



**Luzhou Laojiao Co., Ltd.**  
**2021 Annual Report**

**April 2022**

## Section I Important Statements, Contents and Definitions

The Board of Directors, Board of Supervisors, directors, supervisors and senior management guarantee that the information presented in this report is free of any false records, misleading statements or material omissions, and shall individually and together be legally liable for truthfulness, accuracy and completeness of its contents.

Liu Miao, responsible person for the Company, Xie Hong, responsible person for accounting work and Yan Li, responsible person for the Company's financial affairs (Accounting Supervisor) have warranted that the financial statements in this report are true, accurate and complete.

Other directors attended the board meeting to deliberate this report by themselves except the following directors.

Name of directors who did not attend the meeting in person	Position of directors who did not attend the meeting in person	Reason for not attending the meeting in person	Name of deputies
Qian Xu	Director	Work	Wang Hongbo

Affected by risks, uncertainties and assumptions, the forward-looking statements concerning business objectives and future plans made in this report based on the subjective assumptions and judgments of the future policies and economic conditions may be significantly different from the actual results. Such statements shall not be considered as virtual promises of the Company to investors, and the investors and relevant persons shall maintain adequate risk awareness and shall understand the differences between plans, forecasts and commitments.

In the annual report, the potential risks in the operation of the Company have been disclosed. Investors are kindly reminded to pay attention to possible investment risks.

The profit distribution plan approved by the board of directors: based on 1,471,615,076 shares, a cash dividend of CNY 32.44 (tax inclusive) will be distributed for every 10 existing shares held, 0 shares of bonus shares (tax inclusive), and reserves would not be converted into share capital.

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

## Contents

<b>Section I Important Statements, Contents and Definitions .....</b>	<b>2</b>
<b>Section II Company Profile and Key Financial Results .....</b>	<b>6</b>
<b>Section III Management Discussion and Analysis .....</b>	<b>11</b>
<b>Section IV Corporate Governance .....</b>	<b>43</b>
<b>Section V Environmental and Social Responsibility .....</b>	<b>72</b>
<b>Section VI Significant Events .....</b>	<b>80</b>
<b>Section VII Changes in Shares and Information about Shareholders .....</b>	<b>89</b>
<b>Section VIII Preferred Shares .....</b>	<b>98</b>
<b>Section IX Information about Bond .....</b>	<b>99</b>
<b>Section X Financial Report .....</b>	<b>108</b>

## **Documents Available for Reference**

1. Financial statements signed and stamped by the responsible person for the Company, the responsible person for accounting work and the responsible person for the Company's financial affairs (Accounting Supervisor);
2. The original of the auditor's report with the seal of the accounting firm, and signed and stamped by CPAs;
3. The originals of all company documents and announcements that are disclosed to the public during the reporting period.

## Definitions

Term	Reference	Definition
Company, the Company, Luzhou Laojiao	Refer to	Luzhou Laojiao Co., Ltd.
Laojiao Group	Refer to	Luzhou Laojiao Group Co., Ltd.
XingLu Group	Refer to	Luzhou XingLu Investment Group Co., Ltd.
SASAC of Luzhou	Refer to	State-owned Assets Supervision and Administration Commission of Luzhou
Huaxi Securities	Refer to	Huaxi Securities Co., Ltd.
CICC	Refer to	China International Capital Corporation Limited
Luzhou Bank	Refer to	Luzhou Bank Co., Ltd.
Sales Company	Refer to	Luzhou Laojiao Sales Co., Ltd.
Brewing Company	Refer to	Luzhou Laojiao Brewing Co., Ltd.

## Section II Company Profile and Key Financial Results

### 1. Corporate information

Stock abbreviation	Luzhou Laojiao	Stock code	000568
Changed stock abbreviation (if any)	N/A		
Stock exchange where the shares of the Company are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	泸州老窖股份有限公司		
Abbr. of the Company name in Chinese	泸州老窖		
Name of the Company in English (if any)	Luzhou Laojiao Co., Ltd.		
Abbr. of the Company name in English (if any)	LZLJ		
Legal representative	Liu Miao		
Registered address	Guojiao Square, Luzhou City, Sichuan Province, China		
Postal code	646000		
Past changes of registered address	The Company's registered address has changed from 46 Guihua Street, Luzhou City, Sichuan Province, China to Guojiao Square, Luzhou City, Sichuan Province, China in 2000.		
Business address	Luzhou Laojiao Marketing Network Command Center, Nanguang Road, Luzhou City, Sichuan Province, China		
Postal code	646000		
Company website	www.lzlj.com		
E-mail	lzlj@lzlj.com		

### 2. Contact us

	Secretary of the board	Representative for securities affairs
Name	Wang Hongbo	Wang Chuan

Address	Luzhou Laojiao Marketing Network Command Center, Nanguang Road, Luzhou City, Sichuan Province, China	
Tel.	(0830)2398826	(0830)2398826
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### 3. Information disclosure and place where the annual report is kept

Stock exchange website where this Report is disclosed	China Securities Journal, Securities Times, Securities Daily
Media and website where this Report is disclosed	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Place where the annual report of the Company is kept	Board office

### 4. Company registration and alteration

Organization code	91510500204706718H
Changes in main business activities since the Company was listed (if any)	None
Changes of controlling shareholders of the Company (if any)	Before September 2009, the controlling shareholder was the SASAC of Luzhou. After the equity transfer in September 2009, the controlling shareholder was changed to Laojiao Group, but the actual controller is still the SASAC of Luzhou.

### 5. Other relevant information

Accounting firm engaged by the Company

Name of the accounting firm	Sichuan Huaxin (Group) CPA Firm
Business address of the accounting firm	28/F., South Jinmaolidu, NO.18 Ximianqiao Street, Chengdu City, Sichuan Province.
Name of accountants for writing signature	Li Wulin, He Shoufu, and Tang Fangmo

Sponsors engaged by the Company to continuously perform its supervisory function during the reporting period

Applicable  N/A

Financial adviser engaged by the Company to continuously perform its supervisory function during the reporting period.

