

Stock code: 000596, 200596

Stock name: Gujing Distillery, Gujing Distillery B

Announcement No.: 2017-003

ANHUI GUJING DISTILLERY COMPANY LIMITED

ABSTRACT OF ANNUAL REPORT 2016

I Important information

This Abstract is based on the full text of the Annual Report. In order for a full understanding of the operating results, financial condition and future development planning of the Company, investors are kindly reminded to read the full text carefully on the media designated by the China Securities Regulatory Commission (the “CSRC”).

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

Modified auditor’s opinion

Applicable Not applicable

Proposal for profit distribution to common shareholders or converting capital reserve into share capital for this Reporting Period, which has been considered and approved by the Board

Applicable Not applicable

Share capital increase from capital reserve

Yes No

The Board has considered and approved the following proposal for profit distribution to common shareholders: Based on the total shares of the Company on December 31, 2016, a cash dividend of RMB6.00 (tax inclusive) per 10 shares will be distributed to all shareholders of the Company. No bonus shares will be granted, nor will any capital reserve be converted into share capital.

Proposal for profit distribution to preference shareholders for this Reporting Period, which has been considered and approved by the Board

Applicable Not applicable

II Company profile

1. Stock profile

Stock name	Gujing Distillery, Gujing Distillery B	Stock code	000596, 200596
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Ye Changqing	Ma Junwei	
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2. Brief introduction to the main business or products in this Reporting Period

The Company specializes in the production and marketing of distilled spirits.

No changes have occurred to the main business of the Company in this Reporting Period. And the main products of the Company are the original Chinese spirits series, the traditional Gujing spirits series and the light Gujing spirits series.

As one of China's traditional top eight liquor brands, the Company is committed to superior quality. Its spirits comes from quality grain and water adopting a unique technique and is well stored. With its spirits produced in Bozhou, known as "a city good for health", the Company promotes a healthy drinking concept. It also introduces China's distilled spirits culture to the world through tours to New York and Milan.

3. Key financial results

(1) Key financial results for the past three years

Indicate by tick mark whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors.

Yes No

Unit: RMB

	2016	2015	+/-%	2014
Operating revenues	6,017,143,660.56	5,253,411,479.40	14.54%	4,650,855,881.72
Net profit attributable to shareholders of the Company	829,630,063.38	715,578,369.68	15.94%	597,041,887.34
Net profit attributable to shareholders of the Company before exceptional profit and loss	792,534,098.54	682,760,794.86	16.08%	568,353,541.08
Net cash flows from operating activities	1,183,231,808.06	790,109,535.01	49.76%	387,494,289.89
Basic earnings per share (RMB/share)	1.65	1.42	16.20%	1.19
Diluted earnings per share (RMB/share)	1.65	1.42	16.20%	1.19
Weighted average return on equity (%)	15.88%	15.91%	-0.03%	15.05%
	December 31, 2016	December 31, 2015	+/-%	December 31, 2014
Total assets	8,736,205,153.86	7,183,147,641.13	21.62%	6,413,518,166.03
Net assets attributable to shareholders of the Company	5,595,121,383.96	4,833,721,630.08	15.75%	4,181,050,977.96

(2) Key financial results by quarter

Unit: RMB

	1Q	2Q	3Q	4Q
Operating revenues	1,843,478,461.71	1,201,556,245.02	1,460,526,002.88	1,511,582,950.95
Net profit attributable to shareholders of the Company	344,007,925.98	87,047,536.64	151,384,181.93	247,190,418.83
Net profit attributable to shareholders of the Company before exceptional profit and loss	339,439,775.36	83,796,577.13	128,287,249.62	241,010,496.43
Net cash flows from operating activities	475,909,121.05	-149,796,508.06	876,734,575.48	-19,615,380.41

Indicate by tick mark whether there are any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports.

Yes No

4. Share capital and shareholders

(1) Numbers of common shareholders and preference shareholders with resumed voting rights as well as shareholdings of top ten shareholders

Unit: share

Total number of common shareholders at the period-end	21,272	Total number of common shareholders at the prior month-end before the disclosure of this Report	16,875	Total number of preference shareholders with resumed voting rights at the period-end	0	Total number of preference shareholders with resumed voting rights at the prior month-end before the disclosure of this Report	0
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Top 10 shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
ANHUI GUJING GROUP COMPANY LIMITED	State-owned corporation	53.89%	271,404,022		Pledged	114,000,000
GAOLING FUND,L.P.	Foreign corporation	2.47%	12,446,408			
UBS (LUXEMBOURG) S.A.	Foreign corporation	2.41%	12,150,199			
NORGES BANK	Foreign corporation	2.28%	11,458,346			
CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD.	State-owned corporation	1.30%	6,543,600			
CHINA INTL CAPITAL CORP HONG KONG SECURITIES LTD	Foreign corporation	1.20%	6,067,462			
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 113	State-owned corporation	0.99%	4,970,485			
GREENWOODS CHINA ALPHA MASTER FUND	Foreign corporation	0.98%	4,939,963			

