June 2026					
Ye Changqin	Director	Incumbent	Male	50	15 December 2011	29 June 2026					
Wang Ruihua	Independent director	Incumbent	Male	62	27 September	26 September					

					er 2019	er 2025				
Xu Zhihao	Independent director	Incumbent	Male	48	19 June 2020	29 June 2026				
Li Jing	Independent director	Incumbent	Female	56	29 June 2023	29 June 2026				
Yang Xiaofan	Chairman of Supervisory Committee	Incumbent	Male	57	23 August 2016	29 June 2026				
Song Zifa	Supervisor	Incumbent	Male	43	29 June 2023	29 June 2026				
Mu hua	Supervisor	Incumbent	Male	56	19 December 2023	29 June 2026				
Cui Yujun	Employee supervisor	Incumbent	Male	56	20 March 2022	29 June 2026				
Liu Yongxia	Employee supervisor	Incumbent	Female	48	29 June 2023	29 June 2026				
Zhang Lihong	Deputy GM	Incumbent	Male	56	5 August 2016	29 June 2026				
Gao Jiakun	Deputy GM	Incumbent	Male	54	28 August 2020	29 June 2026				
Li Anjun	Deputy GM	Incumbent	Male	54	28 August 2020	29 June 2026				
Zhu Xianghong	Deputy GM	Incumbent	Male	50	28 August 2020	29 June 2026				
Kang Lei	Deputy GM	Incumbent	Male	46	23 September 2022	29 June 2026				
Zhu Jiafeng	Deputy GM, Chief Accountant, Secretary of the Board	Incumbent	Male	47	23 September 2022	29 June 2026				

Zhang Guiping	Independent director	Former	Male	73	19 June 2020	29 June 2023					
Sun Wanhua	Chairman of Supervisory Committee	Former	Male	59	20 May 2019	19 December 2023					
Lu Duicang	Supervisor	Former	Male	44	20 May 2019	29 June 2023					
Zhang Bo	Supervisor	Former	Male	59	23 August 2016	29 June 2023					
Total	--	--	--	--	--	--					

Indicate by tick mark whether any directors or supervisors left or any senior management were disengaged during the Reporting Period

Yes No

Mr. Sun Wanhua applied for resignation from the positions of employee supervisor and chairman of the Supervisory Committee of the Company due to retirement.

Change of Directors, Supervisors and Senior Management

Applicable  Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Li Jing	Independent director	Elected	29 June 2023	Election
Song Zifa	Supervisor	Elected	29 June 2023	Election
Liu Yongxia	Employee supervisor	Elected	29 June 2023	Election
Mu Hua	Supervisor	Elected	19 December 2023	Election
Zhang Guiping	Independent director	Left	29 June 2023	Expiration of the term
Sun Wanhua	Chairman of Supervisory Committee	Left	19 December 2023	Retirement
Lu Duicang	Supervisor	Left	29 June 2023	Expiration of the term
Zhang Bo	Supervisor	Left	29 June 2023	Expiration of the term

## 2. Biographical Information

Professional backgrounds, major work experience and current duties in the Company of the incumbent directors, supervisors and senior management:

1. Mr. Liang Jinhui, male, born in October 1966, member of CPC, is Political Engineer, a deputy to the 13<sup>th</sup> National People's Congress, a deputy to the 14<sup>th</sup> National People's Congress and Chinese Brewmaster with MBA degree, incumbent Secretary of CPC and president of the Company and president and Secretary of CPC of Gujing Group. He ever took the post of MD, GM, Deputy GM, GM of Bozhou Gujing Sales Co., Ltd., Supervisor of Third Supervisory Committee, Director of the 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> Board of Directors and Chairman of the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> Board of Directors of the Company.
2. Mr. Li Peihui, male, born in July 1973, member of CPC, is a holder of master degree. He is a senior accountant, CPA (non-practicing) and member of national leading accounting talents. At present, he acts as the Company's Vice Secretary of CPC and president of Gujing Group. He had ever served as deputy GM and GM of Financial Department, deputy chief accountant, chief accountant, Secretary of Board of Directors and Director of the Company; Chairman of the Board of Anhui Ruijing Business Travel Group Co. and Anhui Huixin Financial Investment Group; executive vice president and CFO of Gujing Group; and director of the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> Board of Directors.
3. Mr. Zhou Qingwu, male, born in February 1974, member of CPC, is a senior engineer, and China Chief Baijiu Taster with educational experience of graduate student. At present, he is Vice Secretary of CPC, Director and General Manager of the Company, Vice Secretary of CPC of Gujing Group. He had ever acted as Deputy GM and deputy executive GM of the Company and Director of the 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> Board of Directors of the Company.
4. Mr. Yan Lijun, male, June 1973, member of CPC, is a holder of master degree with Senior Taster. Now he is Vice Secretary of CPC, Director, Executive Deputy GM of the Company, member of CPC Committee of Gujing Group, Chairman of the Board and GM of Bozhou Gujing Sales Co., Ltd. He once worked as a salesman of Sale Company, District Manager, Director of Market Research, Vice Manager of Planning Department, Director of Hefei Strategic Operations Center, Vice GM and director of the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> Board of Directors of the Company.
5. Mr. Xu Peng, male, born in September 1970, member of CPC, has educational experience of undergraduate college. He is the member of CPC Committee, Director and Deputy GM of the Company, member of CPC Committee of Gujing Group, Secretary of CPC and Chairman of the Board of Yellow Crane Tower Liquor Industry Co., Ltd. He had ever acted as Deputy Director and Director of Finance Second Office of Finance Department of the Company, Manager of Finance Department of Anhui Laobada Co., Ltd., Vice Manager and Manager of Finance Department of the Company, Deputy General Manager and Chief Supervisor of Market Supervision Department of Bozhou Gujing Sales Company, Chairman of the 7<sup>th</sup> Supervisory Committee and Director of the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> Board of Directors of the Company.
6. Mr. Ye Changqing, male, born in October 1974, member of CPC, senior accountant, is a member of national leading accounting talents with master degree and International Certified Internal Auditor. He is the incumbent Director of the Company and CFO of Gujing Group. He had ever acted as Chief Auditor of Audit Department, Vice Manager of Audit Department and Vice Supervisor and Supervisor of Auditing & Supervision Department; and Supervisor of the 4<sup>th</sup> Supervisory Committee of the Company; Director and Secretary of the 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> Board of Directors, and Chief Accountant of the Company.
7. Wang Ruihua, male, born in January 1962, member of CPC, is a non-practicing Chinese CPA with a doctor's degree in management. Now he acts as the executive dean, a professor and doctoral advisor at Central University of Finance and Economics, Guangdong-Hong Kong-Macao Greater Bay Area (Huangpu) Research Institute & member of China National MBA Education Supervisory Committee, member of Independent Director Committee of China Association for Public Companies, the independent director in the Company, independent director in Bank Of Beijing Co., Ltd., independent director of JD Technology Holding Co., Ltd., independent director of China Post Securities Co., Ltd.
8. Xu Zhihao, male, born in June 1976, is a senior economist who graduated from Renmin University of China. He also holds a master's degree from the PBC School of Finance, Tsinghua University, and is studying for a doctorate at Zhejiang University and Singapore Management University. He possesses the professional qualifications to engage in fund and securities businesses. He is currently Independent Director of the Company, CEO of Geely Technology Group Co., Ltd., Chairman of QJMOTOR, and Chairman of Mintimes Investment Development Group Co., Ltd.

9. Li Jing, female, born in April 1968, holds a master's degree and is a senior accountant. She is currently serving as an independent director at Kingsignal (300252). Her previous roles include Deputy Manager of the Finance Department, Director of the Audit Centre, Manager of Audit and Internal Control, and Director of the Settlement Centre at Beijing District Heating Group Co., Ltd.
10. Mr. Yang Xiaofan, male, born in April 1967, member of CPC, is a holder of master degree. At present, he is Supervisor of the Company and Vice President and member of CPC Committee of Gujing Group. He once acted as Vice President and General Manager of Anhui Gujing Real Estates Group Co., Ltd., Assistant to President of Gujing Group; Director of the 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> Board of Directors of the Company and Supervisor of the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> Supervisory Committee of the Company.
11. Song Zifa, male, born in May 1981, is a member of the Communist Party of China and holds a university degree and a senior accountant qualification. He currently occupies the position of Director of the Financial Management Centre at Anhui Gujing Group Co., Ltd. His past appointments include Supervisor of Gujing Group's Audit and Supervision Centre, Assistant Director of the Financial Management Centre, and General Manager of Anhui Zhongxin Finance Leasing Co., Ltd.
12. Mu Hua, male, born in November 1968, is a member of the Communist Party of China with an associate degree. He currently serves as the Deputy Director of the Party Committee Office at Anhui Gujing Group Co., Ltd. His previous roles include Deputy Manager and Assistant Director of the President's Office and Deputy Director at the same company.
13. Mr. Cui Yujun, male, born in December 1968, member of CPC, is a holder of bachelor degree. He is incumbent the employee supervisor of the Company and director of the Production Management Centre. He onced worked as the workshop manager, manager, GM Assistant, Deputy Director of the Company's Production Management Centre and Employee Supervisor of the 9<sup>th</sup> Supervisory Committee of the Company.
14. Liu Yongxia, female, born in September 1976, is educated to university level. She is currently the Vice Chair of the Company's trade union and the Vice Chair of the trade union at Anhui Gujing Group Co., Ltd. She has previously held the positions of Deputy Manager of the Production Management Centre's Dispatch Centre, and Deputy Manager and Manager of the Production Dispatch Department in the Company's Logistics Dispatch Centre.
15. Mr. Zhang Lihong, male, born in October 1968, member of CPC, is an economist with bachelor degree. He is incumbent Vice Secretary of CPC and Deputy GM of the Company and member of CPC Committee and deputy secretary of Commission for Discipline and Inspection of Gujing Group. He once acted as clerk, Secretary of Operation Department and Market Development Department, Deputy GM, Director of General Office, Director of Service Centre of Bozhou Gujing Sales Co., Ltd., Director of HR Department and Administrative Service Center and GM Assistant of the Company.
16. Mr. Gao Jiakun, male, born in November 1970, member of CPC, is a holder of bachelor degree. He is incumbent member of the CPC and Deputy GM of the Company. He once served as GM of Production Management Department, Vice Director of Production Management Centre, Chairman of the Board and GM of Bozhou Pairuite Packing Products Co., Ltd., Director of Finished Products Filling Centre and Production Management Centre, and assistant to GM of the Company.
17. Li Anjun, male, born in May 1970, is a member of CPC with a master's degree. He is currently a member of the Party Committee, Deputy General Manager and Chief Enginee of the Company. He served as the Deputy Director and Director of the Company's Technical Quality Center.
18. Mr. Zhu Xianghong, male, born in September 1974, member of CPC, is a senior Wine Taster with bachelor degree. He is incumbent Deputy GM of Company, GM of Yellow Crane Tower Liquor Industry Co., Ltd. He once acted as GM of Product Department of Bozhou Gujing Sales Co., Ltd., GM of Hefei Office, regional GM of Northern Anhui Province, GM of Anhui Operating Centre, standing Deputy GM of Sales Company and assistant to GM of the Company.
19. Kang Lei, male, born in July 1978, is a member of CPC and senior accountant with a college degree. He is currently Deputy GM, and Director of the Enterprise Management Center of the Company. He served as Deputy Director of the Financial Management Center of Bozhou Gujing Sales Company, Director and Assistant to General Manager of the Company's Administrative Service Center, and Deputy Director of the President's Executive Office of Gujing Group.
20. Zhu Jiafeng, male, born in August 1977, is a member of CPC and senior accountant with a college degree. He is currently Deputy

GM, Chief Accountant, Secretary of the Board and Director of the Financial Management Center of the Company. He served as the Manager, Deputy Director, assistant to General Manager and Deputy Chief Accountant of the Financial Management Center of the Company.

Offices held concurrently in shareholding entities:

Applicable  Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity
Liang Jinhui	Anhui Gujing Group Co., Ltd.	Chairman of the Board of Directors	1 May 2014		Yes
Li Peihui	Anhui Gujing Group Co., Ltd.	President	31 October 2017		Yes
Yang Xiaofan	Anhui Gujing Group Co., Ltd.	Vice President	1 November 2009		Yes
Ye Changqing	Anhui Gujing Group Co., Ltd.	CFO	13 August 2021		Yes
Song Zifa	Anhui Gujing Group Co., Ltd.	Head of Financial Management Center	24 January 2018		Yes
Mu Hua	Anhui Gujing Group Co., Ltd.	Deputy Director of the Party Committee Office	19 August 2022		Yes
Liu Yongxia	Anhui Gujing Group Co., Ltd.	Vice Chairman of the Labor Union	June 2018		Yes
Notes	The above-mentioned personnel, though they take posts in shareholders' entities, comply with the relevant employment requirements of Company Law, Securities Law and never disciplined by CSRC, other relevant departments and the Stock Exchange.				

Offices held concurrently in other entities:

Applicable  Not applicable

Name	Other entity	Office held in other entity	Start of tenure	End of tenure	Remuneration or allowance from other entity
Xu Zhihao	Geely Technology Group Co., Ltd.	CEO	January 2018		Yes
	Zhejiang Qjiang Motorcycle Co.,Ltd.	Chairman of the Board	February 2020	May 2024	No
Wang Ruihua	Central University of Finance and	Professor	July 1983		Yes



	Economics				
	Bank Of Beijing Co., Ltd.	Independent director	December 2019	December 2025	Yes
	JD Technology Holding Co., Ltd.	Independent director	June 2020		Yes
	China Post Securities Co., Ltd.	Independent director	February 2023		Yes
Li Jing	Kingsignal Technology Co.,Ltd.	Independent director	April 2023	August 2024	Yes
Notes	Naught				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

Applicable  Not applicable

Zhang Guiping served as an independent director of the Company from 19 June 2020 to 29 June 2023. Between 9 and 11 February 2022, a securities account registered in the name of Zhang Guiping's spouse purchased 30,700 shares of Gujing Distillery stock totalling RMB6,951,019.4 and sold the same amount for RMB7,160,330. This activity included selling the shares within six months of purchase.

On 8 January 2024, Zhang Guiping received an *Administrative Penalty Decision* ([2023] No. 14) from the Anhui Securities Regulatory Bureau. The aforementioned actions were found to be in violation of the first and second clauses of Article 44 of the *Securities Law*, constituting illegal activities as described in Article 189 of the *Securities Law*. Considering the facts, nature, circumstances, and social harm of the misconduct, the Anhui Securities Regulatory Bureau decided to issue a warning to Zhang Guiping and impose a fine of RMB150,000.

### 3. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

(1) Decision-making procedure of remuneration for Directors, Supervisors and Executive Officers

The remuneration of independent directors is decided through the general meeting of shareholders, and the remuneration of the directors, supervisors, and senior managers assuming positions in the Company is defined in accordance with the relevant regulations of the State-owned Assets Supervision and Administration Commission (the "SASAC") of Haozhou Municipal People's Government, and the relevant policies of the Company.

(2) Determination basis of remuneration for Directors, Supervisors and Executive Officers

Compensation for personnel will be determined in accordance with the *Implementation Opinions on Deepening the Reform of the Remuneration System for Leaders of Provincial Enterprises* issued by the CPC Anhui Provincial Committee and the Anhui Provincial People's Government (W.F. [2015] No. 28) and the *Bozhou Municipal Enterprises Leaders' Salary Management Interim Measures* (G.Z.G. [2017] No. 21), in conjunction with the Company's annual operational status and performance evaluation results.

(3) Actual Payment of remuneration for Directors, Supervisors and Executive Officers

Part of basic remuneration is paid on a monthly basis, and according to appraisal, performance-based remuneration is paid at the end of the year.

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Liang Jinhui	Chairman of the Board	Male	58	Incumbent		Yes
Li Peihui	Director	Male	51	Incumbent		Yes
Zhou Qingwu	Director, GM	Male	50	Incumbent	255.60	No
Yan Lijun	Director, Executive Deputy GM	Male	51	Incumbent	478.14	No
Xu Peng	Director, Deputy GM	Male	54	Incumbent	230.42	No
Ye Changqing	Director	Male	50	Incumbent		Yes
Wang Ruihua	Independent director	Male	62	Incumbent	20.00	No
Xu Zhihao	Independent director	Male	48	Incumbent	20.00	No
Li Jing	Independent director	Female	56	Incumbent		No
Yang Xiaofan	Chairman of Supervisory Committee	Male	57	Incumbent		Yes
Song Zifa	Supervisor	Male	43	Incumbent		Yes
Mu hua	Supervisor	Male	56	Incumbent		Yes
Cui Yujun	Employee supervisor	Male	56	Incumbent	163.75	No
Liu Yongxia	Employee supervisor	Female	48	Incumbent		Yes
Zhang Lihong	Deputy GM	Male	56	Incumbent	236.33	No
Gao Jiakun	Deputy GM	Male	54	Incumbent	223.28	No
Li Anjun	Deputy GM	Male	54	Incumbent	219.13	No
Zhu Xianghong	Deputy GM	Male	50	Incumbent	412.11	No
Kang Lei	Deputy GM	Male	46	Incumbent	223.11	No
Zhu Jiafeng	Deputy GM, Chief Accountant, Secretary of the	Male	47	Incumbent	223.19	No

	Board					
Zhang Guiping	Independent director	Male	73	Former	20.00	No
Sun Wanhua	Chairman of Supervisory Committee	Male	59	Former		Yes
Lu Duicang	Supervisor	Male	44	Former	101.46	No
Zhang Bo	Employee supervisor	Male	59	Former		Yes
Total	--	--	--	--	2,826.52	--

Other notes:

Applicable  Not applicable

## VI Performance of Duty by Directors in the Reporting Period

### 1. Board Meeting Convened during the Reporting Period

Meeting	Date of the meeting	Disclosure date	Meeting resolutions
The 15 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	28 April 2023	29 April 2023	Announcement on Resolutions of the 15 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors of Anhui Gujing Distillery Company Limited (No.: 2023-005) disclosed on the website of Cninfo (www.cninfo.com.cn).
The 16 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	6 June 2023	7 June 2023	Announcement on Resolutions of the 16 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors of Anhui Gujing Distillery Company Limited (No.: 2023-014) disclosed on the website of Cninfo (www.cninfo.com.cn).
The 1 <sup>st</sup> Meeting of the 10 <sup>th</sup> Board of Directors	29 June 2023	30 June 2023	Announcement on Resolutions of the 1 <sup>st</sup> Meeting of the 10 <sup>th</sup> Board of Directors of Anhui Gujing Distillery Company Limited (No.: 2023-021) disclosed on the website of Cninfo (www.cninfo.com.cn).
The 2 <sup>nd</sup> Meeting of the 10 <sup>th</sup> Board of Directors	30 August 2023	31 August 2023	Announcement on Resolutions of the 2 <sup>nd</sup> Meeting of the 10 <sup>th</sup>

			Board of Directors of Anhui Gujing Distillery Company Limited (No.: 2023-026) disclosed on the website of Cninfo (www.cninfo.com.cn).
The 3 <sup>rd</sup> Meeting of the 10 <sup>th</sup> Board of Directors	27 October 2023	28 October 2023	Announcement on Resolutions of the 3 <sup>rd</sup> Meeting of the 10 <sup>th</sup> Board of Directors of Anhui Gujing Distillery Company Limited (No.: 2023-034) disclosed on the website of Cninfo (www.cninfo.com.cn).
The 4 <sup>th</sup> Meeting of the 10 <sup>th</sup> Board of Directors	29 November 2023	30 November 2023	Announcement on Resolutions of the 4 <sup>th</sup> Meeting of the 10 <sup>th</sup> Board of Directors of Anhui Gujing Distillery Company Limited (No.: 2023-036) disclosed on the website of Cninfo (www.cninfo.com.cn).

## 2. Attendance of Directors at Board Meetings and General Meetings

Attendance of directors at board meetings and general meetings							
Director	Total number of board meetings the director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the director failed to attend	The director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Liang Jinhui	6	2	4	0	0	No	1
Li Peihui	6	2	4	0	0	No	2
Zhou Qingwu	6	2	4	0	0	No	2
Yan Lijun	6	2	4	0	0	No	2
Xu Peng	6	2	4	0	0	No	2
Ye Changqing	6	2	4	0	0	No	2
Wang Ruihua	6	2	4	0	0	No	2
Xu Zhihao	6	1	5	0	0	No	2
Li Jing	4	1	3	0	0	No	1
Zhang Guiping	2	1	1	0	0	No	1

### 3. Objections Raised by Directors on Matters of the Company

Indicate by tick mark whether any independent directors raised any objections on any matter of the Company.

Yes No

No such cases in the Reporting Period.

### 4. Other Information about the Performance of Duty by Directors

Indicate by tick mark whether any suggestions from directors were adopted by the Company.

Yes No

Suggestions from directors adopted or not adopted by the Company

During the Reporting Period, the directors of the Company carried out their work diligently and conscientiously in strict accordance with *the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Standard Operation of Listed Companies on the Main Board, the Articles of Association, and Rules of Procedure of the Board of Directors*. Based on the Company's reality, they put forward relevant opinions on the Company's major governance and operation decisions, and reached consensus through full communication and discussion. They resolutely supervised and promoted the implementation of the resolutions of the Board of Directors to ensure scientific, timely, and efficient decision-making and safeguard the legitimate rights and interests of the Company and all of its shareholders.

## VII Performance of Duty by Specialized Committees under the Board in the Reporting Period

Committee	Members	Number of meetings convened	Convened date	Content	Important opinions and suggestions raised	Other information about the performance of duty	Details about issues with objections (if any)
The Audit Committee under the Board	Zhang Guiping, Wang Ruihua, Xu Zhihao, Xu Peng, Ye Changqing	1	10 January 2023	The 2022 Annual Audit Report of the Company and the Letter of Communication with Management; the summary of the 2022 internal audits and the work plan for the 2023 internal audits.	The Audit Committee carried out its work diligently and conscientiously in strict accordance with <i>the Company Law, the regulations of the China Securities Regulatory Commission, the Articles of Association, and the Rules of Procedure of the Board of Directors</i> . It put forward relevant opinions based on		

					the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.		
The Audit Committee under the Board	Zhang Guiping, Wang Ruihua, Xu Zhihao, Xu Peng, Ye Changqing	1	24 April 2023	The deliberation on the <i>Company's 2022 Internal Control Self-assessment Report</i> , the deliberation on the <i>Company's 2022 Annual Report and Its Summary</i> , the deliberation on the <i>Company's First Quarter Report for 2023 and Its Summary</i> , the deliberation on the <i>Company's Appointment of the Audit Agency for 2023</i> , and the deliberation on the <i>Company's Special Report on Deposit and Use of the Raised Funds of 2022</i> .	The Audit Committee carried out its work diligently and conscientiously in strict accordance with the <i>Company Law</i> , the regulations of the <i>China Securities Regulatory Commission</i> , the <i>Articles of Association</i> , and the <i>Rules of Procedure of the Board of Directors</i> . It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.		
The Audit Committee under the Board	Wang Ruihua, Xu Zhihao, Li Jing, Xu Peng, Ye Changqing	1	29 August 2023	The deliberation on the <i>Company's 2023 Semi-annual Report</i> , the deliberation on the <i>Company's Report on the Review of Deposit and Use of the Raised Funds between January and June of 2023</i> , and the deliberation on the <i>Proposal on Changes in Accounting Policies of the Company</i> .	The Audit Committee carried out its work diligently and conscientiously in strict accordance with the <i>Company Law</i> , the regulations of the <i>China Securities Regulatory Commission</i> , the <i>Articles of Association</i> , and the <i>Rules of Procedure of the Board of Directors</i> . It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.		

<p>The Audit Committee under the Board</p>	<p>Wang Ruihua, Xu Zhihao, Li Jing, Xu Peng, Ye Changqing</p>	<p>1</p>	<p>20 October 2023</p>	<p>The deliberation on the Company's Third Quarter Report for 2023 and the deliberation on the Company's Report on the Review of Deposit and Use of the Raised Funds of the Third Quarter of 2023.</p>	<p>The Audit Committee carried out its work diligently and conscientiously in strict accordance with the Company Law, the regulations of the China Securities Regulatory Commission, the Articles of Association, and the Rules of Procedure of the Board of Directors. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.</p>		
<p>The Nomination Committee under the Board</p>	<p>Liang Jinhui, Zhang Guiping, Wang Ruihua, Xu Zhihao, Li Peihui</p>	<p>1</p>	<p>6 June 2023</p>	<p>The deliberation on the Proposal on the Nomination of the Candidates for Directors of the Company's 10<sup>th</sup> Board of Directors</p>	<p>The Nomination Committee carried out its work diligently and conscientiously in strict accordance with the Company Law, the regulations of the China Securities Regulatory Commission, the Articles of Association, and the Rules of Procedure of the Board of Directors. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.</p>		
<p>The Nomination Committee under the Board</p>	<p>Liang Jinhui, Wang Ruihua, Xu Zhihao, Li Jing, Zhou Qingwu</p>	<p>1</p>	<p>29 June 2023</p>	<p>The deliberation on and approval of the Proposal on the Appointment of the Company's Senior Management</p>	<p>The Nomination Committee carried out its work diligently and conscientiously in strict accordance with the Company Law, the regulations of the China</p>		

					<p><i>Securities Regulatory Commission, the Articles of Association, and the Rules of Procedure of the Board of Directors.</i> It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.</p>		
<p>The Remuneration and Appraisal Committee under the Board</p>	<p>Zhang Guiping, Wang Ruihua, Xu Zhihao, Zhou Qingwu, Yan Lijun</p>	1	28 April 2023	<p>The deliberation on and approval of the Proposal on the Results of the Remuneration and Appraisal of the Company's Management Term for 2022</p>	<p>The Remuneration and Appraisal Committee carried out its work diligently and conscientiously in strict accordance with <i>the Company Law, the regulations of the China Securities Regulatory Commission, the Articles of Association, and the Rules of Procedure of the Board of Directors.</i> It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.</p>		
<p>The Strategic Investment Committee</p>	<p>Liang Jinhui, Zhang Guiping, Wang Ruihua, Xu Zhihao, Zhou Qingwu</p>	1	28 April 2023	<p>The deliberation on and approval of the Proposal on Cash Entrusted for Wealth Management with Idle Self-owned Funds by the Company</p>	<p>The Strategic Investment Committee carried out its work diligently and conscientiously in strict accordance with <i>the Company Law, the regulations of the China Securities Regulatory Commission, the Articles of Association, and the Rules of Procedure of the Board of Directors.</i> It put forward relevant opinions based on</p>		



					the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.		
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## VIII Performance of Duty by the Supervisory Committee

Indicate by tick mark whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

The Supervisory Committee raised no objections in the Reporting Period.

## IX Employees

### 1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent at the period-end	6,311
Number of in-service employees of major subsidiaries at the period-end	6,658
Total number of in-service employees	12,969
Total number of paid employees in the Reporting Period	12,969
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	1,643
<b>Functions</b>	
Function	Employees
Production	6,201
Sales	3,744
Technical	622
Financial	217
Administrative	1,172
Other	1,013
Total	12,969
<b>Educational backgrounds</b>	
Educational background	Employees
Master or above	177
Bachelor	3,934
Junior college	3,307

High school or below	5,551
Total	12,969

## 2. Employee Remuneration Policy

The remuneration policy was conducted strictly in line with the related law and regulations of the state, and the plan of operation performance and profits of the Company and the relevant remuneration policy management.

## 3. Employee Training Plans

Employee training is significant in the Human resource management. The Company always pay high attention to the employee training and development, the Company sets up effective training plan combining with the current situation of the Company, annual plan, nature of the post and the demand of employee learning, which includes new employee induction training, on-job training, front-line employee operating skills training, management improvement training and part-time study. Continuously improve the whole quality of the employees, realized a win-win situation and progress between the Company and the employees.