Applicable  N/A

## 6. Key accounting data and financial indicators

Whether the Company performed a retroactive adjustment to or restatement of accounting data.

Yes  No

	2021	2020	YoY Change	2019
Operating revenues (CNY)	20,642,261,724.37	16,652,854,549.80	23.96%	15,816,934,272.86
Net profits attributable to shareholders of the Company (CNY)	7,955,554,351.73	6,005,723,069.36	32.47%	4,641,988,857.03
Net profits attributable to shareholders of the Company before non-recurring gains and losses (CNY)	7,884,384,055.60	5,990,831,793.72	31.61%	4,600,916,766.09
Net cash flows from operating activities (CNY)	7,698,648,104.51	4,916,102,451.30	56.60%	4,841,619,203.86
Basic earnings per share (CNY/share)	5.43	4.10	32.44%	3.17
Diluted earnings per share (CNY/share)	5.43	4.10	32.44%	3.17
Weighted average ROE	31.15%	28.27%	2.88%	25.50%
	At the end of 2021	At the end of 2020	YoY Change	At the end of 2019
Total assets (CNY)	43,211,782,005.68	35,009,203,823.45	23.43%	28,919,969,078.32
Net assets attributable to shareholders of the Company (CNY)	28,040,247,005.94	23,074,858,552.59	21.52%	19,406,845,725.61

Whether the lower of the net profits attributable to shareholders of the Company before and after non-recurring gains and losses was negative for the last three accounting years, and the latest auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern

Yes  No

Whether the lower of the net profits attributable to shareholders of the Company before and after



non-recurring gains and losses was negative

Yes  No

## 7. Differences in accounting data under domestic and overseas accounting standards

### 7.1. Differences in the net profits and net assets disclosed in the financial reports prepared under the international and China accounting standards

Applicable  N/A

No such differences for the reporting period.

### 7.2. Differences in the net profits and net assets disclosed in the financial reports prepared under the overseas and China accounting standards

Applicable  N/A

No such differences for the reporting period.

## 8. Key financial results by quarter

Unit: CNY

	Q1	Q2	Q3	Q4
Operating revenues	5,003,680,377.12	4,313,416,649.93	4,792,727,587.31	6,532,437,110.01
Net profits attributable to shareholders of the Company	2,166,766,179.07	2,059,550,543.18	2,049,184,699.30	1,680,052,930.18
Net profits attributable to shareholders of the Company before non-recurring gains and losses	2,158,046,960.66	2,050,603,172.22	2,068,265,688.40	1,607,468,234.32
Net cash flows from operating activities	1,310,035,683.78	1,428,201,356.12	1,217,815,864.27	3,742,595,200.34

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

## 9. Non-recurring profits and losses

Applicable  N/A

Unit: CNY

Item	2021	2020	2019	Note
Profit or loss from disposal of non-current assets (including the write-off portion of the impairment provision)	-347,429.88	8,123,010.18	23,211,482.49	See "Section X Note 5.44" for details.
Government grants accounted for, in the profit or loss for the current period (except for the government grants closely related to the business of the Company and consistently given at a fixed amount or quantity in accordance with the national policies or standards)	51,756,953.15	31,409,825.37	43,969,302.07	See "Section X Note 5.40 and 5.45" for details.
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	6,352,241.79			See "Section X Note 5.42" for details.
Reversed portions of impairment allowances for receivables which are tested individually for impairment	80,000,000.00			See "Section X Note 5.43" for details.
Other non-operating income and expenditure except above-mentioned items	-40,241,672.68	-20,289,086.46	-11,510,048.21	See "Section X Note 5.45 and 5.46" for details.
Less: Corporate income tax	24,082,098.59	4,512,028.92	13,076,295.35	
Minority interests (after tax)	2,267,697.66	-159,555.47	1,522,350.06	
Total	71,170,296.13	14,891,275.64	41,072,090.94	--

Other items that meet the definition of non-recurring gain/loss:

Applicable  N/A

No such cases for the reporting period.

Explain the reasons if the Company classifies any non-recurring gain/loss item mentioned in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public-Non-Recurring Gains and Losses* as a recurring gain/loss item.

Applicable  N/A

No such cases for the reporting period.

## Section III Management Discussion and Analysis

### 1. Industry overview for the reporting period

Amid the unpromising macro status at home and abroad since 2021, the Chinese baijiu industry has been undergoing multiple pressures arising from economic adjustments, spending shrinks, industry-wide competition, and the recurrent COVID-19 pandemic, which drives the whole baijiu industry to speed up its concentration on brands, quality, and leading enterprises. Facing numerous pressures and challenges, the Company actively built a scientific and sound strategic system, brand system, capacity system, talent system, and management system to prepare for faster growth.

### 2. Business scope in the reporting period

The Company shall comply with the disclosure requirements for companies engaging in food & liquor and wine production of the *Guidelines No. 3 of the Shenzhen Stock Exchange on Self-regulation of Listed Companies—Industry-specific Information Disclosure*.

Holding 10 food business licenses, the Company operates within the baijiu subdivision industry which belongs to the liquor & wine, beverage and refined tea production industry with specialized baijiu product design, production and sales as its main business model. The Company's main business is the research and development, production and sales of baijiu series such as "National Cellar 1573" and "Luzhou Laojiao", and its main comprehensive performance indicators rank high in the baijiu industry. For 2021, operating revenue amounted to CNY 20.642 billion, up 23.96% year on year; and the net profit attributable to the shareholders of the listed company reached CNY 7.956 billion, up 32.47% year on year.

For the Company's brand operations, please refer to "4.1 Overview" under "4. Analysis of main business" in this section. The Company's main products are classified as follows:

Main product types	Classification criteria	Representative brand name
Mid- and high-end Baijiu	Tax-inclusive sales price $\geq$ CNY 150 per bottle	National Cellar 1573, Luzhou Laojiao Tequ, and Century-old Luzhou Laojiao Jiaoling Baijiu
Other Baijiu	Tax-inclusive sales price $<$ CNY 150 per bottle	Luzhou Laojiao Touqu and Luzhou Laojiao Erqu

Main sales models:

Currently, the Company has two main sales models:

1. Traditional channel operation model: It is mainly authorized distribution of the offline distributors. The Company establishes cooperative relationships with the distributors by product lines and regions. The Company directly supplies goods to the distributors, and then distributors sell them to consumers and terminal outlets.