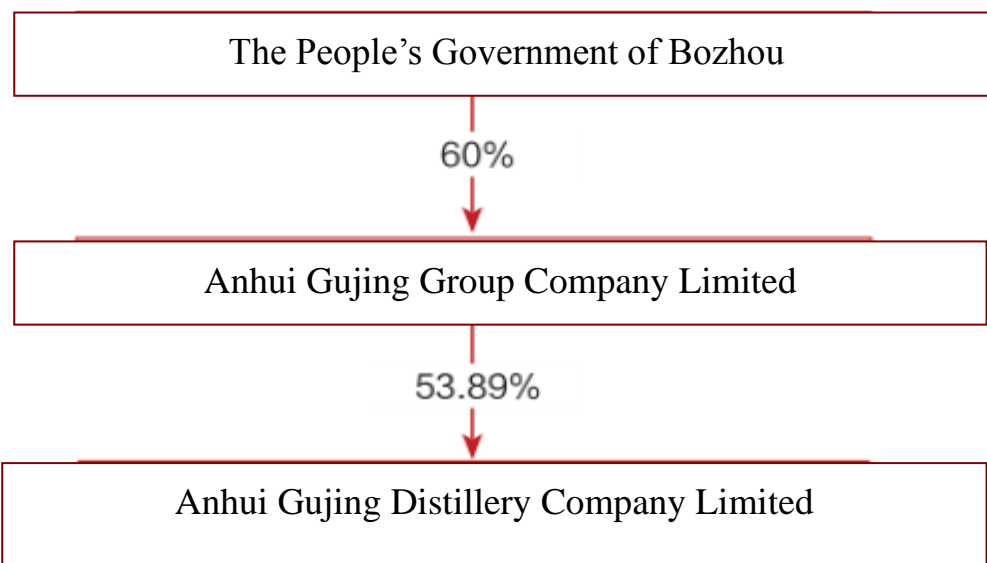
CHINA LIFE INSURANCE CO., LTD.-DIVIDEND-INDIVIDUAL BONUS -005L-FH002SHEN	State-owned corporation	0.90%	4,536,754		
MORGAN STANLEY & CO. INTERNATIONAL PLC	Foreign corporation	0.76%	3,833,134		
Related or acting-in-concert parties among the shareholders above	Among the above shareholders, the Company's controlling shareholder, Anhui Gujing Group Co., Ltd., has no relationship with other shareholders and does not belong to the acting-in-concert stipulated in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies. In addition, the relationship between other shareholders is unknown, and it is unknown whether it belongs to the acting-in-concert stipulated in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.				
Shareholders conducting securities margin trading (if any)	N/A				

(2) Number of preference shareholders and shareholdings of top ten of them

Applicable Not applicable

No preference shareholders in this Reporting Period.

(3) Ownership and control relations between the actual controller and the Company



5. Corporate bonds

Does the Company have any corporate bonds publicly offered and listed on the stock exchange, which were undue before the approval date of this Report or were due but could not be redeemed in full?

No.

III Performance discussion and analysis

1. Performance review for this Reporting Period

Is the Company subject to any disclosure requirements for special industries?

No.

2016 marked the first year of China's 13th Five-Year Plan for Economic and Social Development, as well as a year to carry through the supply-side structural reform. Consumers have attached more importance to quality. And along with the deep change and rebound in the distilled spirits industry, the fundamentals of famous distillers in China have kept improving. Under such circumstances, upholding the values of "Be Honest, Offer Quality Spirits, Be Stronger and Be Helpful to the Society" and following the "Distilled Spirits 5.0" strategy, the Company strengthened branding and quality improvement, as well as improved its operation by adopting a series of effective measures. As a result, the operating goals that the Board had set for the year were achieved.

For 2016, the Company achieved, on a consolidated basis, operating revenues of RMB6.017 billion, up 14.54% compared with a year earlier; total profit of RMB1.15 billion, up 19.09% from last year; net profit of RMB0.83 billion, representing a year-on-year growth of 15.94%; earnings per share of RMB1.65, 16.20% higher than last year; and net operating cash flows of RMB1.183 billion, representing a 49.76% increase on a year-on-year basis.

(I) Focusing on Strategy 5.0, and constantly enhancing the core competitiveness of the major business of liquor

A. "Double brands" open up the new pattern. Faced with a complex economic environment in the reporting period, the Company has actively sought the extensional development, continued to deploy throughout the entire country and give play to the effect of synergy and integration.

B. Efforts in deep cultivation of market construction. In 2016, the Company continued to make efforts in "sinking organization, channels and personnel", implement contact point management, split sales terminal units and stimulate dynamism; strengthened target budgeting, process KPI and performance appraisal, and constantly cultivated market construction.