## 4. Labor Outsourcing

Applicable  Not applicable

Total man-hours (hour)	3,470,241.11
Total remuneration paid (RMB)	70,485,265.67

## X Profit Distributions (in the Form of Cash and/or Stock)

How the profit distribution policy, especially the cash dividend policy, was formulated, executed or revised in the Reporting Period:

Applicable  Not applicable

The 2022 Annual General Meeting held on 29 June 2023 reviewed and approved the Company's Interest Distribution Scheme in 2022 that based on the total shares of 528,600,000 of the Company on 31 December 2022, cash dividends was distributed at RMB30.00 per 10 shares (tax inclusive), and the total cash dividends distributed was RMB1,585,800,000.00 (tax inclusive), which has been carried out completely in July 2023.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with	No adjustments or changes

applicable regulations and transparent	
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Indicate by tick mark whether the Company fails to put forward a cash dividend proposal for shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to shareholders are positive.

Applicable  Not applicable

Final dividend plan for the Reporting Period

Applicable  Not applicable

Bonus issue from capital reserves for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	45.00
Bonus issue from profit for every 10 shares (share)	0
Total shares as the basis for the final dividend plan (share)	528,600,000
Total cash dividends (RMB) (tax inclusive)	2,378,700,000.00
Cash dividends in other ways (such as share repurchase) (RMB)	0.00
Total cash bonus (including other methods) (RMB)	2,378,700,000.00
Distributable profits (RMB)	10,783,802,188.78
Percentage of cash dividends (including other methods) to the total distributed profits	100.00%
Particulars about the cash dividends	
If the Company is in a mature development stage and has plans for any significant expenditure, in profit allocation, the ratio of cash dividends in the profit allocation shall be 40% or above.	
Details of final dividend plan for the Reporting Period	
The Company intends to distribute RMB45.00 (tax included) per 10 shares based on the total shares of 528,600,000 at the end of the year, totaling RMB2,378,700,000.00. This year does not send bonus, does not transfer to increase capital stock with accumulation fund.	

## XI Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable  Not applicable

No such cases in the Reporting Period.

## XII Establishment and Execution of the Internal Control System for the Reporting Period

### 1. Establishment and Execution of the Internal Control System

In accordance with the provisions of *the Basic Code for Internal Control of Enterprises* and its supporting guidelines, the Company has set up a complete procedure system for internal control system, in which the assessment incorporates the entities, business,

matters, and high risk fields, covering all major aspects of the Company's operation and management, without material omissions. The Company's internal control is designed soundly and reasonably, and basically implemented effectively, without material omissions. Through the operation, analysis, and assessment of the internal control system, the Company has effectively prevented risks in operation and management, and promoted the realization of internal control objectives.

## 2. Material Internal Control Weaknesses Identified for the Reporting Period

Yes  No

## XIII Management and Control over Subsidiaries by the Company for the Reporting Period

During the Reporting Period, In accordance with the relevant requirements for standard operation of listed companies, and the relevant internal control system of the Company, and by dispatching directors and supervisors to subsidiary companies, the Company participated in the daily operation of the Board of Directors and the Board of Supervisors, thus realized the effective management and supervision on such matters as overseas investment, related-party transactions, development planning, compliant operation, and human resources of subsidiary companies, specified the reporting system and deliberation procedure of major events, and in a timely manner, followed up such major events as financial status, business operation, and investment operation of subsidiary companies.

## XIV Internal Control Self-Evaluation Report or Independent Auditor's Report on Internal Control

### 1. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	27 April 2024	
Index to the disclosed internal control self-evaluation report	See www.cninfo.com.cn for the Anhui Gujing Distillery Company Limited Self-assessment Report of Internal Control	
Evaluated entities' combined assets as % of consolidated total assets		99.59%
Evaluated entities' combined operating revenue as % of consolidated operating revenue		99.76%
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	Critical defect: Separate defect or other defects that result in failure in preventing, finding out and correcting major wrong reporting in financial report in time. The following circumstances are deemed as critical defects: (1) Ineffective in controlling the environment; (2) Malpractice of directors, supervisors and senior management officers;	Any of the following circumstances shall be deemed as a critical defect, and other circumstances shall be deemed as major or minor defects according to their degree of impact. (1) Violate national laws, regulations or standardized documents; (2) Major decision making procedure is

	<p>(3) According to external auditing, there's major wrong reporting in current financial report, which fails to be found by the company in its operating process; (4) Major defects found and reported to the top management fail to be corrected within a reasonable period of time; (5) The supervision of audit committee of the company and its internal audit department for internal control is ineffective;</p> <p>(6) Other defects that may affect correct judgment of users of statements. Major defect: Separate defect or other defects that result in failure in preventing, finding out and correcting wrong reporting in financial report in time, which shall be noted by the top management despite of not attaining or exceeding critical level. Minor defect: Other internal control defects not constituting critical or major defects.</p>	<p>not scientific;</p> <p>(3) Lack of systems results in systematic failure;</p> <p>(4) Critical or major defects fail to be rectified;</p> <p>(5) Other circumstances that have major impact on the company.</p>
<p>Quantitative standard</p>	<p>Critical defect:</p> <p>(1) Wrong reporting <math>\geq 0.5\%</math> of total operating revenue;</p> <p>(2) Wrong reporting <math>\geq 5\%</math> of total profit;</p> <p>(3) Wrong reporting <math>\geq 0.5\%</math> of total assets;</p> <p>(4) Wrong reporting <math>\geq 0.5\%</math> of total owner's equity.</p> <p>Major defect:</p> <p>(1) Wrong reporting <math>\geq 0.2\%</math> but <math>&lt; 0.5\%</math> of total operating revenue;</p> <p>(2) Wrong reporting <math>\geq 2\%</math> but <math>&lt; 5\%</math> of total profit;</p> <p>(3) Wrong reporting <math>\geq 0.2\%</math> but <math>&lt; 0.5\%</math> of total assets;</p> <p>(4) Wrong reporting <math>\geq 0.2\%</math> but <math>&lt; 0.5\%</math> of total owner's equity.</p> <p>Minor defect:</p> <p>(1) Wrong reporting <math>&lt; 0.2\%</math> of total operating revenue;</p> <p>(2) Wrong reporting <math>&lt; 2\%</math> of total profit;</p> <p>(3) Wrong reporting <math>&lt; 0.2\%</math> of total assets;</p> <p>(4) Wrong reporting <math>&lt; 0.2\%</math> of total owner's</p>	<p>Critical defect: The defect with direct property loss amounting to over RMB10 million, has great negative impact on the company and is disclosed in public in the form of announcement.</p> <p>Major defect: The defect with direct property loss amounting to RMB1 million to RMB10 million (included), or is penalized by governmental authority of the country but has not resulted in negative impact on the company.</p> <p>Minor defect: The defect with direct property loss no more than RMB1 million (included), or is penalized by governmental authority of the provincial-level or below but has not resulted in negative impact on the company.</p>

	equity.	
Number of material weaknesses in internal control over financial reporting		0
Number of material weaknesses in internal control not related to financial reporting		0
Number of serious weaknesses in internal control over financial reporting		0
Number of serious weaknesses in internal control not related to financial reporting		0

## 2. Independent Auditor's Report on Internal Control

Applicable  Not applicable

Opinion paragraph in the independent auditor's report on internal control	
We believe that the Company has maintained effective internal control on financial report in all significant respects according to the Basic Rules for Enterprise Internal Control and relevant regulations on 31 December 2023.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	27 April 2024
Index to such report disclosed	See www.cninfo.com.cn for Audit Report of Internal Control
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate by tick mark whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes  No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes  No

## XV Rectifications of Problems Identified by Self-inspection in the Special Action for Listed Company Governance

The Company's governance overall meets the required standards, and there are no significant issues necessitating rectification.

## Part V Environmental and Social Responsibility

### I Major Environmental Issues

Indicate by tick mark whether the Company or any of its subsidiaries is a heavily polluting business identified by the environmental protection authorities of China.

Yes  No

Policies and industry standards pertaining to environmental protection

The Company carries out environmental protection work in strict accordance with the requirements of laws and regulations such as "Environmental Protection Law of the People's Republic of China", "Air Pollution Prevention and Control Law of the People's Republic of China", "Water Pollution Prevention and Control Law of the People's Republic of China", "Solid Waste Pollution Prevention and Control Law of the People's Republic of China" and other laws and regulations, and strictly follows the "Management Measures for the Disclosure of Enterprise Environmental Information According to Law" and "Measures for Self-monitoring and Information Disclosure of National Key Monitoring Enterprises (Trial)". The Company discloses environmental information in a timely manner and consciously accepts social supervision. The Company implements the Emission Standards for Air Pollutants from Boilers (GB13271-2014), Water Pollution Emission Standards for Fermented Alcohol and Baijiu Industry (GB27631-2011) and Environmental Noise Emission Standards for Industrial Enterprises (GB12348-2008) and other relevant standards.

Environmental protection administrative license

No.	Administrative matter	Serial number	Application time	Expiry date
1	Sewage discharge permit for Gujing plant	913400001519400083001V	19 July 2022	18 July 2027
2	Sewage discharge permit for Zhangji plant	913400001519400083002V	19 July 2022	18 July 2027
3	Sewage discharge permit for Headquarter plant	913400001519400083003V	19 July 2022	18 July 2027
4	Sewage discharge permit for Intelligent Park plant	913400001519400083004V	17 October 2022	16 October 2027
5	Sewage discharge permit for Longrui Glass	91341600151946047T001U	24 July 2023	23 July 2028
6	Sewage discharge permit for Yellow Crane Tower (Wuhan)	914201057483467497001R	6 January 2023	5 January 2028
7	Sewage discharge permit for Yellow Crane Tower (Xianning)	91421200562735332N001V	25 June 2023	24 June 2028
8	Sewage discharge permit for Yellow Crane Tower (Suizhou)	9142130077756290XJ001V	29 December 2023	22 December 2028
9	Sewage discharge permit for Anhui Mingguang Distillery	91341182781098222U001T	26 November 2022	25 November 2027

The regulations for industrial emissions and the particular requirements for controlling pollutant emissions those are associated with production and operational activities.

Name of polluter	Type of major	Name of major	Way of discharge	Number of	Distribution of discharge	Discharge concentration	Discharge standards	Total discharge	Approved total	Excessive

	pollutants	pollutants		discharge outlets	outlets	n	implemented		discharge	discharge
Anbui Gujing Distillery Co., Ltd.	Water pollutant	COD	Direct discharge	3	Gujing plant, Zhangji plant, Headquarter plant	19.42mg/L 17.96mg/L 25.42mg/L	Gujing $\leq$ 50mg/L Zhangji and Headquarter $\leq$ 100mg/L	Gujing plant: 8.58t Zhangji: 3.73t Headquarter: 20.48t	Gujing plant: 52.958t/a Zhangji: 26.504t/a Headquarter: 116.06t/a	Naught
Anbui Gujing Distillery Co., Ltd.	Water pollutant	NH3-N	Direct discharge	3	Gujing plant, Zhangji plant, Headquarter plant	0.32mg/L 0.19mg/L 0.25mg/L	Gujing $\leq$ 5mg/L Zhangji and Headquarter $\leq$ 10mg/L	Gujing plant: 0.14t Zhangji: 0.04t Headquarter: 0.20t	Gujing plant: 5.2958t/a Zhangji: 2.6504t/a Headquarter: 11.61t/a	Naught
Anbui Gujing Distillery Co., Ltd.	Air pollutant	Smoke	Organized	2	Gujing plant, Headquarter plant	0.44mg/m <sup>3</sup> 0.95mg/m <sup>3</sup>	Gujing and Headquarter $\leq$ 10mg/m <sup>3</sup>	Gujing plant: 0.15t Headquarter: 0.56t	Gujing plant: 4.301t/a Headquarter: 5.01t/a	Naught
Anbui Gujing Distillery Co., Ltd.	Air pollutant	SO2	Organized	2	Gujing plant, Headquarter plant	7.84mg/m <sup>3</sup> 0.85mg/m <sup>3</sup>	Gujing and Headquarter $\leq$ 35mg/m <sup>3</sup>	Gujing plant: 2.583t Headquarter: 0.497t	Gujing plant: 15.055t/a Headquarter: 17.536t/a	Naught
Anbui Gujing Distillery Co., Ltd.	Air pollutant	Nitrogen oxide	Organized	3	Gujing plant, Zhangji plant, Headquarter plant	20.07mg/m <sup>3</sup> 34.01mg/m <sup>3</sup> 24.37mg/m <sup>3</sup>	Gujing and Headquarter $\leq$ 50mg/m <sup>3</sup> Zhangji $\leq$ 150mg/m <sup>3</sup>	Gujing plant: 6.616t Zhangji: 1.055t Headquarter: 14.379t	Gujing plant: 21.056t/a Zhangji: 10.318t/a Headquarter: 25.051t/a	Naught
Anhui Longrui Glass Co., Ltd	Air pollutant	Smoke	Organized	2	1#furnace 2#furnace	3.31mg/m <sup>3</sup> 1.93mg/m <sup>3</sup>	$\leq$ 10mg/m <sup>3</sup>	1#furnace: 0.59t 2#furnace: 0.66t	/	Naught
Anhui Longrui Glass Co., Ltd	Air pollutant	SO2	Organized	2	1#furnace 2#furnace	5.40mg/m <sup>3</sup> 19.26mg/m <sup>3</sup>	$\leq$ 50mg/m <sup>3</sup>	1#furnace: 1.21t 2#furnace: 6.70t	/	Naught



Anhui Longrui Glass Co., Ltd	Air pollutant	Nitrogen oxide	Organized	2	1#furnace 2#furnace	77.48mg/m <sup>3</sup> 75.98mg/m <sup>3</sup>	≅ 200mg/m <sup>3</sup>	1#furnace: 13.79t 2#furnace: 27.51t	/	Naught
Yellow Crane Tower Distillery (Wuhan) Co., Ltd.	Water pollutant	COD	Indirect discharge	1	Wuhan plant DW001	14.626mg/L	≅ 400mg/L	0.957t	11.07t/a	Naught
Yellow Crane Tower Distillery (Wuhan) Co., Ltd.	Water pollutant	NH <sub>3</sub> -N	Indirect discharge	1	Wuhan plant DW001	0.963mg/L	≅ 30mg/L	0.063t	4.05t/a	Naught
Yellow Crane Tower Distillery (Wuhan) Co., Ltd.	Air pollutant	SO <sub>2</sub>	Organized	1	Wuhan plant DA004	ND	≅ 50mg/m <sup>3</sup>	0.1t	/	Naught
Yellow Crane Tower Distillery Co., Ltd.	Air pollutant	Nitrogen oxide	Organized	1	Wuhan plant DA004	69mg/m <sup>3</sup>	≅ 150mg/m <sup>3</sup>	0.349t	/	Naught
Yellow Crane Tower Distillery (Xianning) Co., Ltd.	Water pollutant	COD	Indirect discharge	1	Xianning plant	16.354mg/L	≅ 400 mg/L	0.137t	6 t/a	Naught
Yellow Crane Tower Distillery (Xianning) Co., Ltd.	Water pollutant	Ammonia nitrogen	Indirect discharge	1	Xianning plant	0.385mg/L	≅ 30mg/L	0.007t	1 t/a	Naught
Yellow Crane Tower	Air pollutant	SO <sub>2</sub>	Organized	1	Xianning plant DA003	ND	≅ 50mg/m <sup>3</sup>	/	/	Naught

Distillery (Xianning) Co., Ltd.										
Yellow Crane Tower Distillery (Xianning) Co., Ltd.	Air pollutant	Nitrogen oxide	Organize d	1	Xianning plant DA003	81mg/m <sup>3</sup>	≅150mg/m <sup>3</sup>	0.722 t	/	Naught
Yellow Crane Tower Distillery (Suizhou) Co., Ltd.	Water pollutant	COD	Indirect discharge	1	Suizhou plant	24mg/L	≅300mg/L	0.502t	17.83t/a	Naught
Yellow Crane Tower Distillery (Suizhou) Co., Ltd.	Water pollutant	NH3-N	Indirect discharge	1	Suizhou plant	0.821mg/L	≅25mg/L	0.018t	1.783t/a	Naught
Yellow Crane Tower Distillery (Suizhou) Co., Ltd.	Air pollutant	SO2	Organize d	1	Suizhou plant	ND	≅50mg/m <sup>3</sup>	0.068t	0.634t/a	Naught
Yellow Crane Tower Distillery (Suizhou) Co., Ltd.	Air pollutant	Nitrogen oxide	Organize d	1	Suizhou plant	9mg/m <sup>3</sup>	≅200mg/m <sup>3</sup>	2.269t	2.966t/a	Naught
Anhui Mingguan g Distillery Co., Ltd.	Air pollutant	Nitrogen oxide	Organize d	1	10t boiler furnace	24.7mg/m <sup>3</sup>	≅50mg/m <sup>3</sup>	0.50t	2.128t/a	Naught
Anhui Mingguan g Distillery Co., Ltd.	Water pollutant	COD	Indirect discharge	1	Outlet outside the plant	44.8mg/L	≅400mg/L	1.947t	11.107t/a	Naught
Anhui	Water	Ammoni	Indirect	1	Outlet	2.00mg/L	≅30mg/L	0.088t	0.18t/a	Naught

Mingguang Distillery Co., Ltd.	pollutant	a nitrogen	discharge		outside the plant					
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**Treatment of pollutants**

In 2023, Anhui Gujing Distillery Co., Ltd. and its subsidiaries maintained normal operations of their waste management facilities, effectively achieving standard emissions for major pollutants. The Company was transparent with its environmental information and successfully fulfilled its social responsibilities. Details are as follows:

1. Construction and operational status of the sewage treatment facilities of the listed company and its subsidiaries

(1) The Gujing plant of Anhui Gujing Distillery Co., Ltd. employed a sewage treatment process comprising "IC anaerobic + A<sup>2</sup>/O aerobic + in-depth treatment" techniques. The facility was designed with a capacity to treat 5,000 tonnes per day. The treated sewage met the direct discharge requirements set by the GB27631-2011 *Discharge Standard of Water Pollutants for Fermentation Alcohol Anddistilled Spirits Industry*, and the facility operated normally, discharging a total of 441,574 tonnes of treated sewage annually.

(2) The Zhangji plant of Anhui Gujing Distillery Co., Ltd. employed a sewage treatment process comprising "IC anaerobic + A<sup>2</sup>/O aerobic + in-depth treatment" techniques. The facility was designed with a capacity to treat 1,500 tonnes per day. The treated sewage met the direct discharge requirements set by the GB27631-2011 *Discharge Standard of Water Pollutants for Fermentation Alcohol Anddistilled Spirits Industry*, and the facility operated normally, discharging a total of 150,317 tonnes of treated sewage annually.

(3) The headquarters plant of Anhui Gujing Distillery Co., Ltd. employed a sewage treatment process comprising "IC anaerobic + A<sup>2</sup>/O aerobic + in-depth treatment" techniques. The facility was designed with a capacity to treat 8,000 tonnes per day. The treated sewage met the direct discharge requirements set by the GB27631-2011 *Discharge Standard of Water Pollutants for Fermentation Alcohol Anddistilled Spirits Industry*, and the facility operated normally, discharging a total of 805,755 tonnes of treated sewage annually.

(4) The production and living sewage of Anhui Longrui Glass Co., Ltd is discharged indirectly into the sewage treatment station of Zhangji Plant under Anhui Gujing Distillery Company Limited, and it is discharged after treatment and up to the standard and is under normal operation.

(5) The sewage treatment station of Wuhan plant of Yellow Crane Tower Distillery employed a sewage treatment process comprising "anaerobic + aerobic treatment" techniques. The facility was designed with a capacity to treat 250 tonnes per day. The treated sewage met the direct discharge requirements set by the GB27631-2011 *Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry*, and the facility operated normally, discharging a total of 65,450 tonnes of treated sewage annually.

(6) The sewage treatment station of plant of Yellow Crane Tower Distillery (Xianning) employed a sewage treatment process comprising "UASB anaerobic + A<sup>2</sup>/O<sup>2</sup>" techniques. The facility was designed with a capacity to treat 100 tonnes per day. The treated sewage met the direct discharge requirements set by the GB27631-2011 *Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry*, and the facility operated normally, discharging a total of 17,227 tonnes of treated sewage annually.

(7) The sewage treatment station of the plant of Yellow Crane Tower Distillery (Suizhou) employed a sewage treatment process comprising "IC anaerobic + A<sup>2</sup>/O + in-depth treatment" techniques. The facility was designed with a capacity to treat 100 tonnes per day. The treated sewage met the direct discharge requirements set by the GB27631-2011 *Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry*, and the facility operated normally, discharging a total of 36,873 tonnes of treated sewage annually.

(8) The sewage treatment station of Anhui Mingguang Distillery Co., Ltd. employed a sewage treatment process comprising "UASB anaerobic + facultative pond + contact oxidation pond" techniques. The facility was designed with a capacity to treat 500 tonnes per day. The treated sewage met the direct discharge requirements set by the GB27631-2011 *Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry*, and the facility operated normally, discharging a total of 43,741 tonnes of treated sewage annually.

2. Construction and operational status of the waste gas treatment facilities of the listed company and its subsidiaries

- (1) The Gujing plant of Anhui Gujing Distillery Co., Ltd. operated two 35t/h coal-fired boilers at its power station. The flue gas treatment facilities, designed with a capacity of 100,000 Nm<sup>3</sup>/h, employed a combination of "baghouse dust removal, limestone-gypsum wet desulphurisation, SNCR non-catalytic reduction, SCR catalytic reduction, and wet electrostatic precipitation" processes. These facilities treated approximately 329.5946 million Nm<sup>3</sup> of flue gases annually, adhering to ultra-low emission standards.
- (2) The power station of Zhangji plant of Anhui Gujing Distillery Co., Ltd. operated a 25t/h gas boiler. Its flue gas treatment facilities, designed to handle 25,000 Nm<sup>3</sup>/h, used "low NO<sub>x</sub> combustion" technology. Over the course of the year, these facilities treated approximately 31.02 million Nm<sup>3</sup> of flue gases, ensuring compliance with the GB13271-2014 *Emission Standards of Air Pollutants for Coal-burning Boiler* for gas boilers.
- (3) The headquarters plant of Anhui Gujing Distillery Co., Ltd. operated two 35t/h coal-fired boilers at its power station. The flue gas treatment facilities, designed with a capacity of 20,000 Nm<sup>3</sup>/h, employed a combination of "baghouse dust removal, limestone-gypsum wet desulphurisation, SNCR non-catalytic reduction, SCR catalytic reduction, and wet electrostatic precipitation" processes. These facilities treated approximately 589.0115 million Nm<sup>3</sup> of flue gases annually, adhering to ultra-low emission standards.
- (4) Anhui Longrui Glass Co., Ltd. operated two glass kilns with flue gas treatment facilities capable of handling 100,000 Nm<sup>3</sup>/h. The process will include "baghouse dust removal, dry desulphurisation, and SCR catalytic reduction." It is expected that these facilities will treat approximately 825.7368 million Nm<sup>3</sup> of flue gases annually, meeting the A-level enterprise emission requirements under the *Technical Guide for Emergency Emission Reduction Measures in Key Industries during Heavy Pollution Weather* for the glass industry.
- (5) The Wuhan plant of Yellow Crane Tower Distillery operated five 1t/h natural gas steam heat sources, with flue gas treatment facilities designed to manage 18,000 Nm<sup>3</sup>/h using "low NO<sub>x</sub> combustion" techniques. These facilities treated approximately 5.39637 million Nm<sup>3</sup> of flue gases annually, ensuring compliance with the special emission limits for air pollutants from gas boilers as specified in GB13271-2014 *Emission Standards of Air Pollutants for Coal-burning Boiler*.
- (6) The plant of Yellow Crane Tower Distillery (Xianning) operated one 3t/h and one 4t/h gas boiler, with flue gas treatment facilities designed to process 13,000 Nm<sup>3</sup>/h using "low NO<sub>x</sub> combustion" techniques. These facilities treated approximately 18.2058 million Nm<sup>3</sup> of flue gases annually, adhering to the GB13271-2014 *Emission Standards of Air Pollutants for Coal-burning Boiler* for gas boilers.
- (7) The plant of Yellow Crane Tower Distillery (Suizhou) operated one 15t/h and one 25t/h gas boiler, with flue gas treatment facilities designed to process 35,000 Nm<sup>3</sup>/h using "low NO<sub>x</sub> combustion" techniques. These facilities treated approximately 45.3868 million Nm<sup>3</sup> of flue gases annually, adhering to the GB13271-2014 *Emission Standards of Air Pollutants for Coal-burning Boiler* for gas boilers.
- (8) Anhui Mingguang Distillery Co., Ltd. operated one 10t/h gas boiler, with flue gas treatment facilities designed to process 11,000 Nm<sup>3</sup>/h using "low NO<sub>x</sub> combustion" techniques. These facilities treated approximately 22.24 million Nm<sup>3</sup> of flue gases annually, adhering to the GB13271-2014 *Emission Standards of Air Pollutants for Coal-burning Boiler* for gas boilers.

#### **Emergency plan for sudden environment affairs**

1. Anhui Gujing Distillery Co., Ltd. has formulated the *Emergency Plan of Anhui Gujing Distillery Company Limited for Sudden Environmental Pollution Accidents* (File No. 341602-2021-006-H), which has been filed with Bureau of Ecology and Environment of Bozhou. Emergency plan drills have been carried out as planned.
2. Anhui Longrui Glass Co., Ltd. has formulated the *Emergency Plan of Anhui Longrui Glass Co., Ltd for Sudden Environmental Pollution Accident*, which has been filed with Bureau of Ecology and Environment of Bozhou (File No. 341602-2023-027-M). Emergency plan drills have been carried out as planned.
3. The Wuhan plant of Yellow Crane Tower Distillery has formulated the *Emergency Plan of Yellow Crane Tower Distillery Co., Ltd for Sudden Environmental Issues*, which has been filed with the Hanyang District branch of the Wuhan Municipal Ecology and

Environment Bureau (File No. 420105-2021-005-L). Emergency plan drills have been carried out as required.

4. The plant of Yellow Crane Tower Distillery (Xianning) has formulated the *Emergency Plan of Yellow Crane Tower Distillery (Xianning) Co., Ltd for Sudden Environmental Issues*, which has been filed with the Xianning High-tech District branch of the Xianning Municipal Environmental Protection Bureau (File No. 421201-2021-014-H). Emergency plan drills have been carried out as required.

5. The plant of Yellow Crane Tower Distillery (Suizhou) has signed a service contract (Contract No. SZ-HB-202208-0040) with a third-party technical unit regarding the emergency plan for sudden environmental issues. The plan has passed expert review and is currently under re-examination by the local Bureau of Ecology and Environment.

6. Anhui Mingguang Distillery Co., Ltd. has formulated the *Emergency Plan of Anhui Mingguang Distillery Co., Ltd. for Sudden Environmental Issues*, which has been filed with the Mingguang Municipal Ecology and Environment Sub-Bureau (File No. 341182-2021-031-M). Emergency plan drills have been carried out as required.

#### Environmental self-monitoring scheme

The Company and its subsidiaries have formulated their *Environmental Self-Monitoring Schemes* and published them on the local websites for self-monitoring information disclosure.

#### Input in environment governance and protection and payment of environmental protection tax

In 2023, the total investment in environmental governance and protection by the Company and its subsidiaries amounted to RMB32,849,000, with environmental taxes paid totalling RMB156,900.

#### Measures taken to decrease carbon emission in the Reporting Period and corresponding effects

Applicable  Not applicable

1. Equilibrated production at thermal power station boilers: To enhance boiler operational efficiency and reduce carbon emissions, equilibrated production was implemented at the headquarters' plant in 2023. This initiative improved boiler thermal efficiency by 15.7% and is projected to reduce carbon dioxide emissions by approximately 10,000 tonnes annually.