2. Emerging channel operation model: It is mainly online sales operations. The Company establishes cooperative relationships with e-commerce platforms, self-media and webcasters, and sells the goods to consumers through flagship stores, specialty stores, live streaming rooms on online platforms and other network terminals.

Distribution models:

Applicable  N/A

#### 1. Main sales models

Unit: CNY

	Operating revenue	Cost of sales	Gross profit margin	YoY change of operating revenue	YoY change of cost of sales	YoY change of gross profit margin
By sales model						
Traditional channel operation model	19,523,560,616.72	2,691,947,704.54	86.21%	24.40%	5.25%	2.51%
Emerging channel operation model	891,609,852.37	193,737,447.09	78.27%	18.26%	25.90%	-1.32%

#### 2. Distributors

Unit: Number

Region	Number of distributors at the end of the reporting period	Increased number during the reporting period	Decreased number during the reporting period	YoY change of number of distributors (%)	Reason for any significant change
Domestic	1783	407	671	-12.90	
Overseas	148	8	34	-14.94	

#### 3. Main settlement method for distributors and distribution method

The Company's main settlement method for distributors is payment before delivery. The distribution method is authorized distribution.

#### 4. Top five distributors

The Company had no accounts receivable from the top five distributors at the end of the period. For details, please refer to Section III 4.2.8. "Main customers and suppliers".

Store sales terminals accounted for more than 10%

Applicable  N/A

Online direct sales

Applicable  N/A

For the sales of the Company's main products, please refer to Section III 4.2.1. "Breakdown of operating revenues". The Company's complete series of products are sold online. Its main cooperation platforms included JD.com and Tmall.

Sales price of main products contributing over 10% of the total operating revenues for the current period changed by more than 30% from the previous reporting period

Applicable  N/A

Purchase model and purchase content

Unit: CNY

Purchase model	Purchase content	Amount of main purchase content
Organic raw grains are purchased through cooperative model and supplied by organic raw grain bases; other raw grains and packaging materials are purchased through bid invitation	Raw materials	4,540,737,351.28
Purchase based on the unified pricing of the National Development and Reform Commission and the price bureau, and purchase through bid invitation	Fuels and energies	131,839,617.88
Purchase through bid invitation	Low-value consumables	67,031,892.39

The purchase of raw materials from cooperatives or farmers accounted for more than 30% of the total purchase amount

Applicable  N/A

The price of main raw materials purchased externally changed by more than 30% year-on-year

Applicable  N/A

Main production model:

The Company's main production model is self-production.

Commissioned processing and production

Applicable  N/A

Main breakdown items of cost of sales

Unit: CNY

By business segment	Item	2021		2020		YoY Change
		Amount	As % of cost of sales	Amount	As % of cost of sales	
Baijiu	Raw materials	2,502,121,435.16	86.71%	2,363,441,505.18	87.17%	5.87%

Baijiu	Labor costs	160,836,008.91	5.57%	157,352,625.49	5.80%	2.21%
Baijiu	Manufacturing overhead	222,727,707.56	7.72%	190,639,876.30	7.03%	16.83%

## Production volume and inventory

### 1. Production volume, sales volume and inventory of main products

Product classification	Production volume (ton)	Sales volume (ton)	Inventory (ton)	YoY change of production volume (%)	YoY change of sales volume (%)	YoY change of inventory	Description of major changes
Mid- and high-end baijiu	48,662.90	31,765.82	39,177.05	100.13	25.42	75.84	Production volume and inventory increased year-on-year mainly due to the Company's adjustment of production plans.
Other baijiu	46,155.34	46,054.68	13,675.50	-47.01	-51.82	0.74	Production volume and sales volume decreased year-on-year mainly due to the decreased sales volume of Erqu products.

### 2. Inventory at the end of the reporting period

Unit: Ton

Finished baijiu	Semi-finished baijiu (including base baijiu)
52,852.55	385,727.12

### 3. Capacity

Unit: Ton

Main products	Design capacity	Actual capacity	Capacity in progress
Baijiu	170,000	170,000	0

## 3. Analysis of core competitiveness

### A. Geographical advantage

Luzhou City, where the Company is located, sits in the transitional area between the southern rim of the

Sichuan Basin and the Yunnan-Guizhou Plateau, featuring a warmer and more humid sub-tropical climate compared to other areas at the same latitude, with a temperature above 0°C throughout the year. The unique climate and soil are agreeable to grow grains for baijiu brewing. The glutinous red sorghum and soft wheat grown in this area are the primary raw materials for the baijiu of the Company. The cellars in which the Company brews its baijiu are made of the local loessal clay characterized by strong viscosity, rich minerals and excellent moisture retention. In addition, the abundant and quality water in the region creates a unique geographical advantage for the production of the Company's baijiu.