C. Continuous optimization of the product system. The Original Chinese Spirits is granted with the title of "1985-2015 Chinese Liquor Historical Landmark Product" by China National Food Industry Association. 37°C Bo Ju liquor, the healthy new product, has been successfully launched, opening up a new pattern of thinking for developing the healthy liquors under Gujing Distillery; the Original Chinese Spirits G20, Gujing Distillery 1989 has been launched innovatively, continuously enriching product lines.

D. Constant enhancement of the brand value reputation. The brand construction has been vigorously promoted with a series of activities and promotion events organized. Gujing Distillery has entered the Middle and East Europe by grasping the strategic opportunity of "One Belt One Road". The value of the brand Gujing Distillery has reached RMB49.259 billion during the reporting period.

(II) Innovating management tools and methods, activating management dynamism and improving scientific and technological innovation

A. Exploration of internal marketization and informationization of in-depth application. In the reporting period, the Company has implemented the appraisal mechanism for internal marketization, which activated the internal

dynamism and motivation; the projects such as Customer Relationship Management (CRM) and Unified Call Center have made phased progress.

B. Scientific and technological innovation has been intensified with a number of breakthroughs made. Two projects have been selected into the list of key R&D projects under the 13th Five-Year Plan, one item of technological achievements have passed the provincial accreditation of scientific and technological achievements, four items of technological achievements have been converted and applied into production, and two items have passed the review based on the local standard at the provincial level. The academician workstation and the state-level post-doctoral research workstation have successfully passed the performance appraisal, Anhui Solid State Fermentation Engineering Technology Research Center has passed the quality acceptance, the state-level corporate technological center has been rated excellent in the annual appraisal, and the Company has won Anhui Quality Award.

(III) Optimizing the contents of appraisal, and improving the skill of the management staff

A. The company has optimized the contents of performance appraisal, intensified the strength of rewards and punishments, revised and improved the appraisal system, simplified the relevant indicators, highlighted the key points and publicized the results.

B. The company has applied the echelon construction of talents, carrying out the targeted nurture and development of core marketing staff, core technical staff and core management staff, which has achieved good results.

(IV) Continuing to promote the corporate brand image by centering around “Two learn one to do learning education” and Gujing’s core values

In the reporting period, the Company has strengthened its educational guidance by vigorously conducting the educational activities themed with “three-strict and three-honest” and “four-consciousness”, and deepening the implementation of the series learning and discussion activities on “Two learn one to do learning education” and “aim at keeping up by acting”. The Company has combined its corporate values of “behaving decently, brewing good wines, cultivating moral character of employees and benefiting the society” with Party built companies, promoting the integration of Party governance and building a learning, innovative and appreciative company.

(V) Pressure and weaknesses in the Company during the reporting period

A. Pressure of the regional competitions and increasing costs of the traditional manufacturing industry.

B. Insufficient motivation for staff growth and inflexible corporate mechanism.

C. Unthorough capillary management and existence of “laziness, tiredness, stubbornness and squeamishness” to different extents.

2. Significant changes in the main business in this Reporting Period

Yes No

3. Products contributing over 10% of the main business revenue or profit

Applicable Not applicable

Unit: RMB

Product	Operating revenue	Operating profit	Gross profit margin	Operating revenue: YoY +/-%	Operating profit: YoY +/-%	Gross profit margin: YoY +/-%
Distilled spirits	5,876,233,721.58	1,067,835,648.30	75.30%	14.80%	19.59%	3.76%

4. Seasonal or periodic characteristics in the operating performance that need special attention

Yes No

5. Significant YoY changes in the operating revenues, operating costs and net profit attributable to the common shareholders or their composition

Applicable Not applicable

6. Possibility of listing suspension or termination

Applicable Not applicable

7. Issues related to the financial report

(1) YoY changes in accounting policies, accounting estimations and measurement methods

Applicable Not applicable

No changes.

(2) Retroactive restatements due to correction of significant accounting errors in this Reporting Period

Applicable Not applicable

No such cases.

(3) YoY changes in the scope of the consolidated financial statements

Applicable Not applicable

The Company obtained 51% equities of Wuhan Tianlong Yellow Crane Tower Co., Ltd for the enterprise merger not under the same control during the Reporting Period, and newly established the subsidiaries Anhui Gujing Yunshang Electronic Commerce Co., Ltd and Anhui Zhenrui Construction Project Co., Ltd.; The Company newly established sub-subsidiaries Bozhou Gujing Distillery Marketing Co., Ltd, Wuhan Ya shibo Technology Co., Ltd, and Wuhan Junya Sales Co., Ltd; The Company liquidated its subsidiary Bozhou Gujing Packaging Co., Ltd in the current year.