2. Intensified power conservation of the Company:

(1) The Company conserved power in offices, sufficiently utilized natural light, and prohibited lamps from shining all the time, replaced lamps in passageways with sound-controlled types, and strictly implemented the requirements of temperature setting on air-conditioners.

(2) The Company conserved power used by street lamps, and strictly specified turn-off and turn-on time; through the above-mentioned measures, power wasted in offices has been greatly reduced, which has played an active role in the energy conservation and carbon reduction of the Company.

#### Administrative penalties imposed for environmental issues during the Reporting Period

Name	Reason	Case	Result	Influence on production and operation	Rectification measures
Naught	N/A	N/A	N/A	N/A	N/A

#### Other environment information that should be disclosed

Naught

#### Other related environment protection information

Naught

## **II Social Responsibility**

For details, please refer to the Corporate Environmental, Social and Governance (ESG) Report for 2023 disclosed by the Company on the website Cninfo dated 27 April 2024.

## **III Consolidation and Expansion of Poverty Alleviation Outcomes, and Rural Revitalization**

For details, please refer to the Corporate Environmental, Social and Governance (ESG) Report for 2023 disclosed by the Company on the website Cninfo dated 27 April 2024.

## Part VI Significant Events

### I Fulfillment of Commitments

#### 1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and other Entities Fulfilled in the Reporting Period or Ongoing at the Period-end

Applicable  Not applicable

#### 2. Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.

Applicable  Not applicable

### II Occupation of the Company's Capital by the Controlling Shareholder or any of Its Related Parties for Non-Operating Purposes

Applicable  Not applicable

### III Irregularities in the Provision of Guarantees

Applicable  Not applicable

### IV Explanations Given by the Board of Directors Regarding the Latest "Modified Opinion" on the Financial Statements

Applicable  Not applicable

### V Explanations Given by the Board of Directors, the Supervisory Board and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable  Not applicable

### VI YoY Changes to Accounting Policies, Estimates or Correction of Material Accounting Errors

Applicable  Not applicable

Content and reason for changes to accounting policies	Approval procedure	Remark
On 30 November 2022, the Ministry of Finance ("MOF") issued <i>Accounting Standard for Business Enterprises</i>	Reviewed and approved by the 2 <sup>nd</sup> Meeting of the 10 <sup>th</sup> Board of Directors and the 2 <sup>nd</sup> Meeting of the 10 <sup>th</sup> Supervisory	For details, see the Announcement on Changes to Accounting Policies of the Company disclosed by the Company on 30

<p>Interpretation No. 16 (C.K. [2022] No. 31) ("Interpretation No. 16"), in which "Accounting treatment for deferred income tax relating to assets and liabilities arising from a single transaction that is not subject to the initial recognition exemption" came into force on 1 January 2023, "Accounting method of the income tax effects of dividends on financial instruments classified as equity instruments by the issuer" and "Accounting method of the revision of share-based payment settled in cash to share-based payment settled in equity by an enterprise" came into force on the date of publication.</p>	<p>Committee of the Company.</p>	<p>August 2023 on the website of Cninfo (<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>).</p>
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## VII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable  Not applicable

In this period, the Company has expanded the scope of its consolidation compared to the previous period by adding new subsidiaries: Wuhan Gulou Junhe Trading Co., Ltd., Wuhan Gulou Juntai Trading Co., Ltd., Xiaogan Gulou Tiancheng Trading Co., Ltd., Guizhou Treasure Liquor Sales Co., Ltd., and Anhui Guqi Liquor Co., Ltd. Meanwhile, Anhui Anjie Technology Co., Ltd. has been deregistered.

## VIII Engagement and Disengagement of Independent Auditor

Current independent auditor

Name of the domestic independent auditor	RSM Certified Public Accountants (LLP)
The Company's payment to the domestic independent auditor (RMB'0,000)	200.00
How many consecutive years the domestic independent auditor has provided audit service for the Company	5
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Zhang Liping, Han Songliang, Yang Fan
How many consecutive years the certified public accountants have provided audit service for the Company	3 years for Zhang Liping and Han Songliang, 2 years for Yang Fan

Indicate by tick mark whether the independent auditor was changed for the Reporting Period.

Yes  No

Independent auditor, financial advisor or sponsor engaged for the audit of internal controls:

Applicable  Not applicable



In 2023, the Company engaged RSM Certified Public Accountants (LLP) as the internal control auditor.

## **IX Possibility of Delisting after Disclosure of this Report**

Applicable  Not applicable

## **X Insolvency and Reorganization**

Applicable  Not applicable

## **XI Major Legal Matters**

Applicable  Not applicable

## **XII Punishments and Rectifications**

Applicable  Not applicable

## **XIII Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller**

Applicable  Not applicable

## **XIV Major Related-Party Transactions**

### **1. Continuing Related-Party Transactions**

Applicable  Not applicable

### **2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Interests**

Applicable  Not applicable

### **3. Related Transactions Regarding Joint Investments in Third Parties**

Applicable  Not applicable

### **4. Credits and Liabilities with Related Parties**

Applicable  Not applicable

### **5. Transactions with Related Finance Companies**

Applicable  Not applicable

**6. Transactions with Related Parties by Finance Companies Controlled by the Company**□Applicable  Not applicable**7. Other Major Related-Party Transactions**□Applicable  Not applicable**XV Major Contracts and Execution thereof****1. Entrustment, Contracting and Leases****(1) Entrustment**□Applicable  Not applicable**(2) Contracting**□Applicable  Not applicable**(3) Leases**□Applicable  Not applicable**2. Major Guarantees**□Applicable  Not applicable**3. Cash Entrusted for Wealth Management****(1) Cash Entrusted for Wealth Management** Applicable  Not applicable

Overviews of cash entrusted for wealth management during the Reporting Period

Unit: RMB'0,000

Specific type	Capital resources	Amount incurred	Undue balance	Unrecovered overdue amount	Unrecovered overdue amount with provision for impairment
Bank financial products	Self-owned funds	175,000.00	70,000.00	0.00	0.00
Others	Self-owned funds	20,000.00	0.00	0.00	0.00
<b>Total</b>		<b>195,000.00</b>	<b>70,000.00</b>	<b>0.00</b>	<b>0.00</b>

High-risk wealth management transactions with a significant single amount, low security, or low liquidity:

Applicable  Not applicable

Situation where the principal is expectedly irrecoverable or an impairment may be incurred:

Applicable  Not applicable

## **(2) Entrusted Loans**

Applicable  Not applicable

## **4. Other Major Contracts**

Applicable  Not applicable

## **XVI Other Significant Events**

Applicable  Not applicable

## **XVII Significant Events of Subsidiaries**

Applicable  Not applicable

## Part VII Share Changes and Shareholder Information

### I Share Changes

#### 1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from	Shares as dividend converted from	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares									
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Shares held by other domestic investors									
Among which: Shares held by domestic corporations									
Shares held by domestic individuals									
4. Shares held by foreign investors									
Among which: Shares held by foreign corporations									
Shares held by foreign individuals									
II. Non-restricted shares	528,600,000	100.00%						528,600,000	100.00%
1. RMB ordinary shares	408,600,000	77.30%						408,600,000	77.30%
2. Domestically listed foreign shares	120,000,000	22.70%						120,000,000	22.70%
3. Overseas listed foreign shares									
4. Other									

III. Total shares	528,600,000	100.00%						528,600,000	100.00%
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Reasons for share changes:

Applicable  Not applicable

Approval of share changes:

Applicable  Not applicable

Transfer of share ownership:

Applicable  Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable  Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable  Not applicable

## 2. Changes in Restricted Shares

Applicable  Not applicable

## II Issuance and Listing of Securities

### 1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

Applicable  Not applicable

### 2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable  Not applicable

### 3. Existing Staff-Held Shares

Applicable  Not applicable

## III Shareholders and Actual Controller

### 1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders	30,893	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	28,209	Number of preferred shareholders with resumed voting rights (if any) (see note 8)	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the	0
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							disclosure of this Report (if any) (see note 8)	
5% or greater shareholders or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Non-restricted shares held	Shares in pledge, marked or frozen	
							Status	Shares
ANHUI GUJING GROUP COMPANY LIMITED	State-owned legal person	51.34%	271,362,722	661,300		271,362,722	In pledge	30,000,000
BANK OF CHINA-CHINA MERCHANTS CHINA SECURITIES BAIJIU INDEX CLASSIFICATION SECURITIES INVESTMENT FUND	Other	2.42%	12,814,455	1,025,247		12,814,455	N/A	
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED-INVESCO GREAT WALL EMERGING GROWTH HYBRID SECURITIES INVESTMENT FUND	Other	1.89%	9,999,951			9,999,951	N/A	
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD	Foreign legal person	1.65%	8,706,529	1,350,221		8,706,529	N/A	

AGRICULTURAL BANK OF CHINA — E FUND CONSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND	Other	1.60%	8,476,808	-1,512,474	8,476,808	N/A	
HONG KONG SECURITIES CLEARING COMPANY LTD.	Foreign legal person	1.33%	7,036,372	-102,547	7,036,372	N/A	
UBS (LUX) EQUITY FUND - CHINA OPPORTUNITY (USD)	Foreign legal person	1.30%	6,896,661		6,896,661	N/A	
GREENWOODS CHINA ALPHA MASTER FUND	Foreign legal person	1.14%	6,049,760	1,435,434	6,049,760	N/A	
BANK OF CHINA-INVESCO GREAT WALL DINGYI HYBRID SECURITIES INVESTMENT FUND (LOF)	Other	0.93%	4,900,000	-117,603	4,900,000	N/A	
GAOLING FUND,L.P.	Foreign legal person	0.88%	4,674,170	-6,010,052	4,674,170	N/A	
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (see note 3)	N/A						
Related or acting-in-concert parties among the shareholders above	Among the shareholders above, the Company's controlling shareholder—Anhui Gujing Group Company Limited—is not a related party of other shareholders; nor are they parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies. As for the other shareholders, the Company does not know whether they are related parties or whether they belong to parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.						

Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	N/A		
Special account for share repurchases (if any) among the top 10 shareholders (see note 10)	N/A		
Top 10 non-restricted shareholders			
Name of shareholder	Non-restricted shares held at the period-end	Shares by type	
		Type	Shares
ANHUI GUJING GROUP COMPANY LIMITED	271,362,722	RMB-denominated ordinary share	271,362,722
BANK OF CHINA-CHINA MERCHANTS CHINA SECURITIES BAIJIU INDEX CLASSIFICATION SECURITIES INVESTMENT FUND	12,814,455	RMB-denominated ordinary share	12,814,455
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED- INVESCO GREAT WALL EMERGING GROWTH HYBRID SECURITIES INVESTMENT FUND	9,999,951	RMB-denominated ordinary share	9,999,951
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD	8,706,529	Domestically listed foreign share	8,706,529
AGRICULTURAL BANK OF CHINA — E FUND CONSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND	8,476,808	RMB-denominated ordinary share	8,476,808
HONG KONG SECURITIES CLEARING COMPANY LTD.	7,036,372	RMB-denominated ordinary share	7,036,372
UBS (LUX) EQUITY FUND - CHINA OPPORTUNITY (USD)	6,896,661	Domestically listed foreign share	6,896,661
GREENWOODS CHINA ALPHA MASTER FUND	6,049,760	Domestically listed foreign share	6,049,760



BANK OF CHINA- INVESCO GREAT WALL DINGYI HYBRID SECURITIES INVESTMENT FUND (LOF) (LOF)	4,900,000	RMB-denominated ordinary share	4,900,000
GAOLING FUND,L.P.	4,674,170	Domestically listed foreign share	4,674,170
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	Among the shareholders above, the Company's controlling shareholder—Anhui Gujing Group Company Limited—is not a related party of other shareholders; nor are they parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies. As for the other shareholders, the Company does not know whether they are related parties or whether they belong to parties acting in concert as defined in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	Since October 2021, the Company's controlling shareholder Gujing Group has conducted the business of "Refinancing by Lending Securities", and as of 31 December 2023, 41,300 lent shares were outstanding with no transfer of the ownership of these shares.		

Top 10 shareholders involved in refinancing shares lending

Applicable  Not applicable

Unit: share

Top 10 shareholders involved in refinancing shares lending								
Full name of shareholder	Shares in the common account and credit account at the period-begin		Shares lent in refinancing and not yet returned at the period-begin		Shares in the common account and credit account at the period-end		Shares lent in refinancing and not yet returned at the period-end	
	Total shares	As % of total share capital	Total shares	As % of total share capital	Total shares	As % of total share capital	Total shares	As % of total share capital
ANHUI GUJING GROUP COMPANY LIMITED	270,701,422	51.21%	702,600	0.1329%	271,362,722	51.34%	41,300	0.0078%
BANK OF CHINA-CHINA MERCHANTS CHINA SECURITIES BAIJIU INDEX CLASSIFICATION SECURITIES INVESTMENT	11,789,208	2.23%	0	0.0000%	12,814,455	2.42%	43,000	0.0081%

FUND								
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Changes in top 10 shareholders compared with the prior period

Applicable  Not applicable

Unit: share

Changes in top 10 shareholders compared with the end of the prior period					
Full name of shareholder	Newly added to or exiting from top 10 shareholders in the Reporting Period	Shares lent in refinancing and not yet returned at the period-end		Shares in the common account and credit account plus shares lent in refinancing and not yet returned at the period-end	
		Total shares	As % of total share capital	Total shares	As % of total share capital
ANHUI GUJING GROUP COMPANY LIMITED	Exiting	41,300	0.0078%	271,404,022	51.34%
BANK OF CHINA-CHINA MERCHANTS CHINA SECURITIES BAIJIU INDEX CLASSIFICATION SECURITIES INVESTMENT FUND	Newly added	43,000	0.0081%	12,857,455	2.43%

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes  No

No such cases in the Reporting Period.

## 2. Controlling Shareholder

Nature of the controlling shareholder: controlled by a local state-owned legal person

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
ANHUI GUJING GROUP COMPANY LIMITED	Liang Jinhui	16 January 1995	91341600151947437P	Making beverage, construction materials and plastic products, etc.

Controlling shareholder's holdings in other listed companies: As of 31 December 2023, the controlling shareholder ANHUI GUJING GROUP COMPANY LIMITED directly holds 130,000,000 shares of Huaan Securities Co., Ltd. owning the proportion of

companies at home or abroad in the Reporting Period	shares of 2.77%.
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Change of the controlling shareholder in the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

### 3. Information about the Actual Controller and Acting-in-concert Parties

Nature of the actual controller: Local administrator for state-owned assets

Type of the actual controller: legal person

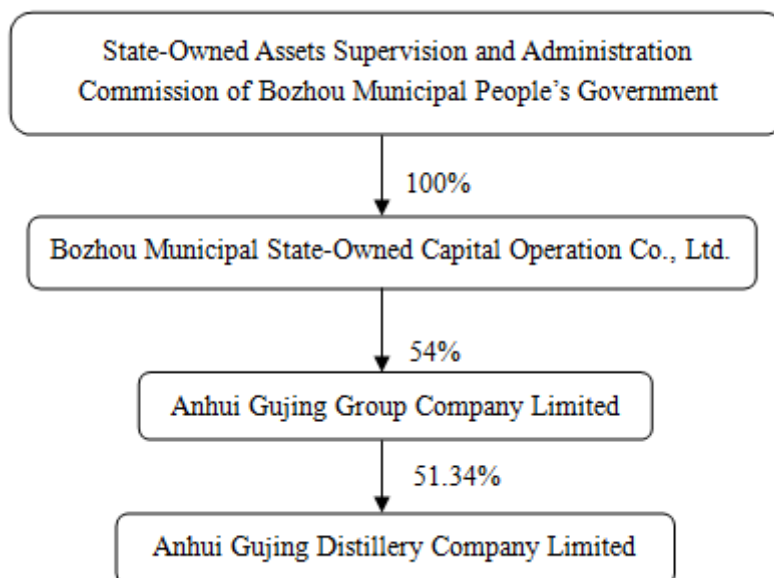
Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
State-owned Assets Supervision and Administration Commission of the People's Government of Bozhou	Zhao Liang	N/A	113416007316875206	N/A
Other listed companies at home or abroad controlled by the actual controller in the Reporting Period	N/A			

Change of the actual controller during the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

Applicable  Not applicable

**4. Number of Accumulative Pledged Shares held by the Company's Controlling Shareholder or the Largest Shareholder as well as Its Acting-in-Concert Parties Accounts for 80% of all shares of the Company held by Them**

Applicable  Not applicable

**5. Other 10% or Greater Corporate Shareholders**

Applicable  Not applicable

**6. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers**

Applicable  Not applicable

**IV Specific Implementation of Share Repurchase during the Reporting Period**

Progress on any share repurchase

Applicable  Not applicable

Progress on reducing the repurchased shares by means of centralized bidding

Applicable  Not applicable

## Part VIII Preference Shares

Applicable  Not applicable

No preference shares in the Reporting Period.

## Part IX Corporate Bonds

Applicable  Not applicable

## Part X Financial Statements

### I Independent Auditor's Report

Type of auditor's opinion	Unmodified unqualified opinion
Date of signing the auditor's report	26 April 2024
Name of the auditor	RSM China
No. of the auditor's report	Rongcheng audit character [2024] 518Z0272
Name of CPA	Zhang Liping, Han Songliang, Yang Fan

### Text of the Auditor's Report

**To the Shareholders of Anhui Gujing Distillery Company Limited:**

#### I. Opinion

We have audited the financial statements of Anhui Gujing Distillery Co., Ltd. (hereafter referred to as "Anhui Gujing"), which comprises the consolidated and the parent company's statement of financial position as at 31 December 2023, the consolidated and the parent company's statement of profit or loss and other comprehensive income, the consolidated and the parent company's statement of cash flows, the consolidated and the parent company's statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying Anhui Gujing's financial statements present fairly, in all material respects, the consolidated and the company's financial position as at 31 December 2023 and of their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

#### II. Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing (CSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Anhui Gujing in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

#### III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

##### (I) Revenue recognition

###### 1. Description

Refer to notes to the consolidated financial statements "3. 27. Revenue" and "5. 38. Operating Revenue and Cost of Sales".

In 2023, the Company achieved baijiu sales revenue of RMB19.639 billion, accounting for 96.97% of operating revenue. Since Baijiu revenue is one of the key performance indicators of the Company, there may be the risk of material misstatement in whether the revenue is recognized in an appropriate accounting period. Therefore, we regard baijiu sales revenue recognition as a key audit

matter.

## 2. Audit response

Our procedures for revenue recognition include:

- (1) Understand the internal control process design related to the sales business, and execute the walk-through test, perform the control test on the identified key control points;
- (2) Additionally, discussions were held with the management and samples of sales contracts were reviewed to identify clauses and conditions related to the transfer of control over goods. This process is essential for evaluating whether the timing of revenue recognition complies with corporate accounting standards;
- (3) Sampling inspection of supporting documents related to baijiu sales revenue recognition, including sales orders, sales invoices, outbound orders, sales outstanding, etc.;
- (4) Compared with the baijiu sales data of other enterprises in the same industry, compared the liquor sales data of the last period with the current period, analyzed the overall rationality of revenue and gross margin;
- (5) For the baijiu sales revenue recognized before and after the balance sheet date, select samples to check the sales orders, sales invoices, outbound orders, sales outstanding, etc., in order to evaluate whether the sales revenue is recorded in an appropriate accounting period;
- (6) Confirm the amount of baijiu sold and the closing balance of the advance payment to the main distributor by sending confirmation letter.

## (II) Accuracy of inventory balances

### 1. Description

Refer to notes to the consolidated financial statements "3 12. Inventory" and "5. 7. Inventory".

Anhui Gujing has a large inventory balance and needs to maintain an appropriate level of inventory to meet future market. The inventory balance accounts for 21.23% of the Company's total assets, and most of the inventory is semi-finished products and work in progress products. Inventory has a high balance at the end of the year and a large proportion of the total assets. Therefore, we regard the accuracy of the Company's inventory balance as a key audit matter.

### 2. Audit response

Our procedures for the accuracy of inventory balances include:

- (1) Understand the internal control process design related to inventory business, and carry out walk-through test, carry out control tests for identified key control points;
- (2) Obtain the stocktaking plan and stocktaking results of the company, understand the stocktaking methods and review procedures of the company, and supervise the stocktaking;
- (3) Understand the company's inventory cost accounting method, select several months of cost calculation sheet to review, and select the main categories of inventory to carry out valuation test;
- (4) To understand the provision method of the company's inventory impairment, evaluate the appropriateness of the provision method, and review whether the provision amount is correct;
- (5) Perform analytical procedures and compare with companies in the same industry.

## IV. Other information

Management of Anhui Gujing is responsible for the other information. The other information comprises the information included in the Annual Report of Anhui Gujing for the year of 2023, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **V. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management of Anhui Gujing is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Anhui Gujing's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Anhui Gujing or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Anhui Gujing's financial reporting process.

#### **VI. Auditor's Responsibilities for the Audit of the Financial Statements**

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Anhui Gujing's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Anhui Gujing to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Anhui Gujing to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and

significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

RSM China CPA LLP

*[Name of CPA]:* Zhang Liping

China-Beijing

*[Name of CPA]:* Han Songliang

*[Name of CPA]:* Yang Fan

26 April 2024

## 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

31 December 2023

Unit: RMB

Item	31 December 2023	1 January 2023
Current assets:		
Monetary assets	15,966,371,744.19	13,772,561,141.30
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	719,987,547.42	1,782,687,769.66
Derivative financial assets		
Notes receivable		
Accounts receivable	68,607,919.27	62,688,668.94
Accounts receivable financing	957,560,115.73	217,419,441.32
Prepayments	91,607,342.18	233,995,661.69
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	49,178,194.70	73,337,415.74
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	7,519,682,536.51	6,058,106,090.88
Contract assets	0.00	1,855,188.15
Assets held for sale		
Current portion of non-current assets		
Other current assets	135,071,255.36	125,568,725.51
Total current assets	25,508,066,655.36	22,328,220,103.19
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	10,367,078.26	10,154,235.98

Investments in other equity instruments	63,105,658.07	56,447,789.94
Other non-current financial assets		
Investment property	46,622,910.19	13,396,881.96
Fixed assets	4,596,044,056.92	2,741,844,586.30
Construction in progress	2,910,735,155.39	2,454,703,251.44
Productive living assets		
Oil and gas assets		
Right-of-use assets	81,038,100.24	32,562,171.10
Intangible assets	1,123,186,836.65	1,108,125,157.05
Development costs		
Goodwill	561,364,385.01	561,364,385.01
Long-term prepaid expense	59,102,583.98	51,012,977.31
Deferred income tax assets	455,588,567.46	425,120,227.37
Other non-current assets	5,685,287.46	6,870,532.00
Total non-current assets	9,912,840,619.63	7,461,602,195.46
Total assets	35,420,907,274.99	29,789,822,298.65
Current liabilities:		
Short-term borrowings	0.00	83,232,176.31
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,353,187,723.44	695,740,000.00
Accounts payable	2,814,192,071.24	2,054,063,559.15
Advances from customers		
Contract liabilities	1,401,122,249.53	826,636,478.35
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	1,180,605,773.29	795,138,305.63
Taxes payable	1,179,368,855.69	1,205,028,130.02
Other payables	3,267,292,222.01	3,261,763,838.80
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	80,825,022.51	42,237,345.11
Other current liabilities	1,132,018,451.10	1,044,664,441.58
Total current liabilities	12,408,612,368.81	10,008,504,274.95
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	107,106,256.94	44,944,737.91
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	68,380,767.78	18,631,395.93
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	100,811,404.82	103,714,978.95
Deferred income tax liabilities	321,723,514.56	281,173,154.70
Other non-current liabilities		
Total non-current liabilities	598,021,944.10	448,464,267.49
Total liabilities	13,006,634,312.91	10,456,968,542.44
Owners' equity:		
Share capital	528,600,000.00	528,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	6,224,747,667.10	6,224,747,667.10
Less: Treasury stock		
Other comprehensive income	1,596,322.73	408,739.61
Specific reserve		
Surplus reserves	269,402,260.27	269,402,260.27
General reserve		
Retained earnings	14,500,963,359.34	11,497,599,306.54
Total equity attributable to owners of the Company as the parent	21,525,309,609.44	18,520,757,973.52
Non-controlling interests	888,963,352.64	812,095,782.69
Total owners' equity	22,414,272,962.08	19,332,853,756.21
Total liabilities and owners' equity	35,420,907,274.99	29,789,822,298.65

Legal representative: Liang Jinhui

The Company's chief accountant: Zhu Jiafeng

Head of the Company's financial department: Zhu Jiafeng

## 2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2023	1 January 2023
Current assets:		
Monetary assets	7,430,906,530.24	7,338,284,192.52
Held-for-trading financial assets	719,987,547.42	1,267,195,966.38
Derivative financial assets		
Notes receivable	44,669,454.15	0.00
Accounts receivable		
Accounts receivable financing	353,179,776.80	233,465,242.96
Prepayments	64,184,453.89	39,599,180.34
Other receivables	384,878,020.29	202,279,154.63
Including: Interest receivable		
Dividends receivable		
Inventories	5,791,297,076.99	4,670,562,760.80
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	70,067,944.53	63,929,024.28
Total current assets	14,859,170,804.31	13,815,315,521.91
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	1,602,935,444.04	1,586,749,613.68
Investments in other equity instruments		
Other non-current financial assets		
Investment property	46,622,910.19	13,396,881.96
Fixed assets	3,457,239,038.00	1,715,114,776.31
Construction in progress	2,081,093,829.00	1,597,185,086.35
Productive living assets		
Oil and gas assets		
Right-of-use assets	81,038,100.24	31,004,490.39
Intangible assets	494,450,059.46	483,601,950.48
Development costs		
Goodwill		
Long-term prepaid expense	22,664,614.49	22,817,228.71
Deferred income tax assets	31,803,704.33	28,512,224.61

Other non-current assets		
Total non-current assets	7,817,847,699.75	5,478,382,252.49
Total assets	22,677,018,504.06	19,293,697,774.40
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	1,658,351,501.91	950,887,301.03
Advances from customers		
Contract liabilities	858,057,014.88	3,432,162.83
Employee benefits payable	477,940,588.68	276,482,563.00
Taxes payable	730,264,020.00	548,241,724.13
Other payables	879,518,254.66	726,494,649.90
Including: Interest payable		
Dividends payable		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	10,771,925.29	10,574,121.12
Other current liabilities	134,926,323.61	16,403,036.11
Total current liabilities	4,749,829,629.03	2,532,515,558.12
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	68,380,767.78	18,631,395.93
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	35,650,375.64	38,926,909.02
Deferred income tax liabilities	71,944,672.72	43,726,162.12
Other non-current liabilities		
Total non-current liabilities	175,975,816.14	101,284,467.07
Total liabilities	4,925,805,445.17	2,633,800,025.19
Owners' equity:		
Share capital	528,600,000.00	528,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		

Capital reserves	6,176,504,182.20	6,176,504,182.20
Less: Treasury stock		
Other comprehensive income	-1,993,312.09	-529,354.77
Specific reserve		
Surplus reserves	264,300,000.00	264,300,000.00
Retained earnings	10,783,802,188.78	9,691,022,921.78
Total owners' equity	17,751,213,058.89	16,659,897,749.21
Total liabilities and owners' equity	22,677,018,504.06	19,293,697,774.40

### 3. Consolidated Income Statement

Unit: RMB

Item	2023	2022
1. Revenue	20,253,526,598.02	16,713,234,153.52
Including: Operating revenue	20,253,526,598.02	16,713,234,153.52
Interest revenue		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	14,002,575,265.55	12,315,714,961.34
Including: Cost of sales	4,239,850,906.91	3,816,322,045.01
Interest costs		
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	3,050,101,661.89	2,824,059,322.03
Selling expense	5,436,773,057.25	4,668,185,055.13
Administrative expense	1,367,146,467.89	1,166,780,389.23
R&D expense	70,947,196.49	56,667,203.01
Finance costs	-162,244,024.88	-216,299,053.07
Including: Interest costs	3,289,772.96	5,679,645.21
Interest revenue	169,297,052.44	221,450,532.78
Add: Other income	48,053,328.37	46,721,259.52
Return on investment ("-" for loss)	-6,338,129.69	-10,804,384.45