### **B. Advantage of cellars and brewing technique**

Aged cellars are the most essential condition for a strong aromatic baijiu maker to produce good quality baijiu. The Cellars of National Treasure 1573, founded in 1573, was granted by the State Council as the first Cultural Relic of National Importance in the industry under the Protection of the State in December 1996. 1,619 cellars of Luzhou Laojiao which have been continuously used for over 100 years, together with its 16 ancient brewing workshops and three natural cellar holes, were all selected as the fourth batch of Cultural Relics of National Importance under the Protection of the State in 2013. They are unique resources that cannot be replicated. In both 2006 and 2012, Luzhou Laojiao Daqu Cellars were twice selected into the preliminary list of China for World Heritage. In November 2018, Luzhou Laojiao Cellars and Brewing Workshops were selected into China's Industrial Heritage List. The time-honored Traditional Brewing Technique of Luzhou Laojiao is a 24-generation inheritance and a classic brewing technique for strong aromatic baijiu. This technique was selected as the first batch of National Intangible Cultural Heritage in May 2006. The Cellars of National Treasure 1573 and the Traditional Brewing Technique of Luzhou Laojiao together provide the most essential basis and assurance for the quality of the product series of National Cellar 1573 and Luzhou Laojiao. Additionally, Huangyi Brewery Eco-Park has moved into full production in late 2020. Upholding the cultural connotations of "inheritance of ancient ways, pure-grain brewing, traditional techniques, and intelligent technologies", the Company carried out brewing technical renovation featuring automatic, intelligent and information technology-based transformation. As such, it has established a baijiu brewery eco-park comprising brewing workshops, leaven making workshops, and base baijiu storage cellars, along with energy and sewage treatment facilities. This brewery eco-park brings with it new production capacities of 100,000 tons of quality pure-grain solid baijiu and 100,000 tons of leaven in addition to a new storage capacity of 380,000 tons of baijiu per year, marking a substantial increase in the Company's production capacity.

### **C. Brand advantage**

Brand is a key business resource for baijiu producers. The Company's reputation is greatly built on its superiority in brand. National Cellar 1573, which is of a connoisseurship level, is a world-famous high-end brand. Luzhou Laojiao Tequ, a classic brand for strong aromatic baijiu, was selected in 1952 by the first national tasting competition judges as one of the four most famous baijiu brands in China. It is the only strong aromatic baijiu brand that won the title of "National Famous Liquor" for five consecutive times, as well as the pioneer with regard to the "Tequ" variety of baijiu. In recent years, the Company has successfully put in place a brand system of "dual brands, three product series, and major single products" with great clarity and focus. The programs carried out to promote the brand of National Cellar 1573 and revive the brand of Luzhou Laojiao have produced remarkable results, with significant improvement in brand influence. The Company's baijiu is increasingly known by consumers as a

national brand of strong aromatic baijiu and of authentic flavor.

#### **D. Quality and R&D advantage**

The Company is committed to producing high-quality baijiu, advocating a healthy lifestyle and “making the quality visible”. The first “Organic Sorghum Planting Base” was established and the six-factor management system (including organic, quality, safety, environment, measurement and energy) was built and improved. The research platforms are established, including National Engineering Research Center of Solid-State Brewing, National Liquor Test Center, National Postdoctoral Workstation, etc, which all support the innovation and upgrading of products with their strong technical force. In recent years, the Company has put in a lot of efforts in researching Tequ production, brewing informatization & automation. Relying on the technological innovation platforms such as the National Industrial Design Center, and continuously deepening the cooperation with universities and scientific research institutes including the Chinese Academy of Sciences and the Jiangnan University, the Company has undertaken dozens of national- or provincial-level projects and has been granted hundreds of invention or utility model patents. And remarkable results have been achieved with respect to improvement of the quality of base Baijiu, as well as production efficiency improvement.

#### **E. Talent advantage**

The Company has 1 inheritor of national intangible cultural heritage, 4 masters of Chinese brewing, 2 masters of Chinese baijiu, 1 master of Chinese baijiu technique, 2 Chinese liquor connoisseurs, 11 senior professor engineers, 7 experts who receive special allowances from the State Council, 4 national technicians, 3 academic and technologic leaders of Sichuan province, 2 craftsmen of Sichuan province, 1 technological elite of Sichuan province, as well as hundreds of highly skilled personnel including national baijiu judges, senior brewing technicians and brewing technicians. The comprehensive and professional personnel system assures the sound development of the Company.

## **4. Analysis of main business**

### **4.1. Overview**

In 2021, the Company successfully accomplished multiple tasks and targets, including the sales expansion, brand culture empowerment, capacity upgrade, digital and intelligent innovation, and management efficiency improvement, getting off to a good start in the "14th Five-year Plan" period. For the reporting period, operating revenue amounted to CNY 20.642 billion, up 23.96% year on year; and the net profit attributable to the shareholders of the listed company reached CNY 7.956 billion, up 32.47% year on year. Major business actions taken by the Company in the year are summarized as follows:

#### **A. Precision marketing to expand its market**

In 2021, the Company resolutely implemented the development requirement of "precision marketing to develop the market", made comprehensive efforts to promote its national market presence and base market development, and saw significant progress in implementing the strategy of "development towards Eastern and Southern China". In addition, breakthroughs were constantly recorded in the



overseas market, e-commerce channel, and innovation segments, which contributed to a sharp fall in the marketing expense, a consistent increase in the profit, and a constant expansion of the customer base. With years of efforts, the Company has developed into a top producer of new baijiu that is "comprehensively customer-centric".

## **B. Brand building and polishing**

Firmly focusing on the strategy of "dual brands, three product series, and major single products" in 2021, the Company gradually perfected its brand matrix. Specifically, the "bottled vintage baijiu" it rolled out was the first in the industry to reveal the true vintage of baijiu. Additionally, the Company quickly introduced its "Chinese Flavor" product in core cities in China, and the National Cellar 1573 series has been one of the three high-end baijiu products in China. New strategic products were also launched, such as Luzhou Laojiao 1952 and Luzhou Laojiao · Hey Guys. All these measures contributed to the breakthroughs in its "dual brands" strategy. Furthermore, work concerning the marketing of various brands and the fostering of the core consumer circle was underway smoothly, with the frequency of events and the number of VIP registrations rising sharply year on year as well as the brand influence being extended significantly. In doing so, the young, fashionable, and healthy elements of the brand of Luzhou Laojiao were constantly highlighted, and the brand heritage was richer.

## **C. Capacity upgrade for a better supply guarantee**

In 2021, after Huangyi Brewery Eco-Park came on stream, the Company completed its layouts of the capacity to produce quality solid pure-grain base baijiu, the storage capacity, and the packaging capacity. Thus, its supply guarantee capabilities were greatly improved. As such, a new capacity pattern of "1 + 2 + N" was formed to support the Company's sales expansion during the "14th Five-year Plan" period with high-quality capacity. Specifically, "1" refers to "one center", namely the Cellars of National Treasure 1573; "2" refers to "two parks", namely Luohan Brewery Eco-Park and Huangyi Brewery Eco-Park; "N" refers to "n bases", including An'ning Science and Technology Park, three natural cellar holes, Luzhou Baijiu Industry Development Zone, and other production bases. Concerning important awards and honors, the Company was honored with the "China National Light Industry Council Technology Progress Award (First Prize)" as well as the titles of "National Green Manufacturing Demonstration Unit (the Ministry of Industry and Information Technology)" and "Advanced Collective in Light Industry Innovation".

## **D. Digital and intelligent empowerment for transformation and upgrading**

In 2021, the Company consistently promoted the building of a "digital and intelligent Luzhou Laojiao". Gaining a leading position in the world in terms of digital and intelligent brewing and production, the Company was honored with the title of "China Light Industry Demonstration Case Enterprise in Intelligent Manufacturing". In addition, comprehensive efforts were made to promote the "Three-network Integration, Five-flow Interconnection, and Multi-code Interrelation" project; it proactively explored the O2O new retail model, built online cloud stores, and launched activities to develop digital consumers, which led to a consistent increase in the return of core consumers. Moreover, several digital and intelligent management innovation projects undertaken by the Company were selected as the scientific and technological programs, pilot projects, and special research projects at the ministerial or provincial level.

## E. Refined management for efficiency improvement

In 2021, based on the development requirement for "refined management to increase benefits", the Company comprehensively improved its basic management, established several important systems, and optimized project management procedures and key nodes so that the resource factors can highly match the business actions. Besides, it made comprehensive efforts to solidify its line of defense against business risks and carried out the supervision of major projects and special supervision and inspection of high-risk operations to create a security cordon for preserving and increasing the value of state assets. It fully promoted the selection and cultivation of scientific talent and successfully implemented the restricted share incentive plan, thereby further establishing and improving its long-term incentive mechanism and unlocking the creativity of talent, organization, and management. With these efforts, the Company was honored with the title of "China Top 100 Employers in 2021".

In 2021, remarkable achievements were achieved in the Company's comprehensive governance, security and ecological protection, and fulfillment of social responsibility. Specifically, it consistently promoted the comprehensive governance project of "consolidating foundation, strengthening management, building image, and maintaining security" to ensure that it realized sound, steady, and high-quality development; it fully implemented the "Nine Security Regulations", passed the accreditation for the rating of "tier-one enterprise with standard safety production", and was listed as "National Green Plants" and "China Top 100 Light Industry Enterprises in 2021". Furthermore, it consistently launched major assistance projects in regions that had been lifted out of poverty, such as building cultural plazas, donating sanitation, and renovating the workshops of rice mill plants, proactively assisted Zhengzhou in flood relief and Lu County in earthquake relief, and normally carried out long-term public welfare projects, including "Southwest Medical University-Luzhou Laojiao Scholarship" and "Sichuan Police College-Luzhou Laojiao Golden Shield Prize". Additionally, it set up "Sichuan Province Luzhou Middle School-Luzhou Laojiao Fund for Teaching Prize and Scholarship", becoming a model state-owned enterprise in the fulfillment of social responsibility. In 2021, the Company was honored with the title of "National Advanced Collective in Poverty Alleviation" and was listed as "Top 100 Enterprises in Corporate Social Responsibility in Chengdu-Chongqing Economic Circle".

## 4.2. Revenues and cost of sales

### 4.2.1. Breakdown of operating revenues

Unit: CNY

	2021		2020		YoY Change
	Amount	As % of operating revenues	Amount	As % of operating revenues	
Total	20,642,261,724.37	100%	16,652,854,549.80	100%	23.96%
By business segment					
Baijiu	20,415,170,469.09	98.90%	16,447,960,569.22	98.77%	24.12%
Other revenues	227,091,255.28	1.10%	204,893,980.58	1.23%	10.83%
By product					

Mid- and high-end baijiu	18,397,360,159.99	89.12%	14,236,990,348.38	85.49%	29.22%
Other baijiu	2,017,810,309.10	9.78%	2,210,970,220.84	13.28%	-8.74%
Other revenues	227,091,255.28	1.10%	204,893,980.58	1.23%	10.83%
By geographical segment					
Domestic	20,558,860,984.10	99.60%	16,602,974,426.77	99.70%	23.83%
Overseas	83,400,740.27	0.40%	49,880,123.03	0.30%	67.20%
By sales model					
Traditional channel operation model	19,523,560,616.72	94.58%	15,693,989,192.05	94.24%	24.40%
Emerging channel operation model	891,609,852.37	4.32%	753,971,377.17	4.53%	18.26%
Other revenues	227,091,255.28	1.10%	204,893,980.58	1.23%	10.83%

#### 4.2.2. Business segments, products, geographical segments or sales models contributing over 10% of the operating revenues or profits

√ Applicable □ N/A

Unit: CNY

	Operating revenue	Cost of sales	Gross profit margin	YoY change of operating revenue	YoY change of cost of sales	YoY change of gross profit margin
By business segment						
Baijiu	20,415,170,469.09	2,885,685,151.63	85.86%	24.12%	6.43%	2.34%
By product						
Mid- and high-end baijiu	18,397,360,159.99	1,777,774,059.98	90.34%	29.22%	28.06%	0.09%
Other baijiu	2,017,810,309.10	1,107,911,091.65	45.09%	-8.74%	-16.27%	4.93%
By geographical segment						
Domestic	20,558,860,984.10	2,939,761,934.57	85.70%	23.83%	4.40%	2.66%
By sales model						
Traditional channel operation model	19,523,560,616.72	2,691,947,704.54	86.21%	24.40%	5.25%	2.51%

Under the circumstances that the statistical standards for the Company's main business data were adjusted in the reporting period, the Company's main business data in the current year is calculated based on adjusted statistical standards at the end of the reporting period

□ Applicable √ N/A

#### 4.2.3. Whether revenue from sales of goods is higher than revenue of rendering services

Yes  No

By business segment	Item	Unit	2021	2020	YoY Change
Baijiu	Sales volume	ton	77,820.5	120,915.16	-35.64%
	Production volume	ton	94,818.24	111,419.73	-14.90%
	Inventory	ton	52,852.55	35,854.81	47.41%

Reason for any over 30% YoY movements in the data above

Applicable  N/A

Sales volume decreased 35.64% year-on-year mainly due to the decreased sales volume of Erqu products.