Including: Share of profit or loss of joint ventures and associates	212,842.28	941,635.20
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)	19,987,547.42	29,149,125.30
Credit impairment loss (“-” for loss)	891,610.40	403,221.49
Asset impairment loss (“-” for loss)	-31,053,196.87	-11,144,233.30
Asset disposal income (“-” for loss)	437,622.67	886,286.45
3. Operating profit (“-” for loss)	6,282,930,114.77	4,452,730,467.19
Add: Non-operating income	85,066,844.12	50,767,945.38
Less: Non-operating expense	35,851,126.34	33,006,363.84
4. Profit before tax (“-” for loss)	6,332,145,832.55	4,470,492,048.73
Less: Income tax expense	1,605,876,011.66	1,218,657,884.24
5. Net profit (“-” for net loss)	4,726,269,820.89	3,251,834,164.49
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	4,726,269,820.89	3,251,834,164.49
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent	4,589,164,052.80	3,143,144,732.08
5.2.1 Net profit attributable to non-controlling interests	137,105,768.09	108,689,432.41
6. Other comprehensive income, net of tax	3,060,072.18	3,878,826.81
Attributable to owners of the Company as the parent	1,187,583.12	3,143,797.80
6.1 Items that will not be reclassified to profit or loss	2,996,040.66	857,417.15
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	2,996,040.66	857,417.15
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	-1,808,457.54	2,286,380.65
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	-1,808,457.54	2,286,380.65
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	1,872,489.06	735,029.01
7. Total comprehensive income	4,729,329,893.07	3,255,712,991.30
Attributable to owners of the Company as the parent	4,590,351,635.92	3,146,288,529.88
Attributable to non-controlling interests	138,978,257.15	109,424,461.42
8. Earnings per share		
8.1 Basic earnings per share	8.68	5.95
8.2 Diluted earnings per share	8.68	5.95

Legal representative: Liang Jinhui

The Company's chief accountant: Zhu Jiafeng

Head of the Company's financial department: Zhu Jiafeng

## 4. Income Statement of the Company as the Parent

Unit: RMB

Item	2023	2022
1. Operating revenue	10,625,037,756.73	8,436,854,425.33
Less: Cost of sales	3,708,083,747.47	3,150,072,247.44
Taxes and surcharges	2,575,219,279.98	2,427,479,945.90
Selling expense	48,250,729.30	214,565,182.08
Administrative expense	940,282,659.56	828,752,411.76
R&D expense	29,954,006.67	24,437,179.22
Finance costs	-110,266,407.56	-146,277,487.29
Including: Interest expense	1,700,517.02	1,571,025.57
Interest revenue	114,742,716.55	147,476,627.30
Add: Other income	8,532,622.97	9,829,030.03
Return on investment (“-” for loss)	143,470,881.11	516,451,555.38
Including: Share of profit or loss of joint ventures and associates	185,830.36	769,710.25
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)	19,987,547.42	13,657,322.02
Credit impairment loss (“-” for loss)	165,875.85	-259,373.20
Asset impairment loss (“-” for loss)	-25,391,138.49	-9,004,878.11
Asset disposal income (“-” for loss)	232,884.34	448,814.15
2. Operating profit (“-” for loss)	3,580,512,414.51	2,468,947,416.49
Add: Non-operating income	34,681,066.94	32,757,400.28
Less: Non-operating expense	27,568,586.35	22,709,736.17
3. Profit before tax (“-” for loss)	3,587,624,895.10	2,478,995,080.60
Less: Income tax expense	909,045,628.10	529,519,232.12
4. Net profit (“-” for net loss)	2,678,579,267.00	1,949,475,848.48
4.1 Net profit from continuing operations (“-” for net loss)	2,678,579,267.00	1,949,475,848.48
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of	-1,463,957.32	855,957.01

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	-1,463,957.32	855,957.01
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	-1,463,957.32	855,957.01
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	2,677,115,309.68	1,950,331,805.49
7. Earnings per share		
7.1 Basic earnings per share	5.07	3.69
7.2 Diluted earnings per share	5.07	3.69

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	2023	2022
1. Cash flows from operating activities:		
Proceeds from sale of commodities	20,796,713,697.12	17,348,587,209.08

and rendering of services		
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	25,589,555.96	45,693,991.49
Cash generated from other operating activities	1,423,692,371.04	1,235,322,755.09
Subtotal of cash generated from operating activities	22,245,995,624.12	18,629,603,955.66
Payments for commodities and services	3,187,127,580.32	3,108,670,928.12
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	3,667,689,324.27	3,185,038,494.67
Taxes paid	6,693,398,014.08	5,307,487,437.35
Cash used in other operating activities	4,201,574,671.03	3,920,492,516.04
Subtotal of cash used in operating activities	17,749,789,589.70	15,521,689,376.18
Net cash generated from/used in	4,496,206,034.42	3,107,914,579.48

operating activities		
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,895,000,000.00	8,260,205,000.00
Return on investment	26,136,797.69	221,663,163.09
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	5,606,610.18	1,962,955.22
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	1,926,743,407.87	8,483,831,118.31
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	2,381,037,944.96	1,580,221,258.51
Payments for investments	810,199,000.00	1,613,900,000.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units	13,439,262.05	20,998,589.19
Cash used in other investing activities		
Subtotal of cash used in investing activities	3,204,676,207.01	3,215,119,847.70
Net cash generated from/used in investing activities	-1,277,932,799.14	5,268,711,270.61
3. Cash flows from financing activities:		
Capital contributions received	4,000,000.00	6,000,000.00
Including: Capital contributions by non-controlling interests to subsidiaries	4,000,000.00	6,000,000.00
Borrowings raised	158,200,000.00	69,900,000.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	162,200,000.00	75,900,000.00
Repayment of borrowings	139,110,000.00	177,180,000.00
Interest and dividends paid	1,647,714,435.86	1,211,279,690.92
Including: Dividends paid by subsidiaries to non-controlling interests	60,232,272.03	41,909,624.65
Cash used in other financing activities	22,854,817.28	16,242,902.55
Subtotal of cash used in financing activities	1,809,679,253.14	1,404,702,593.47
Net cash generated from/used in financing activities	-1,647,479,253.14	-1,328,802,593.47

4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	1,570,793,982.14	7,047,823,256.62
Add: Cash and cash equivalents, beginning of the period	13,105,373,435.22	6,057,550,178.60
6. Cash and cash equivalents, end of the period	14,676,167,417.36	13,105,373,435.22

## 6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	2023	2022
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	11,647,556,108.04	9,518,152,761.40
Tax rebates	554,315.70	2,094,742.52
Cash generated from other operating activities	1,945,896,434.51	1,926,489,095.98
Subtotal of cash generated from operating activities	13,594,006,858.25	11,446,736,599.90
Payments for commodities and services	2,966,088,152.22	2,746,340,485.31
Cash paid to and for employees	1,330,813,936.27	1,081,372,305.15
Taxes paid	4,002,592,476.22	3,459,006,681.54
Cash used in other operating activities	2,164,383,676.11	2,992,541,464.72
Subtotal of cash used in operating activities	10,463,878,240.82	10,279,260,936.72
Net cash generated from/used in operating activities	3,130,128,617.43	1,167,475,663.18
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,270,000,000.00	7,606,205,000.00
Return on investment	155,367,881.51	665,639,717.09
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	996,472.31	2,031,105.25
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	1,426,364,353.82	8,273,875,822.34
Payments for the acquisition of fixed	2,112,501,571.75	1,411,407,863.94

assets, intangible assets and other long-lived assets		
Payments for investments	736,199,000.00	1,063,900,000.00
Net payments for the acquisition of subsidiaries and other business units	13,439,262.05	21,225,000.00
Cash used in other investing activities		
Subtotal of cash used in investing activities	2,862,139,833.80	2,496,532,863.94
Net cash generated from/used in investing activities	-1,435,775,479.98	5,777,342,958.40
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	1,585,800,000.00	1,164,491,025.57
Cash used in other financing activities	15,930,799.73	13,992,902.55
Subtotal of cash used in financing activities	1,601,730,799.73	1,178,483,928.12
Net cash generated from/used in financing activities	-1,601,730,799.73	-1,178,483,928.12
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	92,622,337.72	5,766,334,693.46
Add: Cash and cash equivalents, beginning of the period	7,338,284,192.52	1,571,949,499.06
6. Cash and cash equivalents, end of the period	7,430,906,530.24	7,338,284,192.52



7. Consolidated Statements of Changes in Owners' Equity

2023

Unit: RMB

Item	2023														
	Equity attributable to owners of the Company as the parent												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other			Subtotal
	Preferred shares	Perpetual bonds	Other												
1. Balance as at the end of the prior year	528,600,000.				6,224,747,667.10		408,739.61		269,402,260.27		11,497,599,306.54		18,520,757,973.52	812,095,782.69	19,332,853,756.21
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Other															

adjustments														
2. Balance as at the beginning of the year	528,600,000.00				6,224,747,667.10	408,739.61		269,402,260.27		11,497,599,306.54		18,520,757,973.52	812,095,782.69	19,332,853,756.21
3. Increase/decrease in the period (“-” for decrease)						1,187,583.12				3,003,364,052.80		3,004,551,635.92	76,867,569.95	3,081,419,205.87
3.1 Total comprehensive income						1,187,583.12				4,589,164,052.80		4,590,351,635.92	138,978,257.15	4,729,329,893.07
3.2 Capital increased and reduced by owners													-1,878,415.17	-1,878,415.17
3.2.1 Ordinary shares increased by owners													-1,878,415.17	-1,878,415.17
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									-1,585,800,000.00		-1,585,800,000.00	-60,232,272.03	-1,646,032,272.03
3.3.1	Appropriation to surplus reserves													
3.3.2	Appropriation to general reserve													
3.3.3	Appropriation to owners (or shareholders)									-1,585,800,000.00		-1,585,800,000.00	-60,232,272.03	-1,646,032,272.03
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	528,600,000.				6,224,747,667.10	1,596,322.73		269,402,260.27		14,500,963,359.34		21,525,309,609.44	888,963,352.64	22,414,272,962.08	

2022

Unit: RMB

Item	2022														Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent												Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other				
	Preferred	Perpetual	Other													

		d shares	al	r					e						
			bonds												
1. Balance as at the end of the prior year	528,600,000.				6,224,747,667.10		-2,735,058.19		269,402,260.27		9,517,374,574.46		16,537,389,443.64	715,471,437.89	17,252,860,881.53
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Other adjustments															
2. Balance as at the beginning of the year	528,600,000.				6,224,747,667.10		-2,735,058.19		269,402,260.27		9,517,374,574.46		16,537,389,443.64	715,471,437.89	17,252,860,881.53
3. Increase/decrease in the period (“-” for decrease)							3,143,797.80				1,980,224,732.08		1,983,368,529.88	96,624,344.80	2,079,992,874.68
3.1 Total							3,143,797.80				3,143,144,732.0		3,146,288,529.8	109,424,461.	3,255,712,991.3

comprehensive income											8		8	42	0
3.2 Capital increased and reduced by owners														29,109,508.03	29,109,508.03
3.2.1 Ordinary shares increased by owners														6,000,000.00	6,000,000.00
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														23,109,508.03	23,109,508.03
3.3 Profit distribution												-1,162,920,000.00	-1,162,920,000.00	-41,909,624.65	-1,204,829,624.65





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	528,600,000. 00				6,224,747,667. 10		408,739.61		269,402,260. 27		11,497,599,306. 54		18,520,757,973. 52	812,095,782. 69	19,332,853,756. 21

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

2023

Unit: RMB

Item	2023											
	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	528,600,000.00				6,176,504,182.20		-529,354.77		264,300,000.00	9,691,022,921.78		16,659,897,749.21
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												

Other adjustments												
2. Balance as at the beginning of the year	528,600,000.00				6,176,504,182.20		-529,354.77		264,300,000.00	9,691,022,921.78		16,659,897,749.21
3. Increase/ decrease in the period (“-” for decrease)							-1,463,957.32			1,092,779,267.00		1,091,315,309.68
3.1 Total comprehensive income							-1,463,957.32			2,678,579,267.00		2,677,115,309.68
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										-1,585,800,000.00		-1,585,800,000.00
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to										-1,585,800,000.00		-1,585,800,000.00

owners (or shareholders)												
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	528,600,000.00				6,176,504,182.20		-1,993,312.09		264,300,000.00	10,783,802,188.78	17,751,213,058.89

2022

Unit: RMB

Item	2022											
	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	528,600,000.00				6,176,504,182.20		-1,385,311.78		264,300,000.00	8,904,467,073.30		15,872,485,943.72
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	528,600,000.00				6,176,504,182.20		-1,385,311.78		264,300,000.00	8,904,467,073.30		15,872,485,943.72
3. Increase/ decrease in the period ("-" for decrease)							855,957.01			786,555,848.48		787,411,805.49
3.1 Total comprehensive income							855,957.01			1,949,475,848.48		1,950,331,805.49

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									-1,162,920,000.00		-1,162,920,000.00
3.3.1	Appropriation to surplus reserves											
3.3.2	Appropriation to owners (or shareholders)									-1,162,920,000.00		-1,162,920,000.00
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	528,600,000.00				6,176,504,182.20		-529,354.77		264,300,000.00	9,691,022,921.78		16,659,897,749.21

# Anhui Gujing Distillery Company Limited

## Notes to the Financial Statements

For the year ended 31 December 2023

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

### 1. BASIC INFORMATION ABOUT THE COMPANY

#### 1.1 Company Profile

The Anhui State-owned Asset Management Bureau approved through WanGuoZiGongZi (1996) No. 053 the incorporation of Anhui Gujing Distillery Company Limited (the Company and GJ Distillery) by Anhui Gujing Group Company Limited (GJ Group), as the sole founder, by the operating assets of Anhui Bozhou Gujing Distillery Factory (GJ Distillery Factory), which is the core operating unit of GJ Group. The incorporation was further approved by the Anhui People's Government through WanZhengMi (1996) 42. The incorporation General Meeting was held on 28 May 1996 and the incorporation was registered with the Anhui Administration Bureau for Commerce and Industry on 30 May 1996 with the registered address at Bozhou, Anhui, the People's Republic of China (the PRC). At incorporation, the Company's total number of shares stood at 155 million with a valuation of CNY 377.17million, which was the fair value of the operating assets of GJ Distillery Factory upon appraisal.

The Company initiated public offering of 60 million domestic listed shares held by foreign investors (known as “B share(s)”) in June 1996 and 20 million domestic listed CNY ordinary shares (known as “A share(s)”) in September 1996. The par value of both the B share and A share is CNY 1.00 per share. The B shares and A shares issued were listed on the Shenzhen Stock Exchange.

As of the public listing, the Company has 235 million shares in total with the share capital at CNY 235 million. The Company's at public listing comprised 155 million state-owned shares, 60 million B shares and 20 million A shares. Each of the Company's shares has a par value at CNY 1.00 per share.

In accordance with the resolution of the General Meeting held on 29 May 2006, the Company exercised the share reorganisation plan in June 2006. Immediately after the implementation of the share reorganisation plan, the Company had in total 235 million shares, comprising 147 million shares with restriction of disposal (equal to 62.55% of total shares) and 88 million free-floating shares (equal to 37.45% of total shares).



Upon the Company's publication of the Notice of Lifting Restriction of Shares on 27 June 2007, the restriction on disposal on 11.75 million shares was lifted on 29 June 2007. Immediately after the lifting, the Company had in total 235 million shares, comprising 135.25 million shares with restriction of disposal (equal to 57.55% of total shares) and 99.75 million free-floating shares (equal to 42.45% of total shares).

Upon the Company's publication of the Notice of Lifting Restriction of Shares on 17 July 2008, the restriction on disposal on 11.75 million shares was lifted on 18 July 2008. Immediately after the lifting, the Company had in total 235 million shares, comprising 123.5 million shares with restriction of disposal (equal to 52.55% of total shares) and 111.5 million free-floating shares (equal to 47.45% of total shares).

Upon the Company's publication of the Notice of Lifting Restriction of Shares on 24 July 2009, the restriction on disposal on 123.5 million shares was lifted on 29 July 2009. Immediately after the lifting, the Company had in total 235 million shares, comprising 235 million free-floating shares (equal to 100% of total shares).

Upon approval by the China Securities Regulatory Commission (CSRC) through ZhengJianXuKe [2011] 943, the Company issued on 15 July 2011 through private offering of 16.8 million A shares with the par value at CNY 1.00 to designated investors. The shares were issued at CNY 75.00 per share. Gross proceeds from this issuance was CNY 1,260 million and the respective net proceeds after deduction of the cost of issuance (CNY 32.5 million) was CNY 1,227.5 million. The subscription for the issuance was verified by Reanda CPAs Co., Ltd. through Reanda YanZi [2011] No. 1065. Immediately after this private offering, the share capital of the Company increased to CNY 251.8 million.

In accordance with the resolution of the Company's 2011 General Meeting, a bonus issue of 10 shares for every 10 shares held at 31 December 2011 through utilisation of capital reserves was exercised in 2012. 251.8 bonus shares were issued in total. Immediately after the exercise of the bonus issue, the Company's share capital increased to CNY 503.6 million.

Upon approval by the CSRC through ZhengJianXuKe [2021] 1422, the Company issued on 22 July 2021 through private offering of 25 million A shares with the par value at CNY 1.00 to designated investors. The shares were issued at CNY 200.00 per share. Gross proceeds from this issuance was CNY 5,000 million and the respective net proceeds after deduction of the cost of issuance (CNY 45.66 million) was CNY 4,954.34 million. The subscription for the issuance was verified by RSM China CPAs LLP through RSM Yan [2021] No. 518Z0050. Immediately after this private offering, the share capital of the Company increased to CNY 528.6 million.

As of 31 December 2023, total number of the Company's shares stood at 528.6 million. See Note 5.33 for further details.

The company's headquarters is located in Bozhou City, Anhui Province, Gujing town. Legal representative of the company is Liang Jinhui.

The company is mainly engaged in the production and sales of distilled wine, which belongs to the food manufacturing industry.

These financial statements are approved on 26 April 2024 by the Company's Board of Directors for publication.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

### **2.1 Basis of Preparation**

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC”). In addition, the Company discloses the relevant financial information in accordance with "Rules No.15 for the Information Disclosure and Reporting of Companies Offering Securities to the Public - General Requirements for Financial Reporting (2023 Revision)" issued by CSRC.

### **2.2 Going Concern**

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. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

The following significant accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Businesses not mentioned are complied with relevant accounting policies of the Accounting Standards for Business Enterprises.

### **3.1 Statement of Compliance with the Accounting Standards for Business Enterprises**

The Company prepares its financial statements in accordance with the requirements of the

Accounting Standards for Business Enterprises, truly and completely reflecting the Company's financial position as at 31 December 2023, and its operating results, changes in shareholders' equity, cash flows and other related information for the year then ended.

### 3.2 Accounting Period

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

### 3.3 Operating Cycle

The normal operating cycle of the Company is twelve months.

### 3.4 Functional Currency

The Company takes Renminbi Yuan ("RMB") as the functional currency.

The Company's overseas subsidiaries choose the currency of the primary economic environment in which the subsidiaries operate as the functional currency.

### 3.5 Determining Factor and Basis of Selection of Materiality

Item	Factor and basis of materiality
Significant write-off of other receivables	Amount greater than 5 million
Significant individual provision for bad debt of accounts receivable	Amount greater than 5 million
Significant other payables with aging of over one year	More than 0.03% of the total assets
Significant accounts payable with aging of over one year	More than 0.03% of the total assets
Significant non-wholly owned subsidiaries	Total assets, operating income, and net profit account for more than 5% of the corresponding items in the consolidated financial statements
Significant goodwill	Individual amount more than 50 million
Significant construction in progress	Individual amount more than 20 million

### 3.6 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 3.7 (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 3.7 (6).

#### **(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.

### **3.7 Judgment of Control and Method of Preparing the Consolidated Financial Statements**

#### **(a) Judgment of control and consolidation decision**

Control exists when the Company has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. The definition of control contains there elements: - 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. The Company controls an investee if and only if the Company has all the above three elements.

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

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:

- (i) Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- (ii) Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- (iii) 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:

- The transactions are entered into simultaneously or in contemplation of one another.
- The transactions form a single transaction designed to achieve an overall commercial effect.
- The occurrence of one transaction depends on the occurrence of at least one other transaction.
- 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.

### **3.8 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.

### **3.9 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.

### 3.10 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 amortisation 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 (such as interest rate, price of some kind of goods or some kind of financial instrument).

#### **(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 (ie all cash shortfalls), 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 (ie, impairment loss not been deducted). 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/Contract assets

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: Related parties within the scope of consolidation

Group 2: Receivables due from third parties

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: Related parties within the scope of consolidation

Group 2: Receivables due from third parties

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.

Determination basis of accounts receivable financing 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 contract assets is as following:

Group 1: Project construction

Group 2: Undue warranty

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 long-term receivables financing is as following:

Group 1: Project receivables, Lease receivables

Group 2: Others

For group 1, 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.

For group 2, 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.

The Company's aging calculation method of credit risk characteristic combination based on aging is as follows:

Aging	Accounts receivable Provision ratio	Other receivables provision ratio
Within 6 months	1%	1%
7 months to 1 years	5%	5%
1-2 years	10%	10%
2-3 years	50%	50%
Over 3 years	100%	100%

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 influence 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 behavior 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 - 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 - 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 fair value 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.

(i) 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.

(ii) 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 measured at actual cost at recognition. The actual cost of an item of inventories comprises the purchase cost, cost of processing and other costs. The cost of inventories used or sold is determined on the weighted average basis.

**(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) Recognition Criteria and 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 group 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 Contract Assets and Contract Liabilities**

The Company shall present contract assets or contract liabilities in the statement of financial position, depending on the relationship between the Company's satisfying a performance obligation and the customer's payment. A contract asset shall be presented if the Company has the right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability shall be presented if the Company has the obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer.

Method of determination and accounting for expected credit loss for contract assets please refer to Note 3.10.

Contract assets and contract liabilities shall be presented separately in the statement of financial position. The contract asset and contract liability for the same contract shall be presented on a net basis. A net balance shall be listed in the item of "Contract assets" or "Other non-current assets" according to its liquidity; a credit balance shall be listed in the item of "Contract liabilities" or "Other non-current liabilities" according to its liquidity. Contract assets and contract liabilities for different contracts cannot be offset.

**3.14 Contract costs**

Contract costs include costs to fulfill a contract and the costs to obtain a contract.

The Company shall recognise an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- (i) The costs relate directly to a contract or to an anticipated contract, including: direct labour, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because an entity entered into the contract;
- (ii) The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and
- (iii) The costs are expected to be recovered.

The incremental costs of obtaining a contract shall be recognised as an asset if the Company expects to recover them.

An asset related to contract costs shall be amortised on a systematic basis that is consistent with the revenue recognition of the goods or services to which the asset relates. The Company recognises the contract acquisition costs as an expense when incurred if the amortisation period of the asset that the Company otherwise would have recognised is one year or less.

The Company shall accrue the provision for impairment, recognise an impairment loss in profit or loss to the extent that the carrying amount of an asset related to the contract cost exceeds the difference of below two items, and further consider whether the estimated liability related to the onerous contract needs to be accrued:

- (i) The remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates; less
- (ii) The costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The Company shall recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

Providing that the costs to fulfil a contract satisfy the requirement to be recognised as an asset, the Company shall present them in the account “Inventory” if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account “Other non-current assets” if the contract has an original expected duration of more than one year (or a normal operating cycle).

Providing that the costs to obtain a contract satisfy the requirement to be recognised as an asset, the Company shall present them in the account “Other current asset” if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account “Other non-current assets” if the contract has an original expected duration of more than one year (or a normal operating cycle).

### **3.15 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 other equity 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 retained earnings of the period of 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 ventures, provision for impairment loss please refer to Note 3.22.

### **3.16 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 3.22.

The Company calculates the depreciation or amortisation based on the net amount of investment property cost less the accumulated impairment and the net residual value using 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 are listed as followings:

Category	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	10.00-30.00	3.00-5.00	3.17-9.70
Land use right	40.00-50.00	0.00	2.00-2.50

### **3.17 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	2.71-12.13
Machinery equipment	straight-line-method	8.00-10.00	3.00-5.00	9.50-12.13
Transportation vehicles	straight-line-method	4.00	3.00	24.25
Administrative and other devices	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.

## **3.18 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.

The specific criteria and timing of transfer to fixed assets for the Company's different categories of construction in progress items:

category	The specific criteria and timing of transfer to fixed assets
Houses and buildings	(i) The main construction project and supporting projects have been substantially completed; (ii) After the construction project meets the predetermined design requirements, it shall be inspected and accepted by the survey, design, construction, supervision and other units, and inspected and accepted by the local construction authorities and other relevant units; (iii) If the construction project has reached the predetermined serviceability state but has not yet completed the final accounts, it shall be transferred to the fixed assets at the estimated value according to the actual cost of the project from the date of reaching the predetermined serviceability state.
Equipment to be installed and debugged	(i) Relevant equipment and other supporting facilities have been installed; (ii) After debugging, the equipment can maintain normal and stable operation for a period of time, and the production equipment can produce qualified products stably in a period of time; (iii) The equipment management department shall conduct joint inspection with the asset use department, safety management Department, emergency Department, environmental Protection Department and other departments.

### 3.19 Right-of-use assets

At the lease commencement date, a right-of-use asset is measured at cost. The cost of a right-of-use asset comprise:

- (i) The amount of the initial measurement of the lease liability;
- (ii) Any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) Any initial direct costs incurred by the Group; and



(iv) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A right-of-use asset is subsequently measured at cost. If it is reasonably certain that ownership of the lease item will transfer to the Group upon expiry of the lease, the leased item is depreciated over its useful life; if, however, transfer of ownership of the leased item upon expiry of the lease to the Group cannot be reasonably expected, the leased item is depreciated over the shorter of its useful life and the lease term. Where a leased item has recorded impairment, its residual value after deducting the impairment allowance is depreciated in accordance the principle described in this paragraph.

### **3.20 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 capitalisation rate will be the weighted average of the borrowing costs applicable to the general borrowing.

### 3.21 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	40-50 years	Legal life
Patents	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
Trademarks	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 has 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 [units of production method] over the useful life. The amortisation amount shall be recognised 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) Scope of Research and Development Expenditures**

The Company classifies the expenses directly related to research and development activities as research and development expenditures, including remuneration of research and development staff, direct material, depreciation cost and long-term amortised expense, design fee, equipment commissioning fee, intangible assets amortisation cost, outsourcing research and development cost, and other expenses, etc.

### **(d) 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.

### **(e) 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.

## **3.22 Impairment of Long-Term Assets**

Impairment loss of long-term equity investment in subsidiaries, associates and joint ventures, investment properties, fixed assets, constructions in progress, and intangible assets subsequently measured at cost 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 a 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 the recoverable amount shall be then calculated and the impairment loss shall be recognised accordingly. 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.

### **3.23 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.

### **3.24 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 benefits.

(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:

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

## **3.25 Lease liabilities**

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments comprise:

- (i) Fixed payments, or in-substance fixed payments, less any lease incentives receivable;
- (ii) Variable lease payments that depend on an index or a rate;
- (iii) The exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- (iv) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease; and
- (v) Amounts expected to be payable by the Group under residual value guarantees.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. The excess of the lease payments over its present value is amortised over the lease term as interest expenses using the discount rate. A variable lease payment which is not included in the initial measurement of the lease liability is recognised in profit or loss when incurred.

### **3.26 Provisions**

#### **(a) Recognition**

A provision is recognised for an obligation associated with a contingent event when the following conditions are satisfied:

- (i) The obligation is a present obligation assumed by the entity;
- (ii) It is probable that fulfillment of the obligation will result in outflows of economic benefits from the entity;
- (iii) The amount of the obligation can be reliably measured.

#### **(b) Measurement**

A provision is 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 provision 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 provision, the carrying amount shall be adjusted based on the updated best estimate.

### **3.27 Revenue**

#### **(a) General Principle**



Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the Company when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The Company shall recognise revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good or service. Control of a good or service refers to the ability to direct the use of, and obtain substantially all of the remaining economic benefits from, the good or service.

When the contract has two or more obligation performances, the Company shall allocate the transaction price to each performance obligation in proportion to a relative stand-alone selling price at contract inception of the promised good or service underlying each performance obligation in the contract and recognize revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of the contract, if the contract includes a variable consideration, the Company shall determine the best estimate of the variable consideration based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If the contract contains a significant financing component, the Company shall determine the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the promised consideration shall be amortised using the effective interest method within the contract period. The Company need not consider the effects of a significant financing component if the period between when the Company transfers control of a good or service to a customer and when the customer pays for that good or service will be one year or less.

The Company satisfies a performance obligation over time, if one of the following criteria is met; otherwise a performance obligation is satisfied at a point in time:

- (i) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- (ii) The Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- (iii) The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless those progress cannot be reasonably measured. The Company measures the progress of a performance obligation for the service rendered using input methods (or output methods). In some circumstances, the Company cannot be able to reasonably measure the progress of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

The Company shall recognise revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the Company shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

- (i) The Company has a present right to payment for the good or service – a customer is presently obliged to pay for the good or service;
- (ii) The Company has transferred legal title of an asset to a customer - the customer has legal title to the asset;
- (iii) The Company has transferred physical possession of an asset to a customer - the customer has physical possession of the asset;
- (iv) The Company has transferred the significant risks and rewards of ownership of the asset to a customer - the customer has the significant risks and rewards of ownership of the asset;
- (v) The customer has accepted the asset.
- (VI) Other indication that the customer has obtained control over the asset.

#### **(b) Specific Method**

Revenue recognition methods of the Company are as follows:

- (i) Contract of sales of goods

According to the contract of sales of goods between the Company and the customer, the Company satisfies a performance obligation by transferring goods to the customer, which is a performance obligation satisfied at a point in time.

Revenue from domestic sales of goods can only be recognised when the following conditions are satisfied: the Company has transferred the promised goods to the customer according to the contract and the customer has accepted the goods; the payment has been received or the receipt voucher has been obtained and it is highly probable that the consideration will be received; the significant risks

and rewards of ownership of the asset has been transferred; legal title of the asset has been transferred.

(ii) Contract of rendering services

The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs, Company satisfies a performance obligation by rendering of services to the customer, which is a performance obligation satisfied over time. For each performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The customer can't simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs, the Company's performance does not create an asset with an alternative use and the Company has no enforceable right to payment for performance completed to date at all times throughout the duration of the contract, Revenue from rendering of services is a performance obligation satisfied at a point in time. The company recognizes revenue when the company completes technical services in accordance with the contractual agreement

(iii) Revenue from usage of assets

Revenue from usage of the Group's assets is recognised if the revenue can be reliably measured and it is probable that the associated economic benefits will flow to the Group.

Revenue from usage of assets mainly includes the income from the leasing of premises and houses. Revenue measured in accordance with the method determined by the respective contracts.

### 3.28 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 (or write down related expenses) 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 (or write down related expenses).

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 (or write down related expenses) 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.

### 3.29 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 other debt 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.

**(d) Basis for deferred income tax assets and deferred income tax liabilities presented on a net basis**

The Company shall offset deferred tax assets and deferred tax liabilities if, and only if:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or
- different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 3.30 Leases

#### (a) Identifying a lease

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

#### (b) Identifying a separate lease component

When a contract includes more than one separate lease components, the Company shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

#### (c) The Company as a lessee

At the commencement date, the Company identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all the short-term leases or leases for which the underlying asset is of low value, the Company shall recognise the lease payments associated with those leases as cost of relevant asset or expenses in current profit or loss on a straight-line basis over the lease term.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the Company shall recognise a right-of-use asset and a lease liability.



## (i) Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the Company shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company recognises and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to Notes 3.26. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight - line method. If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of- use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The depreciation method, estimated useful life, residual rates and annual depreciation rates which are determined according to the categories of right-of-use asset are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residualrates (%)	Annual depreciation rates (%)
Buildings and constructions	straight - line method	3.00-10.00	0.00	10.00-33.33
Machinery equipment	straight - line method	3.00	0.00	33.33

## (ii) Lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

- fixed payments and in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the Company shall use the incremental borrowing rate. The difference between the lease payments and its present value shall be recognised as unrecognised financing charges, calculated bases on the discount rate of the present value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognised in current profit or loss when incurred.

After the commencement date, the Company shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

#### **(d) The Company as a lessor**

At the commencement date, the Company shall classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it shall be classified as an operating lease.

##### **(i) Operating leases**

The Company shall recognise lease payments from operating leases as income on a straight-line basis over the term of the relevant lease and the initial direct costs incurred in obtaining an operating lease shall be capitalised and recognised as an expense over the lease term on the same basis as the lease income. The Company shall recognise the variable lease payments relating to the operating lease but not included in the measurement of the lease receivables into current profit or loss when incurred.

##### **(ii) Finance leases**

At the commencement date, the Company shall recognise the lease receivables at an amount equal to the net investment in the lease (the sum of the present value of the unguaranteed residual values and the lease payment that are not received at the commencement date discounted at the interest rate

implicit in the lease) and derecognise the asset relating to the finance lease. The Company shall recognise interest income using the interest rate implicit in the lease over the lease term.

The Company shall recognise the variable lease payments relating to the finance lease but not included in the measurement of the net investment in the lease into current profit or loss when incurred.

#### **(e) Lease modifications**

(i) A lease modification accounted for as a separate lease

The Company shall account for a modification to a lease as a separate lease, if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

(ii) A lease modification not accounted for as a separate lease

The Company as a lessee

At the effective date of the lease modification, the Company shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The Company shall account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The Company shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

The Company as a lessor

The Company shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For a modification to a finance lease that is not accounted for as a separate lease, the Company shall account for the modification as follows:

- if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Company shall account for the lease modification as a new lease from the effective date of the modification and measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification;
- if the lease would have been classified as a finance lease had the modification been in effect at the inception date, the Company shall account for the lease modification according to the requirements in the modification or renegotiation of the contract.

#### **(f) Sale and leaseback**

The Company shall determine whether the transfer of an asset under the sale and leaseback transaction is a sale of that asset according to the policies in Note 3.27.

##### **(i) The Company as a seller (lessee)**

If the transfer of the asset is not a sale, the Company shall continue to recognise the transferred asset and shall recognise a financial liability equal to the transfer proceeds. It shall account for the financial liability according to Note 3.10. If the transfer of the asset is a sale, the Company shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

##### **(ii) The Company as a buyer (lessor)**

If the transfer of the asset is not a sale, the Company shall not recognise the transferred asset and shall recognise a financial asset equal to the transfer proceeds. It shall account for the financial asset according to Note 3.10. If the transfer of the asset is a sale, the Company shall account for the purchase of the asset applying applicable Accounting Standards of Business Enterprises, and for the lease applying the lessor accounting requirements.

### **3.31 Changes in Significant Accounting Policies and Accounting Estimates**

#### **(a) Changes in accounting polices**

On 30 November 2022, the Ministry of Finance issued Interpretation of Accounting Standards for Business Enterprises No.16 (Caikuai[2022] No.31) (hereinafter referred to as "Interpretation No.16"), in which the provision of "Accounting treatment of deferred tax related to assets and liabilities arising from a single transaction that does not apply the initial recognition exemption" shall be implemented as of 1 January 2023. There are not any significant impacts on the Company's financial statements during the reporting period for the implementation of Interpretation No.16.

#### **(b) Significant changes in accounting estimates**

The Company has no significant changes in accounting estimates for the reporting period.

## 4. TAXATION

### 4.1 Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate
Value added tax (VAT)	Value added in the course of sales of goods and rendering of services	13%, 9%, 6%
Consumption duty	Taxable revenue	Tax by quantity: CNY 1.00 per kilogram or litre of distilled wine sold; Tax by revenue: 20% on taxable revenue from sale of distilled wine
Urban maintenance and construction tax	Transaction tax payable	7%, 5%
Education surcharge	Transaction tax payable	3%
Local education surcharge	Transaction tax payable	2%
Corporate income tax (CIT)	Taxable income	25%

The basic income tax rate of the company is 25%, and the actual income tax rate of some subsidiaries is shown in the following table:

Name of Taxpayer	Rate of Income Tax
Longrui Glass	15.00%
Ruisi Weier	15.00%
Runan Xinke	15.00%
Theme Hotel	5.00%
Anhui Gu Qi Distillery	5.00%
GJ Guest House	5.00%
Jiuan Electric	5.00%
Junlou Culture	5.00%
HHL Beverage	5.00%
Yashibo	5.00%
Xinjia Testing	5.00%
Wuhan Gulou Junhe	5.00%
Wuhan Gulou Juntai	5.00%
Xiaogan Gulou Tiancheng	5.00%
GJ Health Technology	15.00%

## 4.2 Tax Preference

(i) Ruisi Weier's High-Tech Enterprise Status was jointly approved by the Anhui Science and Technology Department (Anhui STD), Anhui Finance Department (Anhui FiD) and Anhui Tax Office (Anhui PAT) through WanKeQiMi [2022] No. 482 and was issued the High-Tech Enterprise Certificate (GR202234000476) with the validity term of 3 years. In accordance with the Corporate Income Tax Law of the People's Republic of China, the CIT rate applicable to Ruisi Weier for the period from 1 January 2022 to 31 December 2024 is 15%.

(ii) Longrui Glass's High-Tech Enterprise Status was jointly approved by the Anhui STD, Anhui FiD and Anhui PAT through WanKeQiMi [2022] No. 482 and was issued the High-Tech Enterprise Certificate (GR202234004359) with the validity term of 3 years. In accordance with the Corporate Income Tax Law of the People's Republic of China, the CIT rate applicable to Longrui Glass for the period from 1 January 2022 to 31 December 2024 is 15%.

(iii) Runan Xinke's High-Tech Enterprise Status was jointly approved by the Anhui STD, Anhui FiD and Anhui PAT through WanKeGaoMi [2022] No. 49 and was issued the High-Tech Enterprise Certificate (GR202134004920) with the validity term of 3 years. In accordance with the Corporate Income Tax Law of the People's Republic of China, the CIT rate applicable to Runan Xinke for the period from 1 January 2021 to 31 December 2023 is 15%.

(iv) GJ Health Technology's High-Tech Enterprise Status was jointly approved by the Anhui STD, Anhui FiD and Anhui PAT through WanKeGaoMi and was issued the High-Tech Enterprise Certificate (GR202134004641) with the validity term of 3 years. In accordance with the Corporate Income Tax Law of the People's Republic of China, the CIT rate applicable to GJ Health Technology for the period from 1 January 2021 to 31 December 2023 is 15%.

(v) Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 6 of 2023 by the General Administration of Taxation of the Ministry of Finance), from 1 January 2023 to 31 December 2024, the part of the annual taxable income of small and micro profit enterprises that does not exceed 1 million yuan shall be included in the taxable income at a reduced rate of 25%. Pay corporate income tax at a rate of 20%. Theme Hotel, GJ Guest House, Juian Electric, Gu Qi Distillery, Hubei Junlou Cultural, HHL Beverage, Yashibo, Xinjia Testing, Wuhan Gulou Junhe, Wuhan Gulou Juntai, Xiaogan Gulou Tiancheng comply with the relevant provisions of small small profit enterprise income tax preferential policy.

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5.1 Monetary funds

Items	31 December 2023	31 December 2022
Cash on hand	78,223.44	111,642.11
Cash at bank	15,674,993,088.76	13,698,187,278.75
Other monetary funds	291,300,431.99	74,262,220.44
Total	15,966,371,744.19	13,772,561,141.30

Notes: At the end of 2023, the bank deposits were used to pledge the bank acceptance bill of 1,220 million, the bank deposits were used to pledge the bank guarantee of 1.90 million, and the other restricted funds in the bank deposits were 48.91 million. The other monetary funds as of the statement date included margin deposits not eligible for early redemption at 19.39 million. Except for the pre-mentioned, monetary funds as of the statement date was not subject to limitation on usage such as pledging or freezing or risk on recovery.

## 5.2 Financial Assets Held-for-trading

Items	31 December 2023	31 December 2022
Financial assets at fair value through profit or loss	719,987,547.42	1,782,687,769.66
Including: Structural financial products	719,987,547.42	1,580,352,899.17
Fund investments	-	202,334,870.49
Total	719,987,547.42	1,782,687,769.66

## 5.3 Accounts Receivable

### (a) Accounts receivable by aging

Aging	31 December 2023	31 December 2022
Within one year	68,276,125.36	60,886,443.44
Including: Within 6 months	65,998,078.79	57,829,416.75
7 months to 1 years	2,278,046.57	3,057,026.69
1-2 years	1,209,303.29	10,382,550.23
2-3 years	7,827,391.86	405,162.30

Aging	31 December 2023	31 December 2022
Over 3 years	173,492.54	137,464.27
Subtotal	77,486,313.05	71,811,620.24
Less: provision for bad debt	8,878,393.78	9,122,951.30
Total	68,607,919.27	62,688,668.94

**(b) Accounts receivable by bad debt provision method**

Category	31 December 2023				Carrying amount
	Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually	7,792,783.72	10.06	7,792,783.72	100.00	-
Provision for bad debt recognised by groups	69,693,529.33	89.94	1,085,610.06	1.56	68,607,919.27
Including: Group1	-	-	-	-	-
Group2	69,693,529.33	89.94	1,085,610.06	1.56	68,607,919.27
Total	77,486,313.05	100.00	8,878,393.78	11.46	68,607,919.27

(Continued)

Category	31 December 2022				Carrying amount
	Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually	7,792,783.72	10.85	7,792,783.72	100.00	-
Provision for bad debt recognised by groups	64,018,836.52	89.15	1,330,167.58	2.08	62,688,668.94
Including: Group1	-	-	-	-	-
Group2	64,018,836.52	89.15	1,330,167.58	2.08	62,688,668.94
Total	71,811,620.24	100.00	9,122,951.30	12.70	62,688,668.94

As at 31 December 2023, accounts receivable with bad debt provision recognised by group 2

Aging	31 December 2023		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within one year	68,276,125.36	773,883.12	1.13
Including: Within 6 months	65,998,078.79	659,980.79	1.00
7 months to 1 years	2,278,046.57	113,902.33	5.00
1-2 years	1,209,303.29	120,930.33	10.00
2-3 years	34,608.14	17,304.07	50.00



Aging	31 December 2023		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Over 3 years	173,492.54	173,492.54	100.00
Total	69,693,529.33	1,085,610.06	1.56

(Continued)

Aging	31 December 2022		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within one year	60,886,443.44	731,145.50	1.20
Including: Within 6 months	57,829,416.75	578,294.17	1.00
7 months to 1 years	3,057,026.69	152,851.33	5.00
1-2 years	2,589,766.51	258,976.65	10.00
2-3 years	405,162.30	202,581.16	50.00
Over 3 years	137,464.27	137,464.27	100.00
Total	64,018,836.52	1,330,167.58	2.08

Note: For details of recognition criteria and explanation for provision of bad debt by groups, please refer to Notes 3.10.

### (c) Changes of provision for bad debt during the reporting period

Category	31 December 2022	Changes during the reporting period				31 December 2023
		Provision	Business combination not under common control	Recovery or reversal	Elimination or write-off	
Individually significant receivables subject to individual impairment assessment	7,792,783.72	-	-	-	-	7,792,783.72
Individually insignificant receivables subject to individual impairment assessment	-	-	-	-	-	-

Category	31 December 2022	Changes during the reporting period				31 December 2023
		Provision	Business combination not under common control	Recovery or reversal	Elimination or write-off	
Group 2	1,330,167.58	218,133.44	-	462,690.96	-	1,085,610.06
Total	9,122,951.30	218,133.44	-	462,690.96	-	8,878,393.78

**(d) Accounts receivable written off during the reporting period**

Not applicable.

**(e) Top five closing balances by entity**

Entity name	Balance of accounts receivable as at 31 December 2023	Balance of contract assets as at 31 December 2023	Balance of accounts receivable and contract assets as at 31 December 2023	Proportion of the balance to the total accounts receivable and contract assets (%)	Provision for bad debt of accounts receivable and contract assets
Top 1	16,134,405.02	-	16,134,405.02	20.82	161,344.05
Top 2	13,873,946.05	-	13,873,946.05	17.91	138,739.46
Top 3	7,792,783.72	-	7,792,783.72	10.06	7,792,783.72
Top 4	5,834,173.93	-	5,834,173.93	7.53	58,341.74
Top 5	4,635,200.00	-	4,635,200.00	5.98	46,352.00
Total	48,270,508.72	-	48,270,508.72	62.30	8,197,560.97

**5.4 Accounts Receivable Financing****(a) Accounts receivable financing by category**

Type	31 December 2023		
	Book balance	Provision for bad debt	Carrying amount
Bank acceptance bills	957,560,115.73	-	957,560,115.73
Commercial acceptance bills	-	-	-
Total	957,560,115.73	-	957,560,115.73

(Continued)

Type	31 December 2022		
	Book balance	Provision for bad debt	Carrying amount

Type	31 December 2022		
	Book balance	Provision for bad debt	Carrying amount
Bank acceptance bills	217,419,441.32	-	217,419,441.32
Commercial acceptance bills	-	-	-
Total	217,419,441.32	-	217,419,441.32

**(b) Pledged accounts receivable financing at 31 December 2023**

Not applicable.

**(c) Accounts receivable financing which were discounted or endorsed but not due at 31 December 2023**

Items	Amount derecognised	Amount not derecognised
Bank acceptance bills	3,872,640,690.87	-
Commercial acceptance bills	-	-
Total	3,872,640,690.87	-

**(d) Accounts receivable financing by loss allowance provision method**

Category	31 December 2023				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for loss allowance recognised individually	-	-	-	-	-
Provision for loss allowance recognised by groups	957,560,115.73	100.00	-	-	957,560,115.73
Including: Group1	-	-	-	-	-
Group2	957,560,115.73	100.00	-	-	957,560,115.73
Total	957,560,115.73	100.00	-	-	957,560,115.73

(Continued)

Category	31 December 2022				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for loss allowance recognised individually	-	-	-	-	-
Provision for loss allowance	217,419,441.32	100.00	-	-	217,419,441.32

Category	31 December 2022				Carrying amount
	Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision ratio (%)	
recognised by groups					
Including:Group1	-	-	-	-	-
Group2	217,419,441.32	100.00	-	-	217,419,441.32
Total	217,419,441.32	100.00	-	-	217,419,441.32

**(e) Movement of impairment allowance**

Not applicable.

**(f) Accounts receivable financing written off during the reporting period**

Not applicable.

**5.5 Advances to Suppliers****(a) Advances to suppliers by aging**

Aging	31 December 2023		31 December 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within one year	90,144,117.89	98.40	233,344,417.80	99.72
1 to 2 years	995,545.31	1.09	631,243.89	0.27
2 to 3 years	467,678.98	0.51	20,000.00	0.01
Over 3 years	-	-	-	-
Total	91,607,342.18	100.00	233,995,661.69	100.00

**(b) Top five closing balances by entity**

Entity name	Balance as at 31 December 2023	Proportion of the balance to the total advances to suppliers (%)
Top 1	18,284,508.85	19.96
Top 2	7,534,837.22	8.23
Top 3	7,089,576.02	7.74
Top 4	5,245,132.11	5.73
Top 5	2,726,854.35	2.98
Total	40,880,908.55	44.64

**5.6 Other Receivables**

**(a) Other receivables by category**

Items	31 December 2023	31 December 2022
Interest receivable	-	-
Dividend receivable	-	-
Other receivables	49,178,194.70	73,337,415.74
Total	49,178,194.70	73,337,415.74

**(b) Other Receivables****(i) Other receivables by aging**

Aging	31 December 2023	31 December 2022
Within one year	46,992,878.99	68,032,959.87
Including: Within 6 months	40,097,431.00	66,026,552.80
7 months to 1 years	6,895,447.99	2,006,407.07
1-2 years	2,308,597.13	5,801,770.49
2-3 years	1,706,650.01	1,686,854.49
Over 3 years	34,652,068.31	44,645,231.37
Subtotal	85,660,194.44	120,166,816.22
Less: provision for bad debt	36,481,999.74	46,829,400.48
Total	49,178,194.70	73,337,415.74

**(ii) Other receivables by nature**

Nature	31 December 2023	31 December 2022
Security investments	28,635,660.22	38,434,247.10
Margin deposits	7,558,471.55	9,840,126.80
Advanced travel expenses	594,453.48	1,172,804.12
Rentals and utilities receivable	8,593,773.81	5,206,927.45
Others	40,277,835.38	65,512,710.75
Subtotal	85,660,194.44	120,166,816.22
Less: provision for bad debt	36,481,999.74	46,829,400.48
Total	49,178,194.70	73,337,415.74

**(iii) Other receivables by bad debt provision method****A. As at 31 December 2023, provision for bad debt recognised based on three stages model**

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	57,024,534.22	7,846,339.52	49,178,194.70
Stage 2	-	-	-

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 3	28,635,660.22	28,635,660.22	-
Total	85,660,194.44	36,481,999.74	49,178,194.70

As at 31 December 2023, provision for bad debt at stage 1:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	-	-	-	-
Provision for bad debt recognised by groups	57,024,534.22	13.76	7,846,339.52	49,178,194.70
Including: Group 1	-	-	-	-
Group 2	57,024,534.22	13.76	7,846,339.52	49,178,194.70
Total	57,024,534.22	13.76	7,846,339.52	49,178,194.70

Details of Group 2 receivables as of the statement date

Age group	31 December 2023		
	Gross	Impairment allowance	Provision ratio (%)
Within 1 year	46,992,878.99	745,746.71	1.59
Including: Within 6 months	40,097,431.00	400,974.31	1.00
7 months to 1 years	6,895,447.99	344,772.40	5.00
1 to 2 years	2,308,597.13	230,859.71	10.00
2 to 3 years	1,706,650.01	853,325.01	50.00
Over 3 years	6,016,408.09	6,016,408.09	100.00
Total	57,024,534.22	7,846,339.52	13.76

As at 31 December 2023, provision for bad debt at stage 3:

Category	Book balance	Expected credit loss ratio (%) over the entire duration	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	28,635,660.22	100.00	28,635,660.22	-
Provision for bad debt recognised by	-	-	-	-

Category	Book balance	Expected credit loss ratio (%) over the entire duration	Provision for bad debt	Carrying amount
groups				
Including: Group 1	-	-	-	-
Group 2	-	-	-	-
Total	28,635,660.22	100.00	28,635,660.22	-

#### Details of receivables subject to individual assessment as of 31 December 2023

Entity name	31 December 2023			
	Book balance	Provision for bad debt	Provision ratio (%)	Reason for impairment
Hengxin Securities Co., Ltd.	28,635,660.22	28,635,660.22	100.00	In bankruptcy
Total	28,635,660.22	28,635,660.22	100.00	-

#### B. As at 31 December 2022, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	81,732,569.12	8,395,153.38	73,337,415.74
Stage 2	-	-	-
Stage 3	38,434,247.10	38,434,247.10	-
Total	120,166,816.22	46,829,400.48	73,337,415.74

#### As at 31 December 2022, provision for bad debt at stage 1:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	-	-	-	-
Provision for bad debt recognised by groups	81,732,569.12	10.27	8,395,153.38	73,337,415.74
Including: Group 1	-	-	-	-
Group 2	81,732,569.12	10.27	8,395,153.38	73,337,415.74
Total	81,732,569.12	10.27	8,395,153.38	73,337,415.74

#### Details of Group 2 receivables as of the statement date

Age group	31 December 2022		
	Gross	Impairment allowance	Provision ratio (%)
Within 1 year	68,032,959.87	760,564.80	1.12
Including: Within 6 months	66,026,552.80	660,244.43	1.00
7 months to 1 years	2,006,407.07	100,320.37	5.00
1 to 2 years	5,801,770.49	580,177.04	10.00
2 to 3 years	1,686,854.49	843,427.27	50.00
Over 3 years	6,210,984.27	6,210,984.27	100.00
Total	81,732,569.12	8,395,153.38	10.27

As at 31 December 2022, provision for bad debt at stage 3:

Category	Book balance	Expected credit loss ratio (%) over the entire duration	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	38,434,247.10	100.00	38,434,247.10	-
Provision for bad debt recognised by groups	-	-	-	-
Including: Group 1	-	-	-	-
Group 2	-	-	-	-
Total	38,434,247.10	100.00	38,434,247.10	-

Details of receivables subject to individual assessment as of 31 December 2022

Entity name	31 December 2022			Reason for impairment
	Book balance	Provision for bad debt	Provision ratio (%)	
Hengxin Securities Co., Ltd.	28,733,899.24	28,733,899.24	100.00	In bankruptcy
Jianqiao Securities Co., Ltd.	9,700,347.86	9,700,347.86	100.00	In bankruptcy
Total	38,434,247.10	38,434,247.10	100.00	-

(iv) Changes of provision for bad debt during the reporting period

Category	31 December	Changes during the reporting period	31 December
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	2022	Provision	Business combination not under common control	Recovery or reversal	Elimination or write-off	2023
Individual assessment	38,434,247.10	-	-	98,239.02	9,700,347.86	28,635,660.22
Portfolio assessment	8,395,153.38	208,002.92	-	756,816.78		7,846,339.52
Total	46,829,400.48	208,002.92	-	855,055.80	9,700,347.86	36,481,999.74

## (v) Top five closing balances by entity

Entity name	Nature	Balance as at 31 December 2023	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Top 1	Security investment	28,635,660.22	Over 3 years	33.43	28,635,660.22
Top 2	Other	7,876,916.57	Within 1 year	9.20	259,018.10
Top 3	Other	5,289,284.36	Within 6 months	6.17	52,892.84
Top 4	Other	4,543,285.59	Within 6 months	5.30	45,432.86
Top 5	Other	4,287,333.73	Within 6 months	5.01	42,873.34
Total		50,632,480.47		59.11	29,035,877.36

## 5.7 Inventories

## (a) Inventories by category

Items	31 December 2023		
	Book balance	Provision for impairment	Carrying amount
Raw materials and packaging	351,787,097.55	20,527,645.11	331,259,452.44
Semi-finished goods and work in progress	5,811,584,229.52	-	5,811,584,229.52
Finished goods	1,396,536,633.32	19,697,778.77	1,376,838,854.55
Total	7,559,907,960.39	40,225,423.88	7,519,682,536.51

(Continued)

Items	31 December 2022
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	Book balance	Provision for impairment	Carrying amount
Raw materials and packaging	384,626,636.25	16,449,308.79	368,177,327.46
Semi-finished goods and work in progress	4,263,603,307.09	-	4,263,603,307.09
Finished goods	1,431,913,213.36	5,587,757.03	1,426,325,456.33
Total	6,080,143,156.70	22,037,065.82	6,058,106,090.88

## (b) Provision for impairment

Items	31 December 2022	Increase during the reporting period		Decrease during the reporting period		31 December 2023
		Provision	Business combination not under common control	Reversal or elimination	Others	
Raw materials and packaging	16,449,308.79	12,364,609.33	-	8,286,273.01	-	20,527,645.11
Finished goods	5,587,757.03	18,498,530.79	-	4,388,509.05	-	19,697,778.77
Total	22,037,065.82	30,863,140.12	-	12,674,782.06	-	40,225,423.88