Inventory increased 47.41% year-on-year mainly due to the Company's adjustment of production plans.

#### 4.2.4. Execution of significant sales or purchase contracts in the reporting period

Applicable  N/A

#### 4.2.5. Breakdown of cost of sales

By business segment

Unit: CNY

By business segment	Item	2021		2020		YoY Change
		Amount	As % of cost of sales	Amount	As % of cost of sales	
Baijiu	Raw materials	2,502,121,435.16	86.71%	2,363,441,505.18	87.17%	5.87%
Baijiu	Labor costs	160,836,008.91	5.57%	157,352,625.49	5.80%	2.21%
Baijiu	Manufacturing overhead	222,727,707.56	7.72%	190,639,876.30	7.03%	16.83%

#### 4.2.6. Change in the scope of the consolidated financial statements for the reporting period

Yes  No

Subsidiaries that are newly incorporated into the scope of consolidation in this period

Name of subsidiary	Reason
Luzhou Laojiao New Retail Co., Ltd.	Incorporated through investment

Liquidation and cancellation for subsidiaries in this period

Name of subsidiary	Reason
--------------------	--------

Luzhou Laojiao Whitail Innovative Electronic Commerce Co., Ltd.	Liquidation and cancellation
Luzhou Laojiao Selected Electronic Commerce Co., Ltd.	Liquidation and cancellation
Chengdu Tianfu Panda Whitail Liquor Industry Co., Ltd.	Liquidation and cancellation
Luzhou Whitail Tongdao Uncle Constellation Baijiu Sales Co., Ltd.	Liquidation and cancellation

#### 4.2.7. Major changes in the business, products or services in the reporting period

Applicable  N/A

#### 4.2.8. Main customers and suppliers

Sales to main customers of the Company

Total sales to top five customers (CNY)	14,131,318,165.57
Total sales to top five customers as % of the total sales	68.46%
Total sales to related parties among top five customers as % of the total sales	0.00%

Information on top five customers

No.	Customer	Sales amount (CNY)	As % of the total sales for the year
1	Customer A	10,176,701,612.84	49.31%
2	Customer B	1,911,034,739.30	9.26%
3	Customer C	1,362,875,680.76	6.60%
4	Customer D	394,842,717.85	1.91%
5	Customer E	285,863,414.82	1.38%
Total	--	14,131,318,165.57	68.46%

Other information on main customers

Applicable  N/A

Main suppliers of the Company

Total purchases from top five suppliers (CNY)	1,979,375,304.80
Total purchases from top five suppliers as % of the total purchases	41.76%
Total purchases from related parties among top five suppliers as % of the total purchases	0.00%

Information on top five suppliers

No.	Supplier	Purchases (CNY)	As % of the total purchases for the year
1	Supplier A	693,363,225.88	14.63%
2	Supplier B	461,883,429.11	9.75%
3	Supplier C	369,396,963.49	7.79%
4	Supplier D	238,529,587.31	5.03%
5	Supplier E	216,202,099.01	4.56%
Total	--	1,979,375,304.80	41.76%

Other information on main suppliers

Applicable  N/A

### 4.3. Expenses

Unit: CNY

	2021	2020	YoY Change	Reason for any significant change
Selling and distribution expenses	3,599,211,604.56	3,090,655,832.25	16.45%	
General and administrative expenses	1,056,116,367.85	844,454,467.47	25.06%	
Finance expenses	-216,885,999.21	-132,445,202.74		The YoY decrease of CNY 84,440,796.47 was mainly due to the increased interest income from funds.
R&D expenses	137,712,329.78	85,858,119.80	60.40%	The YoY increase of CNY 51,854,209.98 (or 60.40%) was mainly due to the increased R&D investments in the current period.

The Company shall comply with the disclosure requirements for companies engaging in food & liquor and wine production of the *Guidelines No. 3 of the Shenzhen Stock Exchange on Self-regulation of Listed Companies—Industry-specific Information Disclosure*.

#### 4.3.1. Breakdown of selling and distribution expenses

Unit: CNY

Selling and distribution expenses	2021	2020	YoY Change	Reason for any significant change

Advertising expenses	1,769,053,962.56	1,316,519,804.16	34.37%	Increased advertising activities
Sales promotion expenses	1,139,273,684.38	1,074,611,735.49	6.02%	
Warehousing and logistics expenses	100,059,219.52	92,177,677.09	8.55%	
Labor costs	357,659,249.63	324,598,768.07	10.19%	
Other	233,165,488.47	282,747,847.44	-17.54%	

#### 4.3.2. Breakdown of advertising expenses

Unit: CNY

Advertising	Expenses
Online advertising (exclusive of TV advertising)	364,133,344.81
Offline advertising	461,146,398.77
TV advertising	627,635,674.24
Other (inclusive of branding ideas, exhibitions & showcases, advertising materials, activity planning, etc.)	316,138,544.74

#### 4.4. R&D investments

√ Applicable □ N/A

Major R&D projects	Purpose	Progress	Specific objectives	Expected impact on the Company
Thermochemical Energy- and Resource-based Coupled Utilization Technology of Brewing Waste	The project is a national key R&D program during the "13th Five-year Plan" period undertaken by the Company, which aims to realize the energy- and resource-based utilization of brewing waste with thermochemical technology.	Key equipment for the resource- and energy-based utilization of brewing waste has been developed and built.	To develop an intelligent equipment system with packaged technology for the resource- and energy-based utilization of brewing waste and successfully build a demonstration base for the project industrialization to ensure the low-carbon, green development of the Chinese baijiu industry.	Realize a large-scale resource- and energy-based utilization of brewing waste and achieve both ecological and economic benefits.
A Study on the Expression Regulation of Key Genes in Leaven	The project is an international project that the Company jointly undertook,	A study on the diversity of microorganisms in the incised	To study the correlation between the leaven microorganisms and metabolites and develop	Improve the leaven and baijiu quality and enhance the Company's core competitiveness.

Microorganisms and the Improvement of Chinese Leaven Quality	which studies the evolution pattern and formation mechanism of microbiomes during the natural leaven-marking and fermentation.	notopterygium has been carried out.	high-quality, functional leaven.	
Establishment of Sichuan Innovation Center for Solid-state Brewing Technologies	The project aims to overcome a batch of core technological challenges in solid-state brewing and resolve major problems faced by the solid-state brewing sector.	The building of a technological innovation platform is underway to consistently resolve major problems faced by the solid-state brewing sector.	To carry out multiple studies on the core technologies concerning solid-state brewing and build an influential scientific and technological innovation center.	Successfully build a technological innovation platform, thereby improving the Company's scientific and technological innovation capabilities and level.
A Study on the Optimization of Key Intelligent Equipment and the System Control for Brewing	The project aims to develop core technologies for each link of brewing production and build intelligent brewing production lines to comprehensively upgrade the solid-state brewing technologies in the baijiu industry.	The creation of the key brewing equipment and supporting control system is underway.	To build an intelligent brewing demonstration production line.	Level up the Company's intelligent brewing and promote the transformation and upgrading of the traditional brewing industry.

## Information about R&amp;D personnel

	2021	2020	YoY Change
Number of R&D personnel	494	474	4.22%
R&D personnel as % of total employees	14.39%	14.23%	0.16%
Educational backgrounds of R&D personnel	—	—	—
Bachelor's degree	326	313	4.15%
Master's degree	120	115	4.35%
Doctoral degree (including postdoctoral	23	16	43.75%



workstations)			
Age structure of R&D personnel	—	—	—
Below 30	220	223	-1.35%
30~40	210	204	2.94%

## Information about R&amp;D investments

	2021	2020	YoY Change
R&D investments (CNY)	169,125,528.48	112,418,055.64	50.44%
R&D investments as % of operating revenues	0.82%	0.68%	0.14%
Capitalized R&D investments (CNY)	0.00	0.00	0.00%
Capitalized R&D investments as % of total R&D investments	0.00%	0.00%	0.00%

Reason for any significant change in the composition of R&amp;D personnel and the impact

 Applicable  N/A

Reason for any significant YoY change in the percentage of the R&amp;D investments in the operating revenues

 Applicable  N/A

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

 Applicable  N/A**4.5. Cash flows**

Unit: CNY

Item	2021	2020	YoY Change
Subtotal of cash inflows from operating activities	23,520,677,136.09	17,722,942,520.06	32.71%
Subtotal of cash outflows from operating activities	15,822,029,031.58	12,806,840,068.76	23.54%
Net cash flows from operating activities	7,698,648,104.51	4,916,102,451.30	56.60%
Subtotal of cash inflows from investing activities	41,893,415.77	49,450,467.66	-15.28%

Subtotal of cash outflows from investing activities	2,719,942,312.51	2,223,910,509.48	22.30%
Net cash flows from investing activities	-2,678,048,896.74	-2,174,460,041.82	
Subtotal of cash inflows from financing activities	8,305,794.84	1,503,947,876.16	-99.45%
Subtotal of cash outflows from financing activities	3,190,924,317.15	2,420,721,436.84	31.82%
Net cash flows from financing activities	-3,182,618,522.31	-916,773,560.68	
Net increase in cash and cash equivalents	1,834,333,879.02	1,815,928,536.03	1.01%

Explanation of why the data above varied significantly

Applicable  N/A

Net cash flows from operating activities increased by CNY 2,782,545,653.21 (or 56.60%) year-on-year, mainly due to the increased cash received from sale of goods in the current period.

Net cash flows from financing activities decreased by CNY 2,265,844,961.63 year-on-year, mainly due to the issue of corporate bonds last year.

Explanation of main reasons leading to the material difference between net cash flows from operating activities during the reporting period and net profit for the year

Applicable  N/A

## 5. Analysis of non-core business

Applicable  N/A

## 6. Assets and liabilities

### 6.1. Significant change of asset items

Unit: CNY

	At the end of 2021		At the beginning of 2021		Change in percentage	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Cash and cash equivalents	13,513,494,580.56	31.27%	11,624,870,340.60	33.16%	-1.89%	
Accounts	1,628,248.55	0.00%	1,507,852.43	0.00%	0.00%	

receivable						
Inventories	7,277,573,166.80	16.84%	4,695,663,431.25	13.39%	3.45%	
Long-term equity investments	2,626,744,236.25	6.08%	2,477,667,171.27	7.07%	-0.99%	
Fixed assets	8,089,487,274.39	18.72%	6,887,108,174.72	19.64%	-0.92%	
Construction in progress	1,259,845,487.50	2.92%	2,012,129,880.15	5.74%	-2.82%	
Right-of-use assets	52,714,810.04	0.12%	50,201,409.36	0.14%	-0.02%	
Contract liabilities	3,510,110,701.25	8.12%	1,678,837,166.94	4.79%	3.33%	
Lease liabilities	40,667,668.08	0.09%	40,213,454.28	0.11%	-0.02%	

Whether overseas assets account for a larger proportion in total assets

Applicable  N/A

## 6.2. Assets and liabilities measured at fair value

Applicable  N/A

Unit: CNY

Item	Opening balance	Changes in fair value through profit or loss	Changes in cumulative fair value recorded into equity	Provision for impairment	Amount of purchase	Amount of sale	Other changes	Closing balance
Financial asset								
1.Held-for-trading financial assets (exclusive of derivative financial assets)		6,352,241.79	6,352,241.79		700,000,000.00			706,352,241.79
4.Investments in other equity instruments	347,160,399.42	15,609,351.01	258,206,911.43		542,370.00			363,312,120.43
Accounts receivables financing	3,209,371,766.35						1,548,260,012.29	4,757,631,778.64
Subtotal of financial	3,556,532,165.77	21,961,592.80	264,559,153.22		700,542,370.00		1,548,260,012.29	5,827,296,140.86

assets								
Total	3,556,532,165.77	21,961,592.80	264,559,153.22		700,542,370.00		1,548,260,012.29	5,827,296,140.86
Financial liability	0.00							0.00