## 5.8 Contract Assets

Items	31 December 2023	31 December 2022
Project has been completed and the accounts have not been settled	-	1,855,188.15
Total	-	1,855,188.15

## 5.9 Other Current Assets

Items	31 December 2023	31 December 2022
Pledged Treasury bond reverse repurchase	25,199,000.00	60,000,000.00
Interests on deposits	26,696,206.46	3,579,838.89
Deductible taxes and tax allowance	83,176,048.90	61,988,886.62
Total	135,071,255.36	125,568,725.51

## 5.10 Long-term Equity Investments

### (a) Details of Long-term Equity Investments

Investees	31 December 2022	Changes during the reporting period				
		Additional investment	Decrease in investment	Investment income/(losses) recognised under equity method	Adjustments of other comprehensive income	Changes in other equity
I. Associates						
Beijing Guge Trading Co., Ltd. (Guge Trading)	5,484,525.73	-	-	27,011.92		
Anhui Xunfeijiuzhi Technology Co., Ltd	4,669,710.25	-	-	185,830.36		
Total	10,154,235.98	-	-	212,842.28		

(Continued)

Investees	Changes during the reporting period			31 December 2023	Provision for impairment at 31 December 2023
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
I. Associates					
Guge Trading	-	-	-	5,511,537.65	-
Xunfeijiuzhi	-	-	-	4,855,540.61	-
Total	-	-	-	10,367,078.26	-

### 5.11 Other equity instrument investment

Items	31 December 2022	Changes during the reporting period					31 December 2023
		Additional investment	Decrease in investment	Gains recognised in other comprehensive income	Losses recognised in other comprehensive income	Others	
Anhui Mingguang Village Commercial Bank (Mingguang VCB)	56,447,789.94			6,657,868.13			63,105,658.07
Total	56,447,789.94			6,657,868.13			63,105,658.07

(Continued)

Items	Dividend income recognised during the reporting period	Cumulative gains recognised in other comprehensive income	Cumulative losses recognised in other comprehensive income	Amount of other comprehensive income transfer to retained earnings	Reason for designated as fair value through other comprehensive income
Anhui Mingguang Village Commercial Bank (Mingguang VCB)	747,200.50	9,256,960.27			For management holding purposes, it is specified as measured at fair value and changes in it are included in other comprehensive income

## 5.12 Investment Properties

### (a) Investment properties accounted for using cost model

Items	Houses and buildings	Land use rights	Total
Initial cost:			
Balance as at 31 December 2022	20,473,989.11	2,644,592.00	23,118,581.11
Increase during the reporting period	63,703,963.50	-	63,703,963.50
(i) Reclassification from Fixed assets	63,703,963.50	-	63,703,963.50
Decrease during the reporting period	-	-	-
Balance as at 31 December 2023	84,177,952.61	2,644,592.00	86,822,544.61
Accumulated depreciation and amortisation:			
Balance as at 31 December 2022	8,853,919.61	867,779.54	9,721,699.15
Increase during the reporting period	30,421,908.71	56,026.56	30,477,935.27
(i) Recognition	2,634,984.06	56,026.56	2,691,010.62
(ii) Reclassification from Fixed assets	27,786,924.65	-	27,786,924.65
Decrease during the reporting period	-	-	-
Balance as at 31 December 2023	39,275,828.32	923,806.10	40,199,634.42
Provision for impairment			
Balance as at 31 December 2022	-	-	-
Increase during the reporting period	-	-	-
Decrease during the reporting period	-	-	-
Balance as at 31 December 2023	-	-	-
Carrying amount:			
Balance as at 31 December 2023	44,902,124.29	1,720,785.90	46,622,910.19
Balance as at 31 December 2022	11,620,069.50	1,776,812.46	13,396,881.96

## 5.13 Fixed Assets

### (a) Fixed assets by category

Items	31 December 2023	31 December 2022
Fixed assets	4,596,044,056.92	2,741,844,586.30
Disposal of fixed assets	-	-
Total	4,596,044,056.92	2,741,844,586.30

### (b) Fixed assets

#### (i) Details of fixed assets

Items	Houses and buildings	Machinery equipment	Transportation vehicles	Administrative and other devices	Total
Initial cost:					
Balance as at 31 December 2022	2,726,822,355.63	1,665,445,833.44	79,609,320.00	408,442,822.46	4,880,320,331.53
Increase during the reporting period	1,132,207,718.83	941,078,830.00	7,608,669.69	112,118,845.17	2,193,014,063.69
(i) Purchase	13,093,525.62	33,119,794.37	7,608,669.69	29,072,069.74	82,894,059.42
(ii) Transfer from construction in progress	1,119,114,193.21	907,959,035.63		83,046,775.43	2,110,120,004.27
Decrease during the reporting period	66,746,073.58	11,524,820.58	6,367,263.62	6,095,167.87	90,733,325.65
(i) Disposal	3,042,110.08	11,524,820.58	6,367,263.62	6,095,167.87	27,029,362.15
(ii) Reclassification to Investment properties	63,703,963.50				63,703,963.50
Balance as at 31 December 2023	3,792,284,000.88	2,594,999,842.86	80,850,726.07	514,466,499.76	6,982,601,069.57
Accumulated depreciation:					
Balance as at 31 December 2022	993,719,532.71	832,439,496.35	67,958,168.40	239,273,719.06	2,133,390,916.52
Increase during the reporting period	115,560,002.03	129,086,995.76	5,337,721.22	48,714,927.09	298,699,646.10
(i) Recognition	115,560,002.03	129,086,995.76	5,337,721.22	48,714,927.09	298,699,646.10
Decrease during the reporting period	29,711,835.94	8,669,952.99	5,810,718.78	5,890,742.13	50,083,249.84

Items	Houses and buildings	Machinery equipment	Transportation vehicles	Administrative and other devices	Total
period					
(i) Disposal	1,924,911.29	8,669,952.99	5,810,718.78	5,890,742.13	22,296,325.19
(ii) Reclassification to Investment properties	27,786,924.65				27,786,924.65
Balance as at 31 December 2023	1,079,567,698.80	952,856,539.12	67,485,170.84	282,097,904.02	2,382,007,312.78
Provision for impairment:					
Balance as at 31 December 2022	2,596,209.90	1,907,219.92	-	581,398.89	5,084,828.71
Increase during the reporting period	-	190,056.75	-	-	190,056.75
(i) Recognition	-	190,056.75	-	-	190,056.75
Decrease during the reporting period	-	722,087.00	-	3,098.59	725,185.59
(i) Disposal	-	722,087.00	-	3,098.59	725,185.59
Balance as at 31 December 2023	2,596,209.90	1,375,189.67	-	578,300.30	4,549,699.87
Carrying amount:					
Balance as at 31 December 2023	2,710,120,092.18	1,640,768,114.07	13,365,555.23	231,790,295.44	4,596,044,056.92
Balance as at 31 December 2022	1,730,506,613.02	831,099,117.17	11,651,151.60	168,587,704.51	2,741,844,586.30

## (ii) Fixed assets leasing out under operating leases

Items	Carrying amount at 31 December 2023
Houses and buildings	44,902,124.29
Total	44,902,124.29

## (iii) Fixed assets without certificate of title

Items	Carrying amount	Reason
Houses and buildings	1,639,135,408.17	Registration in progress
Total	1,639,135,408.17	

(iv) At the end of the period, there were no fixed assets with limited use due to mortgage.

## 5.14 Construction in Progress

### (a) Construction in progress by category

Items	31 December 2023	31 December 2022
Construction in progress	2,910,735,155.39	2,454,703,251.44
Construction materials	-	-
Total	2,910,735,155.39	2,454,703,251.44

### (b) Construction in progress

#### (i) Details of construction in progress

Items	31 December 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Smart Zone	2,564,788,149.93	-	2,564,788,149.93	2,043,434,953.17	-	2,043,434,953.17
Theme Hotel	225,797,376.40	-	225,797,376.40	252,169,603.40	-	252,169,603.40
GJ Plant #12 Wine Cellar	25,626,044.87	-	25,626,044.87	48,337,480.17	-	48,337,480.17
Glass bottle production line automation technical reform project	-	-	-	23,558,436.29	-	23,558,436.29
Suizhou Plant	29,094,832.88	-	29,094,832.88	57,312,769.08	-	57,312,769.08
Other projects	65,428,751.31	-	65,428,751.31	29,890,009.33	-	29,890,009.33
Total	2,910,735,155.39	-	2,910,735,155.39	2,454,703,251.44	-	2,454,703,251.44

#### (ii) Changes in significant projects of construction in progress

Projects	Budget	31 December 2022	Increase during the reporting period	Transfer to fixed asset	Decrease during the reporting period	31 December 2023
Smart Zone	828,965.74	2,043,434,953.17	2,045,361,261.66	1,524,008,064.90	-	2,564,788,149.93
Theme Hotel	62,500.00	252,169,603.40	252,294,249.29	278,225,547.10	440,929.19	225,797,376.40
GJ Plant #12 Wine Cellar	19,000.00	48,337,480.17	86,226,602.65	92,035,481.30	16,902,556.65	25,626,044.87
Glass bottle production line automation technical reform project	5,940.00	23,558,436.29	19,016,904.30	42,575,340.59	-	-

Projects	Budget	31 December 2022	Increase during the reporting period	Transfer to fixed asset	Decrease during the reporting period	31 December 2023
Suizhou Plant	60,000.00	57,312,769.08	128,920,446.69	142,869,577.87	14,268,805.02	29,094,832.88
Other projects	59,419.54	29,890,009.33	74,139,449.59	30,405,992.51	8,194,715.10	65,428,751.31
Total	1,035,825.28	2,454,703,251.44	2,605,958,914.18	2,110,120,004.27	39,807,005.96	2,910,735,155.39

(Continued)

Projects	Proportion of project input to budgets (%)	Rate of progress	Cumulative amount of interest capitalisation	Including: interest capitalised during the reporting period	Interest capitalisation rate during the reporting period (%)	Source of funds
Smart Zone	54.60	62.00	-	-	-	Self-funded, public financing
Theme Hotel	80.71	80.71	-	-	-	Self-funded
GJ Plant #12 Wine Cellar	93.44	93.44	-	-	-	Self-funded
Glass bottle production line automation technical reform project	77.71	100.00	-	-	-	Self-funded
Suizhou Plant	90.40	98.00	7,924,537.33	3,272,146.95	3.35	Self-funded, loans
Other projects	17.51	17.51	-	-	-	Self-funded
Total			7,924,537.33	3,272,146.95		

Note: Increase of construction in progress for 18.58% year over year was mainly resulted from investment in Smart Zone in the period.

## 5.15 Right-of-use Assets

### (a) General information of right-of-use assets

Items	Houses and buildings	Machinery equipment	Total
Initial cost:			
Balance as at 31 December 2022	58,410,080.67	1,330,929.57	59,741,010.24
Increase during the reporting period	63,545,184.95	-	63,545,184.95
Decrease during the reporting period	13,683,700.53	1,330,929.57	15,014,630.10
Balance as at 31 December 2023	108,271,565.09	-	108,271,565.09
Accumulated depreciation:			



Items	Houses and buildings	Machinery equipment	Total
Balance as at 31 December 2022	26,291,552.70	887,286.44	27,178,839.14
Increase during the reporting period	14,625,612.68	443,643.13	15,069,255.81
Decrease during the reporting period	13,683,700.53	1,330,929.57	15,014,630.10
Balance as at 31 December 2023	27,233,464.85	-	27,233,464.85
Provision for impairment:			
Balance as at 31 December 2022			
Increase during the reporting period			
Decrease during the reporting period			
Balance as at 31 December 2023			
Carrying amount:			
Balance as at 31 December 2023	81,038,100.24	-	81,038,100.24
Balance as at 31 December 2022	32,118,527.97	443,643.13	32,562,171.10

## 5.16 Intangible Assets

### (a) General information of intangible assets

Items	Land use rights	Software	Patents and trademarks	Total
Initial cost:				
Balance as at 31 December 2022	1,088,480,720.77	122,263,823.72	254,995,277.12	1,465,739,821.61
Increase during the reporting period	48,166,516.98	11,144,888.09	-	59,311,405.07
(i) Purchase	48,166,516.98	4,152,702.48	-	52,319,219.46
(ii) Reclassification from construction in progress	-	6,992,185.61	-	6,992,185.61
Decrease during the reporting period	-	1,567,698.24	22,523.56	1,590,221.80
(i) Disposal	-	1,567,698.24	22,523.56	1,590,221.80
Balance as at 31 December 2023	1,136,647,237.75	131,841,013.57	254,972,753.56	1,523,461,004.88
Accumulated amortisation:				
Balance as at 31 December 2022	204,751,419.36	80,821,700.01	71,874,672.80	357,447,792.17
Increase during the reporting period	21,337,705.87	21,839,877.63	1,072,141.97	44,249,725.47
(i) Provision	21,337,705.87	21,839,877.63	1,072,141.97	44,249,725.47

Items	Land use rights	Software	Patents and trademarks	Total
Decrease during the reporting period	-	1,567,698.24	22,523.56	1,590,221.80
(i) Disposal	-	1,567,698.24	22,523.56	1,590,221.80
Balance as at 31 December 2023	226,089,125.23	101,093,879.40	72,924,291.21	400,107,295.84
Provision for impairment:				
Balance as at 31 December 2022	-	166,872.39	-	166,872.39
Increase during the reporting period	-	-	-	-
(i) Provision	-	-	-	-
Decrease during the reporting period	-	-	-	-
(i) Disposal	-	-	-	-
Balance as at 31 December 2023	-	166,872.39	-	166,872.39
Carrying amount:			-	-
Balance as at 31 December 2023	910,558,112.52	30,580,261.78	182,048,462.35	1,123,186,836.65
Balance as at 31 December 2022	883,729,301.41	41,275,251.32	183,120,604.32	1,108,125,157.05

### (b) Intangible assets pledged as of the statement date

	Initial cost	Cumulative amortisation	Provision for impairment	Carrying amount	Note
Trademark rights	56,716,115.40	2,412,775.14	-	54,303,340.26	Loan pledge
Total	56,716,115.40	2,412,775.14	-	54,303,340.26	

### (c) Land use rights without certificate of title

Items	Initial cost	Cumulative amortisation	Provision for impairment	Carrying amount	Reason
Land use rights	34,833,487.44	846,129.14	-	33,987,358.30	Registration in progress
Total	34,833,487.44	846,129.14	-	33,987,358.30	

## 5.17 Goodwill

**(a) Initial recognition**

Investees or matters that goodwill arising from	31 December 2022	Increase during the reporting period		Decrease during the reporting period		31 December 2023
		Business combination	Other	Disposal	Other	
HHL Distillery	478,283,495.29	-	-	-	-	478,283,495.29
Mingguang Distillery	60,686,182.07	-	-	-	-	60,686,182.07
Treasure Distillery	22,394,707.65	-	-	-	-	22,394,707.65
Total	561,364,385.01	-	-	-	-	561,364,385.01

**(b) Provision for impairment**

Following the impairment test and with reference to the Appraisal Reports (ZhongshuiZhiyuanPingBaoZi [2024] No. 220030 and ZhongshuiZhiyuanPingBaoZi [2024] No. 220033) issued by Beijing Zhongshui Zhiyuan Assets Appraisal Co., Ltd., the recoverable amounts of the asset groups were not lower than their respective value inclusive of goodwill as of the statement date. No impairment was identified upon the impairment test.

**(c) Asset groups associated with goodwill**

Investee	Composition of asset group	Asset group CNY million				Determination	Whether there has been any change in the current period
		Book value	Allocated goodwill	Unrecognised goodwill attributable to non-controlling interest	Total		
HHL Distillery	Operating assets of HHL Distillery	1,255.21	478.28	459.53	2,193.02	Active markets are available for the products of the asset group to which goodwill is allocated and hence the asset group is capable of generating identifiable separate cash flows.	No
Mingguang Distillery	Operating assets of Mingguang Distillery	214.18	60.69	40.46	315.33	Active markets are available for the products of the asset group to which goodwill is allocated and hence the asset group is capable of generating identifiable separate cash flows.	No

**(d) Specific determination method of recoverable amount**

Recoverable amount of an asset group: determined at the present value of the asset group's projected future cash flows. Future cash flows are projected on the basis of the financial budget approved by management for the above asset group for a five-year period, with sustainable cash flows beyond five years determined at the level of the last year of the detailed forecast period. The present value is calculated at a discount rate that appropriately reflects the current time value of money in the market and the specific risks of the asset group. Other key assumptions used in cash flow forecasting for asset groups include projected operating income, operating costs, growth rates, and related expenses, which are based on the company's operating results from prior years, growth rates, industry levels, and management's expectations for market developments. The discount rate adopted by the Company for 2023 ranges from 16.07% to 17.89%, and the growth rate ranges from 1.81% to 15.68%

**(e) Completion of performance commitments and corresponding goodwill impairment**

The company's goodwill asset group has no performance commitment this year, which has no impact on the goodwill impairment test.

**5.18 Long-term Deferred Expenses**

Items	31 December 2022	Increase during the reporting period	Decrease during the reporting period		31 December 2023
			Amortisation	Other decrease	
Experience Centre	18,055,386.32	156,139.05	12,796,911.30	-	5,414,614.07
Waste Water Plant	999,508.20	-	922,622.95	-	76,885.25
HHL Winery and Museum	770,053.59	-	770,053.59	-	-
GJCCP Culture Centre	1,181,818.18	-	1,181,818.18	-	-
Outdoor Plant	16,586,539.00	10,440,403.18	2,299,675.66	-	24,727,266.52
Pottery jar	-	16,902,556.65	422,563.92	-	16,479,992.73
Miscellaneous	13,419,672.02	9,307,748.89	10,323,595.50	-	12,403,825.41
Total	51,012,977.31	36,806,847.77	28,717,241.10	-	59,102,583.98

**5.19 Deferred Tax Assets and Deferred Tax Liabilities****(a) Deferred tax assets before offsetting**

Items	31 December 2023	31 December 2022
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	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment loss	44,941,996.14	10,848,316.56	27,288,766.92	6,642,674.57
Provision for credit impairment	45,360,393.52	11,292,126.66	55,952,351.78	13,967,271.03
Unrealised intragroup profit	74,347,126.84	18,586,781.71	100,142,928.48	25,035,732.12
Deferred income	100,811,404.82	24,492,497.96	103,714,978.95	25,483,351.68
Deductible losses	356,467,985.56	82,136,692.17	337,681,202.44	77,041,463.86
Accrued employee benefits	8,433,254.65	1,264,988.20	6,380,952.10	957,142.82
Accrued expenses and rebates	1,229,968,568.55	306,212,224.03	1,104,571,137.01	275,740,361.64
Fair value change of accounts receivable financing	3,029,905.06	754,940.17	1,024,977.31	252,229.65
Lease liabilities	79,152,693.07	19,788,173.27	30,835,741.04	7,708,935.26
Total	1,942,513,328.21	475,376,740.73	1,767,593,036.03	432,829,162.63

**(b) Deferred tax liabilities before offsetting**

Items	31 December 2023		31 December 2022	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Accelerated depreciation variance of fixed assets	348,420,771.63	84,243,324.54	157,708,682.09	39,427,170.52
Assets appreciation arising from business combination not under common control	677,082,342.46	163,643,316.42	697,149,707.15	168,589,543.40
Fair value change of financial asset held for trading	19,987,547.42	4,996,886.86	32,687,769.66	8,171,942.42
Unrealised profit	264,217,579.52	66,054,394.88	257,338,901.32	64,334,725.33
Fair value change of Other equity instrument investments	9,256,960.27	2,314,240.07	2,599,092.14	649,773.03
Right-of-use assets	81,038,100.24	20,259,525.06	30,835,741.04	7,708,935.26
Total	1,400,003,301.54	341,511,687.83	1,178,319,893.40	288,882,089.96

**(c) Net balance of deferred tax liabilities and deferred tax assets after offsetting**

Items	Offset amount at 31 December 2023	Net balance after offsetting at 31 December 2023	Offset amount at 31 December 2022	Net balance after offsetting at 31 December 2022
Deferred tax assets	-19,788,173.27	455,588,567.46	-7,708,935.26	425,120,227.37

Items	Offset amount at 31 December 2023	Net balance after offsetting at 31 December 2023	Offset amount at 31 December 2022	Net balance after offsetting at 31 December 2022
Deferred tax liabilities	-19,788,173.27	321,723,514.56	-7,708,935.26	281,173,154.70

(d) As at 31 December 2023, the amount of deductible loss on the Company's unrecognised deferred tax assets was 25,075,547.34.

(e) Deductible losses not recognised as deferred tax assets will expire in the following periods: due in one year at 416,238.98, in one to two years at 38,371.38, in two to three years at 132,039.91 and in three to four years at 9,762,850.11, The amount due after four years is 14,726,046.96.

## 5.20 Other Non-current Assets

Items	31 December 2023	31 December 2022
Prepayment for construction and machinery	5,685,287.46	6,870,532.00
Total	5,685,287.46	6,870,532.00

## 5.21 Short-term Borrowings

Items	31 December 2023	31 December 2022
Mortgage loans	-	34,267,952.97
Guarantee loans	-	48,964,223.34
Total	-	83,232,176.31

## 5.22 Notes Payable

### (a) Disclosure by type

Category	31 December 2023	31 December 2022
Bank acceptance bills	1,332,031,679.44	695,740,000.00
Commercial acceptance bills	21,156,044.00	-
Total	1,353,187,723.44	695,740,000.00

Note: As at 31 December 2023, the Company had no notes payable matured but not yet paid.

## 5.23 Accounts Payable

### (a) Accounts payable by nature

Items	31 December 2023	31 December 2022
Payables for materials	1,352,488,385.40	1,123,707,643.38

Items	31 December 2023	31 December 2022
Payables for constructions and machinery	980,033,062.83	539,292,035.62
Others	481,670,623.01	391,063,880.15
Total	2,814,192,071.24	2,054,063,559.15

### (b) Significant accounts payable with aging of over one year

Not applicable.

## 5.24 Contract liabilities

Items	31 December 2023	31 December 2022
Advances for goods	1,401,122,249.53	826,636,478.35
Total	1,401,122,249.53	826,636,478.35

## 5.25 Employee Benefits Payable

### (a) Details of employee benefits payable

Items	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023
Short-term employee benefits	793,591,539.55	3,826,774,403.69	3,439,911,847.80	1,180,454,095.44
Post-employment benefits-defined contribution plans	1,546,766.08	224,649,927.73	226,045,015.96	151,677.85
Termination benefits	-	1,312,442.44	1,312,442.44	-
Other benefits due within one year	-	-	-	-
Total	795,138,305.63	4,052,736,773.86	3,667,269,306.20	1,180,605,773.29

### (b) Short-term employee benefits

Items	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023
Salaries, bonuses, allowances and subsidies	711,371,745.69	3,362,259,578.30	2,970,672,017.06	1,102,959,306.93
Employee benefits	-	99,146,440.78	99,146,440.78	-
Social insurance	420,184.43	107,606,323.23	107,545,224.48	481,283.18
Medical insurance	419,281.03	100,505,888.79	100,446,239.73	478,930.09
Work-place injury insurance	903.40	7,100,434.44	7,098,984.75	2,353.09
Housing accumulation fund	6,773,970.41	114,992,565.00	113,577,228.39	8,189,307.02
Labour union funds and employee education funds	71,814,254.14	38,172,224.90	45,387,717.27	64,598,761.77
Enterprise annuity	3,211,384.88	104,597,271.48	103,583,219.82	4,225,436.54

Items	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023
Total	793,591,539.55	3,826,774,403.69	3,439,911,847.80	1,180,454,095.44

**(c) Defined contribution plans**

Items	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023
Basic endowment insurance	1,545,352.88	213,248,992.25	214,647,263.60	147,081.53
Unemployment insurance	1,413.20	11,400,935.48	11,397,752.36	4,596.32
Total	1,546,766.08	224,649,927.73	226,045,015.96	151,677.85

**(d) Termination benefits**

Items	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023
Termination benefits	-	1,312,442.44	1,312,442.44	-
Total	-	1,312,442.44	1,312,442.44	-

Note: If the company terminates the labor relationship with the employee before the expiration of the labor contract, it shall take one-time compensation, and the amount of compensation for dismissal shall be included in the current profit and loss.

**5.26 Taxes Payable**

Items	31 December 2023	31 December 2022
Value added tax (VAT)	357,332,008.07	256,705,264.84
Consumption tax	434,932,478.09	502,091,276.19
Enterprise income tax	280,172,679.93	335,723,169.21
Individual income tax	4,436,736.14	12,550,946.18
City construction tax	40,651,189.20	40,572,819.42
Stamp duty	4,531,195.41	4,553,890.84
Educational surcharge	39,534,935.75	37,594,377.10
Others	17,777,633.10	15,236,386.24
Total	1,179,368,855.69	1,205,028,130.02

**5.27 Other Payables****(a) Other payables by category**

Items	31 December 2023	31 December 2022
Interest payable	-	-



Items	31 December 2023	31 December 2022
Dividend payable	-	-
Other payables	3,267,292,222.01	3,261,763,838.80
Total	3,267,292,222.01	3,261,763,838.80

## (i) Other payables by nature

Items	31 December 2023	31 December 2022
Margin deposits	2,567,100,177.13	2,752,404,989.26
Quality warranty	77,264,459.45	58,897,431.31
Withheld housing fund payable	6,231,182.41	5,465,938.41
Others	616,696,403.02	444,995,479.82
Total	3,267,292,222.01	3,261,763,838.80

Note: Other payables aged over 1 year as of the statement date mainly comprised pre-mature margin deposits and quality warranty.

**5.28 Non-current Liabilities Maturing within One Year**

Items	31 December 2023	31 December 2022
Lease liabilities due within one year	10,771,925.29	12,204,345.11
Long-term borrowings due within one year	70,053,097.22	30,033,000.00
Total	80,825,022.51	42,237,345.11

**5.29 Other Current Liabilities**

Items	31 December 2023	31 December 2022
Accrued expenses	951,949,301.38	942,387,734.28
Pre-mature output VAT	180,069,149.72	102,276,707.30
Total	1,132,018,451.10	1,044,664,441.58

**5.30 Long-term Borrowings**

Items	31 December 2023	31 December 2022
Credit loans	-	20,000,000.00
Guarantee loans	107,000,000.00	24,900,000.00
Interests	106,256.94	44,737.91
Total	107,106,256.94	44,944,737.91

**5.31 Lease liabilities**

Items	31 December 2023	31 December 2022
Lease payments	94,538,857.20	33,494,997.76
Less: Unrealised finance expenses	15,386,164.13	2,659,256.72
Subtotal	79,152,693.07	30,835,741.04
Less: lease liabilities due within one year	10,771,925.29	12,204,345.11
Total	68,380,767.78	18,631,395.93

### 5.32 Deferred Income

Items	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023	Reason
Government grants	103,714,978.95	5,203,400.00	8,106,974.13	100,811,404.82	Receipt of asset-related government grants
Total	103,714,978.95	5,203,400.00	8,106,974.13	100,811,404.82	

### 5.33 Share Capital

Items	31 December 2022	Changes during the reporting period (+,-)					31 December 2023
		New issues	Bonus issues	Capitalisation of reserves	Others	Subtotal	
Number of total shares	528,600,000.00	-	-	-	-	-	528,600,000.00

### 5.34 Capital Reserves

Items	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023
Capital premium (share premium)	6,191,894,530.90	-	-	6,191,894,530.90
Other capital reserves	32,853,136.20	-	-	32,853,136.20
Total	6,224,747,667.10	-	-	6,224,747,667.10

### 5.35 Other Comprehensive Income

Items	31 December	Changes during the reporting period	31 December
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	2022		Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	2023
		Amount before tax					
(a) Items will not be reclassified to profit or loss	1,169,591.46	6,657,868.13	-	1,664,467.03	2,996,040.66	1,997,360.44	4,165,632.12
Including: Changes in fair value of other equity instrument investments	1,169,591.46	6,657,868.13	-	1,664,467.03	2,996,040.66	1,997,360.44	4,165,632.12
(b) Items will be reclassified to profit or loss	-760,851.85	-3,608,102.09	-1,030,330.20	-644,442.97	-1,808,457.54	-124,871.38	-2,569,309.39
Including: Reclassification of financial assets to other comprehensive income	-760,851.85	-3,608,102.09	-1,030,330.20	-644,442.97	-1,808,457.54	-124,871.38	-2,569,309.39
Total	408,739.61	3,049,766.04	-1,030,330.20	1,020,024.06	1,187,583.12	1,872,489.06	1,596,322.73

### 5.36 Surplus Reserves

Items	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023
Statutory surplus reserves	269,402,260.27			269,402,260.27
Total	269,402,260.27			269,402,260.27

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 accumulative amount of legal surplus reserve is more than 50% of the registered capital of the Company, it may no longer be withdrawn.

### 5.37 Retained Earnings

Items	2023	2022
Balance as at the end of last period before adjustments	11,497,599,306.54	9,517,374,574.46

Items	2023	2022
Adjustments for the opening balance (increase /(decrease))		
Balance as at the beginning of the reporting period after adjustments	11,497,599,306.54	9,517,374,574.46
Add: net profit attributable to owners of the parent company for the reporting period	4,589,164,052.80	3,143,144,732.08
Less: Transfer to statutory surplus reserves		
Declaration of ordinary share dividends	1,585,800,000.00	1,162,920,000.00
Balance as at the end of the reporting period	14,500,963,359.34	11,497,599,306.54

### 5.38 Revenue and costs of sales

#### (a) General information

Items	2023		2022	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	20,153,237,192.18	4,202,683,854.02	16,624,493,486.59	3,786,375,257.60
Other activities	100,289,405.84	37,167,052.89	88,740,666.93	29,946,787.41
Total	20,253,526,598.02	4,239,850,906.91	16,713,234,153.52	3,816,322,045.01

#### (b) Disaggregated information of revenue and costs of sales from Principal operating activities

Items	2023		2022	
	Revenue	Costs of sales	Revenue	Costs of sales
Revenue by product type:				
Distilled wine business	19,638,756,672.91	3,768,057,699.29	16,167,709,250.64	3,393,328,304.96
Others	614,769,925.11	471,793,207.62	545,524,902.88	422,993,740.05
Total	20,253,526,598.02	4,239,850,906.91	16,713,234,153.52	3,816,322,045.01
Revenue by operating area:				
North China	1,842,994,377.93	373,249,635.06	1,325,791,564.93	300,023,290.91
Central China	17,106,718,631.38	3,637,568,886.44	14,354,624,988.86	3,305,285,716.04
South China	1,282,816,365.91	224,324,231.97	1,011,003,651.35	203,868,748.58
Internation	20,997,222.80	4,708,153.44	21,813,948.38	7,144,289.48
Total	20,253,526,598.02	4,239,850,906.91	16,713,234,153.52	3,816,322,045.01
Revenue by distribution channel:				
Online	729,306,974.15	188,844,601.39	610,385,143.59	140,118,759.04
Offline	19,524,219,623.87	4,051,006,305.52	16,102,849,009.93	3,676,203,285.97
Total	20,253,526,598.02	4,239,850,906.91	16,713,234,153.52	3,816,322,045.01

### 5.39 Taxes and Surcharges

Items	2023	2022
Consumption tax	2,501,645,974.47	2,355,515,748.99
City construction tax and educational surcharges	458,794,010.60	391,108,828.32
Property tax	23,724,880.08	21,958,265.05
Land use tax	26,384,275.09	20,010,214.84
Stamp duty	18,766,563.10	18,045,620.24
Others	20,785,958.55	17,420,644.59
Total	3,050,101,661.89	2,824,059,322.03

### 5.40 Selling and Distribution Expenses

Items	2023	2022
Personnel costs	1,230,880,423.44	938,740,215.88
Travel	223,518,669.30	169,521,676.66
Advertisement	1,101,364,892.63	995,196,089.71
Comprehensive promotion	2,089,071,299.15	1,814,692,295.39
Services	656,190,943.27	638,147,336.90
Others	135,746,829.46	111,887,440.59
Total	5,436,773,057.25	4,668,185,055.13

### 5.41 General and Administrative Expenses

Items	2023	2022
Personnel costs	933,829,716.03	790,082,663.30
Office costs	74,060,539.94	61,689,592.52
Repairs	52,193,470.08	55,445,533.41
Depreciation	74,338,166.89	69,203,388.39
Amortisation	35,453,212.98	34,133,133.16
Sewage	23,269,601.56	23,964,858.50
Travel	14,824,041.89	9,914,637.44
Utilities	13,289,220.75	11,311,612.00
Others	145,888,497.77	111,034,970.51
Total	1,367,146,467.89	1,166,780,389.23

### 5.42 Research and Development Expenses

Items	2023	2022
Personnel costs	46,310,706.51	36,510,926.32
Direct costs	12,146,049.05	9,047,992.47
Depreciation	3,102,642.32	2,747,013.50
Other related expenses	9,387,798.61	8,361,270.72
Total	70,947,196.49	56,667,203.01

### 5.43 Finance Costs

Items	2023	2022
Interest expenses	3,289,772.96	5,679,645.21
Including: Interest expenses for lease liabilities	1,748,169.19	1,704,930.85
Less: Interest income	169,297,052.44	221,450,532.78
Net interest expenses	-166,007,279.48	-215,770,887.57
Net foreign exchange losses	2,682,871.29	-417,719.35
Bank charges and others	1,080,383.31	-110,446.15
Total	-162,244,024.88	-216,299,053.07

### 5.44 Other Income

Items	2023	2022	Related to assets /income
(i) Government grant recognised in other income	42,104,956.65	46,721,259.52	
Including: Government grant related to deferred income	8,106,974.13	5,916,533.10	Related to assets
Government grant directly recognised in current profit or loss	33,997,982.52	40,804,726.42	Related to income
(ii) Others related to daily operation activities and recognised in other income	5,948,371.72	-	
Total	48,053,328.37	46,721,259.52	

### 5.45 Investment Income/(Losses)

Items	2023	2022
Investment income from long-term equity investments under equity method	212,842.28	941,635.20

Items	2023	2022
Gains on disposal of long-term equity investments	30,015.47	-
Gains on disposal of held-for-trading financial assets	31,441,783.21	13,667,018.06
Gains from other equity instrument investment income during holding period	747,200.50	957,949.08
Gains from disposal of financial assets at fair value through other comprehensive income	-38,914,035.00	-26,471,694.99
Others	144,063.85	100,708.20
Total	-6,338,129.69	-10,804,384.45

#### 5.46 Gains/(Losses) from Changes in Fair Values

Sources of gains on changes in fair value	2023	2022
Financial assets held-for-trading	19,987,547.42	29,149,125.30
Including: Changes in fair value of derivatives	-	-
Total	19,987,547.42	29,149,125.30

#### 5.47 Credit Impairment Losses

Items	2023	2022
Bad debt of notes receivable	-	-
Bad debt of accounts receivable	244,557.52	1,094,557.71
Bad debt of other receivables	647,052.88	-691,336.22
Total	891,610.40	403,221.49

#### 5.48 Asset Impairment Losses

Items	2023	2022
Impairment of inventories	-30,863,140.12	-10,302,413.40
Impairment of fixed assets	-190,056.75	-674,947.51
Impairment of intangible assets	-	-166,872.39
Total	-31,053,196.87	-11,144,233.30

#### 5.49 Gains/ (losses) from Disposal of Assets

Items	2023	2022
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Items	2023	2022
Gains/(losses) from disposal of fixed assets, construction in progress, productive biological assets and intangible assets not classified as held for sale	437,622.67	886,286.45
Including: Fixed assets	437,622.67	886,286.45
Total	437,622.67	886,286.45

### 5.50 Non-operating Income

Items	2023	2022	Recognised in current non-recurring profit or loss
Gains from damage or scrapping of non-current asset	389,908.44	370,956.18	389,908.44
Fine and compensation	56,452,237.38	39,854,588.12	56,452,237.38
Sale of scrap	5,694,719.36	4,163,898.52	5,694,719.36
Release of payables	20,475,919.42	4,207,463.06	20,475,919.42
Others	2,054,059.52	2,171,039.50	2,054,059.52
Total	85,066,844.12	50,767,945.38	85,066,844.12

### 5.51 Non-operating Expenses

Items	2023	2022	Recognised in current non-recurring profit or loss
Loss from damage or scrapping of non-current assets	2,890,802.01	5,923,667.72	2,890,802.01
Donations	24,281,767.24	22,359,038.92	24,281,767.24
Others	8,678,557.09	4,723,657.20	8,678,557.09
Total	35,851,126.34	33,006,363.84	35,851,126.34

### 5.52 Income Tax Expenses

#### (a) Details of income tax expenses

Items	2023	2022
Current tax expenses	1,596,955,748.41	1,273,456,377.00
Deferred tax expenses	8,920,263.25	-54,798,492.76
Total	1,605,876,011.66	1,218,657,884.24

#### (b) Reconciliation of accounting profit and income tax expenses



Items	2023
Profit before tax	6,332,145,832.55
Income tax expense at the statutory /applicable tax rate	1,583,036,458.14
Effect of different tax rate of subsidiaries	-10,664,943.74
Adjustments of impact from prior period income tax	21,264,002.52
Effect of income that is exempt from taxation	-240,010.70
Effect of non-deductible costs, expenses or losses	27,197,917.99
Effect of previously unrecognised deductible losses recognised as deferred tax assets	-
Effect of deductible temporary differences and deductible losses not recognised as deferred tax assets	-
R&D expenses plus deduction	-14,717,412.55
Impact of tax rate changes	-
Exemption	-
Income tax expenses	1,605,876,011.66

### 5.53 Notes to the Statement of Cash Flow

#### (a) Other cash received relating to operating activities

Items	2023	2022
Margin deposits and quality warranty	464,744,709.38	916,949,747.02
Government grants received	41,653,669.06	48,435,078.81
Bank interests received	169,297,052.44	80,375,152.64
Release of restricted cash	667,187,706.08	133,372,593.16
Others	80,809,234.08	56,190,183.46
Total	1,423,692,371.04	1,235,322,755.09

#### (b) Other cash payments relating to operating activities

Items	2023	2022
Paid expenses	2,797,006,317.12	3,117,448,326.00
Margin deposits and quality warranty	3,763,254.60	5,855,826.64
Cash restricted for bank acceptance and guarantee letters	1,290,204,326.83	667,187,706.08
Others	110,600,772.48	130,000,657.32
Total	4,201,574,671.03	3,920,492,516.04

#### (c) Other cash payments relating to financing activities

Items	2023	2022
-------	------	------

Items	2023	2022
Payment of minority shareholder equity	5,878,415.17	-
Rentals paid	16,976,402.11	16,242,902.55
Total	22,854,817.28	16,242,902.55

## (i) Changes in liabilities arising from financing activities

Items	31 December 2022	Increase in the current period		Decrease in the current period		31 December 2023
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term Borrowings	83,232,176.31	-	-	83,232,176.31	-	-
Long-term Borrowings	44,944,737.91	158,200,000.00	-	26,008,383.75	70,030,097.22	107,106,256.94
Lease liabilities	18,631,395.93	-	64,149,802.53	3,628,505.39	10,771,925.29	68,380,767.78
lease liabilities due within one year	12,204,345.11	-	15,001,049.09	13,347,896.72	3,085,572.19	10,771,925.29
Long-term Borrowings due within one year	30,033,000.00	-	70,030,097.22	30,010,000.00	-	70,053,097.22
Total	189,045,655.26	158,200,000.00	149,180,948.84	156,226,962.17	83,887,594.70	256,312,047.23

## 5.54 Supplementary Information to the Statement of Cash Flows

## (a) Supplementary information to the statement of cash flows

Supplementary information	2023	2022
(i) Adjustments of net profit to cash flows from operating activities:		
Net profit	4,726,269,820.89	3,251,834,164.49
Add: Provisions for impairment of assets	31,053,196.87	11,144,233.30
Impairment Loss of Credit	-891,610.40	-403,221.49
Depreciation of fixed assets, Investment Properties ,oil and gas asset and productive biological assets	301,390,656.72	226,309,432.46
Depreciation of right to use assets	15,069,255.81	14,568,082.74
Amortisation of intangible assets	44,249,725.47	42,703,216.86
Amortisation of long-term deferred expenses	28,717,241.10	30,753,707.48

Supplementary information	2023	2022
Losses /(gains) on disposal of fixed assets, intangible assets and other long-term assets	-437,622.67	-886,286.45
Losses /(gains) on scrapping of fixed assets	2,500,893.57	5,552,711.54
Losses /(gains) on changes in fair value	-19,987,547.42	-29,149,125.30
Finance costs /(income)	3,289,772.96	-135,923,900.43
Investment losses /(income)	6,338,129.69	10,804,384.45
Decreases /(increases) in deferred tax assets	-30,468,340.09	-141,292,227.13
Increases /(decreases) in deferred tax liabilities	40,550,359.86	87,139,896.77
Decreases /(increases) in inventories	-1,479,764,803.69	-1,386,823,935.09
Decreases /(increases) in operating receivables	-1,914,106,758.28	-2,104,507,814.27
Increases /(decreases) in operating payables	2,075,245,957.95	3,092,718,666.39
Others	667,187,706.08	133,372,593.16
Net cash flows from operating activities	4,496,206,034.42	3,107,914,579.48
(ii) Significant activities not involving cash receipts and payments:		
Conversion of debt into capital	-	-
Convertible corporate bonds maturing within one year	-	-
Fixed asset acquired through financial leasing	-	-
(iii) Net increases in cash and cash equivalents:		
Cash at the end of the reporting period	14,676,167,417.36	13,105,373,435.22
Less: Cash at the beginning of the reporting period	13,105,373,435.22	6,057,550,178.60
Add: Cash equivalents at the end of the reporting period	-	-
Less: Cash equivalents at the beginning of the reporting period	-	-
Net increase in cash and cash equivalents	1,570,793,982.14	7,047,823,256.62

Note: Others represented impact of withdraw restricted cash on the net cash flows from operating activities for the period.

#### (b) The components of cash and cash equivalents

Items	31 December 2023	31 December 2022
(i) Cash	14,676,167,417.36	13,105,373,435.22
Including: Cash on hand	78,223.44	111,642.11
Cash in bank available for immediate use	14,404,178,940.29	13,098,187,278.75
Other monetary funds available for immediate use	271,910,253.63	7,074,514.36

Items	31 December 2023	31 December 2022
(ii) Cash equivalents	-	-
Including: Bond investments maturing within three months	-	-
(iii) Cash and cash equivalents at the end of the reporting period	14,676,167,417.36	13,105,373,435.22
Including: Restricted cash and cash equivalents of the parent company and the subsidiaries of the group	-	-

### 5.55 Assets with restricted ownership or use rights

Items	2023	Reason
Monetary funds	1,290,204,326.83	Fixed term deposits and margin deposits for bank acceptance, etc.
Intangible Assets	54,303,340.26	Loan pledge
Total	1,344,507,667.09	—

### 5.56 Leases

#### (a) The Company as a lessee

Items	2023
Expenses for short-term lease under simplified method	3,115,790.51
Expenses for lease of low value asset (except for short-term lease) under simplified method	-
Interest expense of lease liabilities	1,748,169.19
Variable lease payments not included in lease liabilities recognised in current profit or loss	-
Income from subleasing the right-of-use assets	-
Cash outflows related to leases	20,861,557.87
Profit or loss in sale and leaseback transaction	-

#### (b) The Company as a lessor

##### Operating lease

Items	2023
Lease income	11,480,544.91
Including: income related to variable lease payments not included in lease receivables	-

## 6. RESEARCH AND DEVELOPMENT EXPENDITURES

### 6.1 R&D expenditures by nature

Items	2023	2022
Labor costs	46,310,706.51	36,510,926.32
Material costs	12,146,049.05	9,047,992.47
Depreciation costs	3,102,642.32	2,747,013.50
Others	9,387,798.61	8,361,270.72
Total	70,947,196.49	56,667,203.01
Including: Expensed R&D expenditures	70,947,196.49	56,667,203.01
Capitalized R&D expenditures	-	-

## 7. CHANGES IN THE SCOPE OF CONSOLIDATION

### 7.1 Other Reasons of Changes in the Scope of Consolidation

Compared with the previous period, the company set up new subsidiaries "Anhui Gu Qi Distillery Co., Ltd.", "Guizhou Treasured Distillery Sales Co., Ltd.", "Wuhan Gu Lou Junhe Trading Co., Ltd.", "Wuhan Gu Lou Juntai Trading Co., Ltd.", "Xiaogan Gu Lou Tiancheng Trading Co., Ltd.". The company liquidation subsidiary "Anhui Anjie Technology Co., Ltd."

## 8. INTERESTS IN OTHER ENTITIES

### 8.1 Interests in Subsidiaries

#### (a) Composition of corporate group

Name of subsidiary	Abbreviation	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
Bozhou Gujing Sales Co., Ltd.	GJ Sales	Bozhou, Anhui	Bozhou, Anhui	Trading	100.00	—	Incorporation
Anhui Longrui Glass Co., Ltd.	Longrui Glass	Bozhou, Anhui	Bozhou, Anhui	Production	100.00	—	Incorporation
Anhui Jiuan Electric Equipments Co.,	Jiuan Electric	Bozhou, Anhui	Bozhou, Anhui	Machinery production	100.00	—	Incorporation

Name of subsidiary	Abbreviation	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
Ltd.							
Anhui Jinyunlai Culture Media Co., Ltd.	Jinyunlai	Hefei, Anhui	Hefei, Anhui	Advertising	100.00	—	Incorporation
Anhui Ruisi Weier Technology Co., Ltd.	Ruisi Weier	Bozhou, Anhui	Bozhou, Anhui	R&D	100.00	—	Incorporation
Shanghai Gujing Jinhao Hotel Management Co., Ltd.	Jinhao Hotel	Shanghai	Shanghai	Hotel management	100.00	—	Business combination under common control
Baozhou Gujing Guest House Co., Ltd.	GJ Guest House	Bozhou, Anhui	Bozhou, Anhui	Hotel management	100.00	—	Business combination under common control
Anhui Yuanqing Environment Protection Co., Ltd.	YQ Environment Protection	Bozhou, Anhui	Bozhou, Anhui	Sewage processing	100.00	—	Incorporation
Anhui Gujing Yunshang E-Commerce Co., Ltd.	GJ E-Commerce	Hefei, Anhui	Hefei, Anhui	E-commerce	100.00	—	Incorporation
Anhui Runan Xinke Testing Technology Co., Ltd.	Runan Xinke	Bozhou, Anhui	Bozhou, Anhui	Food testing	100.00	—	Incorporation
Anhui Jiudao Culture Media Co., Ltd.	Jiudao Media	Hefei, Anhui	Hefei, Anhui	Advertising	100.00	—	Incorporation
Anhui Gujing Distillery Wine Theme Hotel Management Co., Ltd.	Theme Hotel	Bozhou, Anhui	Bozhou, Anhui	Hotel management	100.00	—	Incorporation
Anhui Gu Qi Distillery Co., Ltd.	Anhui Gu Qi Distillery	Bozhou, Anhui	Bozhou, Anhui	Production	60.00	—	Incorporation
Huanghelou Distillery Co., Ltd.	HHL Distillery	Wuhan, Hubei	Wuhan, Hubei	Production	51.00	—	Business combination not under common

Name of subsidiary	Abbreviation	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
							control
HHL Distillery (Xianning) Co., Ltd.	HHL Xianning	Xianning, Hubei	Xianning, Hubei	Production	—	51.00	Business combination not under common control
HHL Distillery (Suizhou) Co., Ltd.	HHL Suizhou	Suizhou, Hubei	Suizhou, Hubei	Production	—	51.00	Business combination not under common control
Hubei Junlou Culture Travel Co., Ltd.	Junlou Culture	Wuhan, Hubei	Wuhan, Hubei	Advertising	—	51.00	Business combination not under common control
Hubei HHL Beverage Co., Ltd.	HHL Beverage	Xianning, Hubei	Xianning, Hubei	Production	—	51.00	Incorporation
Wuhan Yashibo Technology Co., Ltd.	Yashibo	Wuhan, Hubei	Wuhan, Hubei	R&D	—	51.00	Incorporation
Hubei Xinjia Testing Technology Co., Ltd.	Xinjia Testing	Xianning, Hubei	Xianning, Hubei	Food testing	—	51.00	Incorporation
Wuhan Tianlong Jindi Technology Development Co., Ltd.	Tianlong Jindi	Wuhan, Hubei	Wuhan, Hubei	Trading	—	51.00	Business combination not under common control
Xianning Junhe Sales Co., Ltd.	Xianning Junhe	Xianning, Hubei	Xianning, Hubei	Trading	—	51.00	Business combination not under common control
Wuhan Junya Sales Co., Ltd.	Junya Sales	Wuhan, Hubei	Wuhan, Hubei	Trading	—	51.00	Incorporation
Suizhou Junhe Trading Co., Ltd.	Suizhou Junhe	Suizhou, Hubei	Suizhou, Hubei	Trading	—	51.00	Incorporation
Huanggang Junya Trading Co., Ltd.	Huanggang Junya	Huanggang, Hubei	Huanggang, Hubei	Trading	—	51.00	Incorporation
Wuhan Gulou Junhe Trading Co., Ltd.	Wuhan Gulou Junhe	Wuhan, Hubei	Wuhan, Hubei	Trading	—	51.00	Incorporation

Name of subsidiary	Abbreviation	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
Wuhan Gulou Juntai Trading Co., Ltd.	Wuhan Gulou Juntai	Wuhan, Hubei	Wuhan, Hubei	Trading	—	51.00	Incorporation
Xiaogan Gulou Tiancheng Trading Co., Ltd.	Xiaogan Gulou Tiancheng	Xiaogan, Hubei	Xiaogan, Hubei	Trading	—	51.00	Incorporation
Anhui Mingguang Distillery Co., Ltd.	Mingguang Distillery	Chuzhou, Anhui	Chuzhou, Anhui	Production	60.00	—	Business combination not under common control
Mingguang Tiancheng Mingjiu Sales Co., Ltd.	Tiancheng Sales	Chuzhou, Anhui	Chuzhou, Anhui	Trading	—	60.00	Business combination not under common control
Fengyang Xiaogangcun Mingjiu Distillery Co., Ltd.	FY Xiaogangcun	Chuzhou, Anhui	Chuzhou, Anhui	Production	—	42.00	Business combination not under common control
Anhui Jiu hao ChinaRail Construction Engineering Co., Ltd.	Jiu hao ChinaRail	Bozhou, Anhui	Bozhou, Anhui	Construction	52.00	—	Incorporation
Anhui Zhenrui Construction Engineering Co., Ltd.	Zhenrui Construction	Bozhou, Anhui	Bozhou, Anhui	Construction	—	52.00	Incorporation
Guizhou Renhuai Maotai Treasure Distillery Co., Ltd.	Treasure Distillery	Guizhou Renhuai	Guizhou Renhuai	Production	60.00	—	Business combination not under common control
Guizhou Renhuai Maotai Treasure Distillery Sales CO.,Ltd.	Treasure Distillery Sales	Guizhou Renhuai	Guizhou Renhuai	Trading	—	60.00	Incorporation
Anhui Gujing Health Technology Co., Ltd	GJ Health Technology	Bozhou, Anhui	Bozhou, Anhui	Production	60.00	—	Business combination not under common control



Name of subsidiary	Abbreviation	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
Anhui Maiqi Biotechnology Co., Ltd	Maiqi Biotechnology	Bozhou, Anhui	Bozhou, Anhui	R&D	—	60.00	Business combination not under common control
Anhui Yangshengtianxia Brand Operation Co., Ltd.	Brand Operation	Hefei, Anhui	Hefei, Anhui	Advertising	—	60.00	Business combination not under common control
Hainan Yangshengtianxia Biotechnology Development Co., Ltd	Biotechnology	Lingshui, Hainan	Lingshui, Hainan	Trading	—	60.00	Business combination not under common control

**(b) Significant non-wholly owned subsidiaries**

Name of subsidiary	Proportion of ownership interest held by non-controlling interests	Profit or loss attributable to non-controlling interests during the reporting period	Dividends declared to distribute to non-controlling interests during the reporting period	Non-controlling interests at the end of the reporting period
HHL Distillery	49.00	106,071,079.03	53,601,632.42	602,267,392.05

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

Name of subsidiary	31 December 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
HHL Distillery	1,269,187,978.69	1,167,449,470.70	2,436,637,449.39	939,863,270.35	267,657,052.44	1,207,520,322.79

(Continued)

Name of subsidiary	31 December 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
HHL Distillery	1,174,784,972.79	1,095,159,397.17	2,269,944,369.96	952,593,793.76	195,313,952.86	1,147,907,746.62

Name of subsidiary	2023			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
HHL Distillery	1,827,457,484.53	216,726,429.40	216,471,589.84	181,674,168.21

(Continued)

Name of subsidiary	2022			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
HHL Distillery	1,753,497,722.05	213,913,938.26	214,247,443.52	136,032,287.63

## 8.2 Interests in Joint Arrangements or Associates

### (a) Significant joint ventures or associates

The Company had no significant joint venture or associate.

### (b) Summarized financial information about insignificant joint ventures and associates

	31 December 2023/2023	31 December 2022/2022
Joint venture:		
Total carrying amount of investments		
The aggregate amount of below items calculated based on proportion of equity interests:		
—Net profit/(loss)		
—Other comprehensive income		
—Total comprehensive income		
Associate:		
Total carrying amount of investments	10,367,078.26	10,154,235.98
The aggregate amount of below items calculated based on proportion of equity interests:		
—Net profit/(loss)	212,842.28	941,635.20
—Other comprehensive income		
—Total comprehensive income	212,842.28	941,635.20

## 9. GOVERNMENT GRANTS

### 9.1 Government grants recognised as receivables

As at 31 December 2023, the amount of government grants recognised as receivables is RMB 0.

### 9.2 Liability items that involve government grants

Items presented in the statement of financial position	Balance as at 31 December 2022	Increase in government grants during the reporting period	Amount recognised in non-operating income during the reporting period	Amount recognised in other income during the reporting period	Other changes during the reporting period	Balance as at 31 December 2023	Related to assets or income
Deferred income	103,714,978.95	5,203,400.00		8,106,974.13		100,811,404.82	Related to assets
Total	103,714,978.95	5,203,400.00		8,106,974.13		100,811,404.82	

### 9.3 Government grants recognised in current profit or loss

Items presented in income statement	2023	2022
Other income	42,104,956.65	46,721,259.52
Finance costs	-928,125.00	-9,666.66

## 10. RISKS 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 (e.g. credit management department of the Company reviews each credit sale). 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.

### 10.1 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 (such as current market status, etc.). 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.

(i) Determination of significant increases in credit risk

The Company assesses at each reporting date as to whether the credit risk on financial instruments has increased significantly since initial recognition. When the Company determines whether the credit risk has increased significantly since initial recognition, it considers based on reasonable and supportable information that is available without undue cost or effort, including quantitative and qualitative analysis of historical information, external credit ratings and forward-looking information. The Company determines the changes in the risk of a default occurring over the expected life of the financial instrument through comparing 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 based on individual financial instrument or a group of financial instruments with the similar credit risk characteristics.

When met one or more of the following quantitative or qualitative criteria, the Company determines that the credit risk on financial instruments has increased significantly: the quantitative criteria applied mainly because as at the reporting date, the increase in the probability of default occurring over the lifetime is more than a certain percentage since the initial recognition; the qualitative criteria applied if the debtor has adverse changes in business and economic conditions, early warning list of customer, and etc.

(ii) Definition of credit-impaired financial assets

The criteria adopted by the Company for determination of credit impairment are consistent with internal credit risk management objectives of relevant financial instruments in considering both quantitative and qualitative indicators.

When the Company assesses whether the debtor has incurred the credit impairment, the main factors considered are as following: Significant financial difficulty of the issuer or the borrower; a breach of contract, e.g., default or past-due event; a lender having granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty that the lender would not otherwise consider; the probability that the borrower will enter bankruptcy or other financial re-organisation; the disappearance of an active market for the financial asset because of financial difficulties of the issuer or the borrower; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iii) The parameter of expected credit loss measurement

The company measures impairment provision for different assets with the expected credit loss of 12-month or the lifetime based on whether there has been a significant increase in credit risk or credit impairment has occurred. The key parameters for expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company sets up the model of default probability, default loss rate and default risk exposure in considering the quantitative analysis of historical statistics (such as counterparties' ratings, guarantee method and collateral type, repayment method, etc.) and forward-looking information.

Relevant definitions are as following:

Default probability refers to the probability of the debtor will fail to discharge the repayment obligation over the next 12 months or the entire remaining lifetime;

Default loss rate refers to the Company's expectation of the loss degree of default risk exposure. The default loss rate varies depending on the type of counterparty, recourse method and priority, and the collateral. The default loss rate is the percentage of the risk exposure loss when default has occurred and it is calculated over the next 12 months or the entire lifetime;

The default risk exposure refers to the amount that the company should be repaid when default has occurred in the next 12 months or the entire lifetime. Both the assessment of significant increase in credit risk of forward-looking information and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Company identifies key economic indicators that have impact on the credit risk and expected credit losses for each business.

The maximum exposure to credit risk of the Company is the carrying amount of each financial asset in the statement of financial position. The Company does not provide any other guarantees that may expose the Company to credit risk.

For the accounts receivable of the Company, the amount of top 5 clients represents 62.30% of the total; for the other receivables, the amount of the top five entities represents 59.11% of the total.

## 10.2 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.

### **10.3 Market Risk**

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices. Market risk mainly includes foreign exchange risk and interest rate risk.

#### **(a) Foreign currency risk**

Foreign currency risk of the Company mainly arise from foreign currency assets and liabilities denominated in currency other than the Company's functional currency. The main business of the Company is located in Chinese Mainland, and the main business is settled in RMB. There is only a small amount of export business, which has a small proportion of income scale and impact, and has little exchange rate risk.

#### **(b) Interest rate risk**

Interest risk refers to the risk on the fair value or future cash flows of a financial instrument brought by the change of market interest rate. Interest risk mainly arises from bank loans. As of the statement date, the Company had no bank loan with a floating interest rate.

#### **(c) Other price risk**

Investments held for trading were measured at fair value. As such, these investments are subject to the risk brought by the change of security prices. The Company controls this risk to the acceptable level by utilising multiple investment mix.

## **11. FAIR VALUE DISCLOSURES**

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 either directly or indirectly observable.

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

### 11.1 Assets and Liabilities Measured at Fair Value at 31 December 2023

Items	Fair value at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) financial assets held-for-trading	-	-	719,987,547.42	719,987,547.42
(i) Financial assets at fair value through profit or loss	-	-	719,987,547.42	719,987,547.42
1. Debt instruments	-	-	-	-
2. Structural financial products	-	-	719,987,547.42	719,987,547.42
3. Fund investments	-	-	-	-
(b) Financial assets at fair value through other comprehensive income	-	-	1,020,665,773.80	1,020,665,773.80
1. Accounts receivable financing	-	-	957,560,115.73	957,560,115.73
2. Other equity instrument investment	-	-	63,105,658.07	63,105,658.07
Total assets measured at fair value on a recurring basis	-	-	1,740,653,321.22	1,740,653,321.22

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.

### 11.2 Fair Value of Financial Assets or Financial Liabilities which are not Measured at Fair Value

The financial assets and financial liabilities of the Company measured at amortised cost mainly include: cash and cash equivalents, notes receivable, accounts receivable, other receivables, debt investments, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings maturing within one year, long-term payables, long-term borrowings and bonds payable.

## 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Recognition of related parties: The Company has control or joint control of, or exercise significant influence over another party; or the Company and another party are controlled or jointly controlled by the same third party.

## 12.1 General Information of the Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
GJ Group	Bozhou, Anhui	Production of beverage, construction materials, plastic products.	1,000 million	51.34	51.34

The Company's ultimate controller is the State-owned Asset Management Commission of the People's Government of Baozhou, Anhui

## 12.2 General Information of Subsidiaries

Details of the subsidiaries please refer to Notes 8 INTERESTS IN OTHER ENTITIES.

## 12.3 Joint Ventures and Associates of the Company

### (a) General information of significant joint ventures and associates

Details of significant joint ventures and associates please refer to Notes 8 INTERESTS IN OTHER ENTITIES

## 12.4 Other Related Parties of the Company

Name	Relationship with the Company
Nanjing Suning Property Development Co., Ltd.(Suning Property Development)	Controlled by ZHANG Guiping, the non-executive director of the Company
Anhui Ruijing Shanglv (Group) Co., Ltd. (RJSL Group)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Ruijing Shanglv (Group) Co., Ltd. Hefei Gujing Holiday Inn (RJSL Holiday Inn)	Controlled by the Company's controlling shareholder or ultimate controller
Bozhou Gujing Huishenglou Catering Co., Ltd.(GJ Huishenglou Catering)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Haochidian Catering Co., Ltd. (Haochidian Catering)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Ruijing Catering Co., Ltd. (Ruijing Catering)	Controlled by the Company's controlling shareholder or ultimate controller
Shanghai Beihai Hotel Co., Ltd. (Beihai Hotel)	Controlled by the Company's controlling shareholder or ultimate controller



Anhui Gujing Hotel Development Co., Ltd.(GJ Hotel Development)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Huixin Financial Investment Group Co., Ltd.(Huixin Financial Investment)	Controlled by the Company's controlling shareholder or ultimate controller
Bozhou Anxin Small Loan Co., Ltd. (Anxin Small Loan)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Hengxin Pawnshop Co., Ltd. (Hengxin Pawnshop)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Ruixin Pawnshop Co., Ltd. (Ruixin Pawnshop)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Zhongxin Financial Leasing Co., Ltd.(Zhongxin Financial Leasing)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Lixin E-Commerce Co., Ltd. (Lixin E-Commerce)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Youxin Financing Guarantee Co, Ltd. (Youxin Guarantee)	Controlled by the Company's controlling shareholder or ultimate controller
Hefei Longxin Corporate Management Advisory Co., Ltd. (Longxin Advisory)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Chuangxin Equity Investment Co. Ltd.(Chuangxin Equity Investment)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Lejiu Jiayuan Travel Management Co., Ltd. (Lejiu Jiayuan)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Shenglong Trading Co., Ltd. (Shenglong Trading)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Gujing Health Industry Co., Ltd. (Health Industry)	Controlled by the Company's controlling shareholder or ultimate controller
Bozhou Guest House Co., Ltd. (Bozhou Guest House)	Controlled by the Company's controlling shareholder or ultimate controller
Dongfang Ruijing Enterprise Investment Co., Ltd.(Dongfang Ruijing)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Gujing International Development Co., Ltd.(GJ International)	Controlled by the Company's controlling shareholder or ultimate controller
Dazhongyuan Jiugu Cultural Tourism Development Co., Ltd. (Dazhongyuan Jiugu Cultural)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Jiuan Construction Management Advisory Co., Ltd.(Jiuan Advisory)	Controlled by the Company's controlling shareholder or ultimate controller

## 12.5 Related Party Transactions

### (a) Purchases or sales of goods, rendering or receiving of services

Purchases of goods, receiving of services:

Related parties	Nature of the transaction(s)	2023	2022
Bozhou Guest House	Purchases of materials	8,070.80	-
Bozhou Guest House	Receiving catering and accommodation	9,206,704.05	2,380,785.35
GJ Huishenglou Catering	Receiving catering and accommodation	6,731,462.40	1,081,439.85
Haochidian Catering	Receiving catering and accommodation	-	2,478,493.67
GJ Hotel Development	Receiving catering and accommodation	1,459,825.47	456,528.55
GJ Hotel Development	Purchases of materials	43,893.81	-
RJSL Group	Purchase of materials and services	54,513.27	101,061.95
RJSL Group	Receiving catering and accommodation	10,358.79	176,813.91
RJSL Holiday Inn	Receiving catering and accommodation	224,485.38	35,418.95
RJSL Holiday Inn	Purchase of materials and services	620,370.39	582,276.00
Dazhongyuan Jiugu Cultural	Purchases of materials	10,399.15	-
Youxin Guarantee	Receiving services	47,169.81	53,543.69
Jiuan Advisory	Advisory and assurance	8,471,196.45	5,064,377.44
Total	—	26,888,449.77	12,410,739.36

## Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	2023	2022
Shenglong Trading	Sales of distilled wine	2,525,957.53	1,712,094.67
RJSL Group	Sales of distilled wine	31,460.18	-
GJ Hotel Development	Provision of utilities	165,580.57	175,655.64
GJ Group	Provision of catering and accommodation	367,493.10	120,731.75
GJ Group	Sales of small materials	363,835.13	47,227.48
GJ Hotel Development	Sales of distilled wine	474,538.92	539,469.03
RJSL Group	Provision of catering and accommodation	12,299.54	10,823.97
Bozhou Guest House	Sales of small materials	95,301.17	-
Bozhou Guest House	Sales of distilled wine	24,371.68	-
Huixin Financial Investment	Sales of distilled wine	2,309.73	59,146.02
Huixin Financial Investment	Sales of small materials	3,716.81	-
GJ Huishenglou Catering	Sales of distilled wine	15,929.20	-
GJ Huishenglou Catering	Sales of small materials	18,017.72	-
Anxin Small Loan	Sales of distilled wine	3,504.42	65,572.57
Haochidian Catering	Sales of distilled wine	8,123.89	-
Haochidian Catering	Sales of small materials	13,538.02	-
Zhongxin Financial Leasing	Sales of distilled wine	637.17	15,358.41
Zhongxin Financial Leasing	Sales of small materials	1,061.95	-

Related parties	Nature of the transaction(s)	2023	2022
Hengxin Pawnshop	Sales of distilled wine	1,274.34	24,573.45
Hengxin Pawnshop	Sales of small materials	2,123.89	-
Jiuan Advisory	Sales of distilled wine	75,212.40	101,317.70
Beihai Hotel	Sales of distilled wine	5,575.22	-
Beihai Hotel	Sales of small materials	354.00	-
Lejiu Jiayuan	Sales of distilled wine		11,155.76
Shenglong Trading	Provision of catering and accommodation	11,626.00	3,140.00
Lejiu Jiayuan	Provision of utilities	1,346.46	4,962.36
Ruixin Pawnshop	Sales of distilled wine	637.17	12,286.72
Ruixin Pawnshop	Sales of small materials	1,061.95	-
Youxin Guarantee	Sales of distilled wine	637.17	8,718.59
Youxin Guarantee	Sales of small materials	1,061.95	-
Bozhou Guest House	Provision of construction services	707.55	14,758,223.32
Jiuan Advisory	Provision of catering and accommodation	4,597.00	8,600.00
Longxin Advisory	Sales of distilled wine	159.29	3,071.68
Jiuan Advisory	Sales of small materials	74,286.24	3,412.25
Longxin Advisory	Sales of small materials	265.49	-
Anxin Small Loan	Sales of small materials	15,752.21	-
RJSL Holiday Inn	Sales of small materials	19,928.17	-
RJSL Holiday Inn	Provision of catering and accommodation	1,276.02	-
Shenglong Trading	Sales of small materials	17,778.77	-
RJSL Holiday Inn	Sales of distilled wine	17,690.27	-
RJSL Group	Sales of small materials	7,962.83	128.32
Dongfang Ruijing	Provision of catering and accommodation	66,037.74	82,528.93
GJ Hotel Development	Provision of catering and accommodation	2,153.31	14,266.98
GJ Hotel Development	Sales of small materials	58,004.73	113.27
Total	—	4,515,186.90	17,782,578.87

## (b) Leases

The Company as lessor:

The lessee	Type of assets	2023	2022
GJ Hotel Development	Houses and buildings	1,392,871.94	1,166,083.56
Total	—	1,392,871.94	1,166,083.56

The Company as lessee:

The lessor	Type of assets	2023
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		Expenses for short-term lease and lease of low value asset under simplified method	Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
GJ Group	Houses and buildings	931,328.78	-	981,843.88	-	-
Suning Property Development	Houses and buildings	-	-	2,152,500.00	558,931.43	-
Total	—	931,328.78	-	3,134,343.88	558,931.43	-

(Continued)

The lessor	Type of assets	2022				
		Expenses for short-term lease and lease of low value asset under simplified method	Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
GJ Group	Houses and buildings	1,090,629.08	-	1,149,108.20	-	-
Suning Property Development	Houses and buildings	-	-	2,100,000.00	634,212.08	-
Total	—	1,090,629.08	-	3,249,108.20	634,212.08	-

**(d) Key management personnel compensation**

Items	2023	2022
Key management personnel compensation	27.67million	21.00million

**12.6 Receivables and Payables with Related Parties**

Items	Related parties	31 December 2023	31 December 2022
Contract assets	Bozhou Guest House	-	1,855,188.15
Contract liabilities	Bozhou Guest House	15,988.44	-
Contract liabilities	GJ Huishenglou Catering	5,070.80	-

Items	Related parties	31 December 2023	31 December 2022
Contract liabilities	RJSL Group	221.12	221.12
Contract liabilities	GJ International	-	58,849.56
Contract liabilities	GJ Hotel Development	-	148.67
Accounts payable	Jiuan Advisory	4,711,062.24	2,151,065.65
Accounts payable	GJ Hotel Development	6,500.00	-
Accounts payable	Bozhou Guest House	29,768.32	-
Other payables	RJSL Group	-	115,533.60
Other payables	GJ Hotel Development	50,000.00	50,000.00
Other payables	Jiuan Advisory	18,000.00	-

### 13. COMMITMENTS AND CONTINGENCIES

#### 13.1 Significant Commitments

As at 31 December 2023, the Company has no significant commitments need to be disclosed.

#### 13.2 Contingencies

As at 31 December 2023, the Company has no significant contingencies need to be disclosed.

### 14. EVENTS AFTER THE REPORTING PERIOD

#### 14.1 Profit Distribution

The Company proposes to pay a cash dividend of 45.00 yuan (including tax) and 0 bonus shares (including tax) to all shareholders for every 10 shares of the company's total share capital of 528,600,000 shares by the end of 2023, without converting the surplus fund into additional share capital.

Other than the above, as at April 26, 2024, the Company had no other post-balance sheet events that required disclosure.

### 15. OTHER SIGNIFICANT MATTERS

#### 15.1 Segment Information

In accordance with the Company's internal management and reporting structure, segment reporting is not applicable.

### 16. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE

**PARENT COMPANY****16.1 Accounts Receivable**

- (a) No account receivable as of 31 December 2023.
- (b) No account receivable as of 31 December 2022.
- (c) Impairment movement for the period was not applicable for accounts receivable.

**16.2 Other Receivables****(a) Other receivables by category**

Items	31 December 2023	31 December 2022
Interest receivable	-	-
Dividend receivable	-	-
Other receivables	384,878,020.29	202,279,154.63
Total	384,878,020.29	202,279,154.63

**(b) Other Receivables****(i) Other receivables by aging**

Aging	31 December 2023	31 December 2022
Within one year	384,298,400.37	200,863,691.53
Including: Within 6 months	384,283,297.37	200,851,698.40
7 months to 1 years	15,103.00	11,993.13
1-2 years	24,380.80	1,303,136.00
2-3 years	1,303,136.00	710,291.70
Over 3 years	29,741,318.31	39,757,474.30
Subtotal	415,367,235.48	242,634,593.53
Less: provision for bad debt	30,489,215.19	40,355,438.90
Total	384,878,020.29	202,279,154.63

**(ii) Other receivables by nature**

Nature	31 December 2023	31 December 2022
Due from related party within the scope of consolidation	374,969,732.31	189,661,149.05
Security investments	28,635,660.22	38,434,247.10
Margin deposits	3,693,589.17	3,351,294.09
Rentals and utilities receivable	1,135,726.76	741,495.49

Nature	31 December 2023	31 December 2022
Others	6,932,527.02	10,446,407.80
Subtotal	415,367,235.48	242,634,593.53
Less: Provision for bad debt	30,489,215.19	40,355,438.90
Total	384,878,020.29	202,279,154.63

## (iii) Other receivables by bad debt provision method

## A. As at 31 December 2023, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	386,731,575.26	1,853,554.97	384,878,020.29
Stage 2	-	-	-
Stage 3	28,635,660.22	28,635,660.22	-
Total	415,367,235.48	30,489,215.19	384,878,020.29

## As at 31 December 2023, provision for bad debt at stage 1:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	-	-	-	-
Provision for bad debt recognised by groups	386,731,575.26	0.48	1,853,554.97	384,878,020.29
Including: Group 1	374,969,732.31	-	-	374,969,732.31
Group 2	11,761,842.95	15.76	1,853,554.97	9,908,287.98
Total	386,731,575.26	0.48	1,853,554.97	384,878,020.29

## Details of Group 2 receivables as of the statement date

Age group	31 December 2023		
	Book balance	Provision for bad debt	Provision ratio (%)
Within 1 year	9,328,668.06	93,890.80	1.01
Including: Within 6 months	9,313,565.06	93,135.65	1.00
7 months to 1 years	15,103.00	755.15	5.00
1 to 2 years	24,380.80	2,438.08	10.00
2 to 3 years	1,303,136.00	651,568.00	50.00

Age group	31 December 2023		
	Book balance	Provision for bad debt	Provision ratio (%)
Over 3 years	1,105,658.09	1,105,658.09	100.00
Total	11,761,842.95	1,853,554.97	15.76

As at 31 December 2023, provision for bad debt at stage 3:

Category	Book balance	Expected credit loss ratio (%) over the entire duration	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	28,635,660.22	100.00	28,635,660.22	-
Provision for bad debt recognised by groups	-	-	-	-
Including: Group 1	-	-	-	-
Group 2	-	-	-	-
Total	28,635,660.22	100.00	28,635,660.22	-

Details of receivables subject to individual assessment as of 31 December 2023

Entity name	31 December 2023			
	Book balance	Provision for bad debt	Provision ratio (%)	Reason for impairment
Hengxin Securities Co., Ltd.	28,635,660.22	28,635,660.22	100.00	In bankruptcy
Total	28,635,660.22	28,635,660.22	100.00	

B. As at 31 December 2022, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	204,200,346.43	1,921,191.80	202,279,154.63
Stage 2	-	-	-
Stage 3	38,434,247.10	38,434,247.10	-
Total	242,634,593.53	40,355,438.90	202,279,154.63

As at 31 December 2022, provision for bad debt at stage 1:



Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually				
Provision for bad debt recognised by groups	204,200,346.43	0.94	1,921,191.80	202,279,154.63
Including: Group 1	189,661,149.05	-	-	189,661,149.05
Group 2	14,539,197.38	13.21	1,921,191.80	12,618,005.58
Total	204,200,346.43	0.94	1,921,191.80	202,279,154.63

## Details of Group 2 receivables as of the statement date

Age group	31 December 2022		
	Book balance	Provision for bad debt	Provision ratio (%)
Within 1 year	11,202,542.48	112,505.14	1.00
Including: Within 6 months	11,190,549.35	111,905.48	1.00
7 months to 1 years	11,993.13	599.66	5.00
1 to 2 years	1,303,136.00	130,313.60	10.00
2 to 3 years	710,291.70	355,145.86	50.00
Over 3 years	1,323,227.20	1,323,227.20	100.00
Total	14,539,197.38	1,921,191.80	13.21

## As at 31 December 2022, provision for bad debt at stage 3:

Category	Book balance	Expected credit loss ratio (%) over the entire duration	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	38,434,247.10	100.00	38,434,247.10	-
Provision for bad debt recognised by groups				-
Including: Group 1				-
Group 2				-
Total	38,434,247.10	100.00	38,434,247.10	-

## Details of receivables subject to individual assessment as of 31 December 2022

Entity name	31 December 2022			
	Book balance	Provision for bad debt	Provision ratio (%)	Reason for impairment
Hengxin Securities Co., Ltd.	28,733,899.24	28,733,899.24	100.00	In bankruptcy
Jianqiao Securities Co., Ltd.	9,700,347.86	9,700,347.86	100.00	In bankruptcy
Total	38,434,247.10	38,434,247.10	100.00	-

## (iv) Changes of provision for bad debt during the reporting period

Category	31 December 2022	Changes during the reporting period			31 December 2023
		Provision	Recovery or reversal	Elimination or write-off	
Individual assessment	38,434,247.10	-	98,239.02	9,700,347.86	28,635,660.22
Portfolio assessment	1,921,191.80	-	67,636.83	-	1,853,554.97
Total	40,355,438.90	-	165,875.85	9,700,347.86	30,489,215.19

## (v) Top five closing balances by entity

Entity name	Nature	Balance as at 31 December 2023	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Top 1	Due from related party within the scope of consolidation	125,000,000.00	Within 6 months	30.09	-
Top 2	Due from related party within the scope of consolidation	120,000,000.00	Within 6 months	28.89	-
Top 3	Due from related party within the scope of consolidation	78,207,352.12	Within 6 months	18.83	-
Top 4	Due from related party within the scope of consolidation	50,475,561.36	Within 6 months	12.15	-

Entity name	Nature	Balance as at 31 December 2023	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Top 5	Security investment	28,635,660.22	Over 3 years	6.89	28,635,660.22
Total		402,318,573.70		96.85	28,635,660.22

### 16.3 Long-term Equity Investments

Items	31 December 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subsidiaries	1,598,079,903.43	-	1,598,079,903.43	1,582,079,903.43	-	1,582,079,903.43
Associates	4,855,540.61	-	4,855,540.61	4,669,710.25	-	4,669,710.25
Total	1,602,935,444.04	-	1,602,935,444.04	1,586,749,613.68	-	1,586,749,613.68

#### (a) Investments in subsidiaries

Investees	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023	Provision for impairment during the reporting period	Provision for impairment at 31 December 2023
GJ Sales	68,949,286.89	-	-	68,949,286.89	-	-
Longrui Glass	85,267,453.06	-	-	85,267,453.06	-	-
Jinhao Hotel	49,906,854.63	-	-	49,906,854.63	-	-
GJ Guest House	648,646.80	-	-	648,646.80	-	-
Ruisi Weier	40,000,000.00	-	-	40,000,000.00	-	-
YQ Environment Protection	16,000,000.00	-	-	16,000,000.00	-	-
GJ E-Commerce	5,000,000.00	-	-	5,000,000.00	-	-
HHL Distillery	816,000,000.00	-	-	816,000,000.00	-	-
Jinyunlai	15,000,000.00	-	-	15,000,000.00	-	-
Runan Xinke	10,000,000.00	-	-	10,000,000.00	-	-
Jiuan Electric	10,000,000.00	-	-	10,000,000.00	-	-
Mingguang Distillery	200,200,000.00	-	-	200,200,000.00	-	-
Treasure Distillery	224,723,400.00	-	-	224,723,400.00	-	-
Jiuhao ChinaRail	5,720,000.00	-	-	5,720,000.00	-	-
GJ Health Technology	34,664,262.05	-	-	34,664,262.05	-	-
Theme Hotel	-	10,000,000.00	-	10,000,000.00	-	-
Anhui Gu Qi Distillery	-	6,000,000.00	-	6,000,000.00	-	-

Investees	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023	Provision for impairment during the reporting period	Provision for impairment at 31 December 2023
Total	1,582,079,903.43	16,000,000.00	-	1,598,079,903.43	-	-

**(b) Investments in associates**

Investees	31 December 2022	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
(i) Associates					-	-
Xunfeijiuzhi	4,669,710.25	-	-	185,830.36	-	-
Total	4,669,710.25	-	-	185,830.36	-	-

(Continued)

Investees	Changes during the reporting period			31 December 2023	Provision for impairment at 31 December 2023
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
(i) Associates					
Xunfeijiuzhi	-	-	-	4,855,540.61	-
Total	-	-	-	4,855,540.61	-

**16.4 Revenue and Cost of Sales**

Items	2023		2022	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	10,501,446,923.20	3,628,280,247.93	8,321,302,489.78	3,081,601,776.18
Other activities	123,590,833.53	79,803,499.54	115,551,935.55	68,470,471.26
Total	10,625,037,756.73	3,708,083,747.47	8,436,854,425.33	3,150,072,247.44

Note: The company's main business income is distilled wine sales revenue.

**16.5 Investment Income**

Items	2023	2022
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Items	2023	2022
Investment income from long-term equity investments under cost method	151,685,778.22	531,783,095.55
Investment income from long-term equity investments under equity method	185,830.36	769,710.25
Gains from disposal of financial assets held-for-trading	31,140,435.80	8,539,026.86
Gains from disposal of financial assets at fair value through other comprehensive income	-39,556,318.53	-24,743,235.48
Others	15,155.26	102,958.20
Total	143,470,881.11	516,451,555.38

## 17. SUPPLEMENTARY INFORMATION

### 17.1 Details of current non-recurring profit or loss

Items	2023	2022
Gains/(losses) on disposal of non-current assets	-2,063,270.90	-4,666,425.09
Government grants (except for government grants which are closely related to the ordinary course of business of the Company, in compliance with national policies and regulations, granted in accordance with the determined standards; and influence the profit and loss on an ongoing basis) charged to gains or losses for the period	39,946,354.24	40,804,726.42
Non-financial business's gains or losses from fair value change arising from financial assets and financial liabilities held and gains or losses from disposal of financial assets and financial liabilities, other than effective value protection hedges relating to the Company's ordinary course of business	51,603,409.95	43,874,800.64
Reversal of provision for impairment of individually tested receivables	98,239.02	423,337.78
Other non-operating income/expenses except for items mentioned above	51,716,611.35	23,314,293.08
Total non-recurring profit/(loss)	141,301,343.66	103,750,732.83
Less: Income tax effect	34,596,052.57	25,727,870.92
Less: net non-recurring profit/(loss) attributable to non-controlling interest	12,760,425.86	5,397,408.19
Net non-recurring profit/(loss) attributable to ordinary shareholders	93,944,865.23	72,625,453.72

The Company redefined the non-recurring profit and loss for the year 2022 in accordance with the provisions of the Explanatory Announcement No. 1 on Information Disclosure of Publicly Issued Securities Companies - Non-Recurring Profit and Loss (Revised in 2023) (SFC Announcement No. [2023]65). This will result in a decrease of 4,561,968.14 in non-recurring net profit and loss after income tax for the year 2022, including a decrease of 3,975,285.01 in non-recurring net profit and

loss attributable to the Company's common shareholders and a decrease of 586,683.13 in non-recurring net profit and loss attributable to minority shareholders. The non-recurring profit and loss items affected in 2022 are: "Government subsidies recognized in the profit and loss of the current period, except government subsidies that are closely related to the normal operation of the company, comply with national policies and regulations, enjoy in accordance with determined standards, and have a continuous impact on the profit and loss of the company", reducing by 5,916,533.10.

## 17.2 Return on Net Assets and Earnings Per Share ('EPS')

### (a) 2023

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders	22.92	8.68	8.68
Net profit attributable to ordinary shareholders after non-recurring profit or losses	22.45	8.50	8.50

### (b) 2022

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders	17.93	5.95	5.95
Net profit attributable to ordinary shareholders after non-recurring profit or loss	17.52	5.81	5.81

Chairman of the Board:

Anhui Gujing Distillery Company Limited

26 April 2024