Information about other changes

N/A

Whether measurement attribution of main assets changes significantly in this year

Yes  No

### 6.3. Restricted asset rights as of the end of this reporting period

Item	Closing Balance	Reason
Bank deposits (CNY)	99,056,621.63	Accrued interest on term deposits
Other cash and cash equivalents (CNY)	11,909,017.10	Restricted security deposits for travel service and bank guarantees
<b>Total</b>	<b>110,965,638.73</b>	

## 7. Investment

### 7.1. Total investment

Applicable  N/A

Investment made in the reporting period (CNY)	Investment made in the prior year (CNY)	YoY change
1,781,224,057.98	2,896,569,612.76	-38.51% <sup>1</sup>

Note 1: The total investment decreased by CNY 1,115,345,554.78 (or 38.51%) year-on-year, mainly due to the completion of the technical renovation project of brewing.

### 7.2. Significant equity investment made in the reporting period

Applicable  N/A

### 7.3. Significant ongoing non-equity investment in the reporting period

Applicable  N/A

Unit: CNY

Item	Investment form	Whether it is a fixed asset investment	Industry of the investment project	Amount of input in the reporting period	Accumulated actual input amount by the end of the reporting period	Capital source	Project progress	Projected income	Accumulated actual income by the end of the reporting period	Reasons for not meeting the schedule and projected income	Date of disclosure (if any)	Disclosure index (if any)
Technical renovation project of brewing	Self-built	Yes	Baijiu	124,187,567.03	7,846,598,994.21	Fund-raising+self-financing	100.00%	0.00	0.00 <sup>1</sup>	N/A	2 June 2020	Announcement No. 2020-17 on Increasing the Investment in the Technical Renovation Project of Brewing
Total	--	--	--	124,187,567.03	7,846,598,994.21	--	--	0.00	0.00	--	--	--

Note 1: When the project is put into operation, it brings new production capacities of 100,000 tons of quality pure-grain solid baijiu and 100,000 tons of leaven in addition to a new storage capacity of 380,000 tons of baijiu per year.

## 7.4. Financial assets investment

### 7.4.1. Securities investment

√ Applicable □ N/A

Unit: CNY

Category of securities	Stock code	Abbreviation of securities	Initial investment cost	Accounting measurement model	Beginning book balance	Changes in fair value recognized in profit or loss	Changes in the cumulative fair value recorded into	Amount of purchase	Amount of sale	Profit and loss during the reporting period	Closing book balance	Accounting item	Capital source
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							equity						
Domestic and foreign stock	601211	GTJA	12,719,156.76	Fair value measurement	206,450,757.39	4,239,718.92	197,971,319.55	0.00	0.00	6,595,118.32	210,690,476.31	Investments in other equity instruments	Own fund
Domestic and foreign stock	002246	SNC	1,030,000.00	Fair value measurement	11,460,858.15	4,503,038.39	14,933,896.54	0.00	0.00	62,542.20	15,963,896.54	Investments in other equity instruments	Own fund
Domestic and foreign stock	01983	LZBANK	51,120,000.00	Fair value measurement	95,561,825.55	6,612,796.16	51,054,621.71	0.00	0.00	0.00	102,174,621.71	Investments in other equity instruments	Own fund
Total			64,869,156.76	--	313,473,441.09	15,355,553.47	263,959,837.80	0.00	0.00	6,657,660.52	328,828,994.56	--	--

## 7.4.2. Derivative investment

Applicable  N/A

No such cases in the reporting period

## 7.5. Use of funds raised

Applicable  N/A

### 7.5.1. General use of funds raised

Applicable  N/A

Unit: CNY 10,000

Year	Method	Total amount of funds raised	Total amount of raised funds used in the	Accumulated amount of raised funds used	Total amount of re-purposed funds raised	Total amount of accumulated	Accumulated re-purposed funds raised	Total amount of unused funds raised	Purpose and direction of unused	Amount of funds raised idle for more than

			reporting period		in the reporting period	re-purposed funds raised	as % of total funds raised		funds raised	two years
2017	Non-public offering of shares	295,273.5	25.28	309,458.29	0	0	0.00%	0 <sup>1</sup>	Supplementing working capital permanently	0
2019	Public offering of corporate bond	249,000	35,775.66	253,081.84	0	0	0.00%	0	N/A	0
2020	Public offering of corporate bond	149,400	22,598.34	35,660.46	0	0	0.00%	121,879.75	Deposited in special account for raised funds	0
Total	--	693,673.5	58,399.28	598,200.59	0	0	0.00%	121,879.75	--	0
Notes for general use of funds raised										
The total amounts of used and unused funds raised include interest on the funds.										

Note 1: The balance of raised funds was CNY 4.19.

## 7.5.2. Fund raised for committed projects

√ Applicable □ N/A

Unit: CNY 10,000

Committed investment projects and direction of over-raised funds	Whether the project has been changed (including partial change)	Total amount of funds raised for committed investment	Adjusted Investment total amount (1)	Investment amount in the reporting period	Accumulated input by the end of the reporting period (2)	Investment progress by the end of reporting period (3) = (2)/(1)	Date of the projects reach the working condition for their intended use	Realized benefits during the reporting period	Whether the expected benefits have been achieved	Whether the feasibility of the project has changed significantly
Committed investment projects										
Technical Renovation Project of Brewing (Phrase I)	No	295,273.5	295,273.5	25.28	309,458.29	104.80%	31 December 2020	N/A	N/A	No
Technical Renovation Project of Brewing	No	398,400	398,400	56,447.45	268,220.21	72.48%	—	N/A	N/A	No

(Phrase II)											
Project of Intelligent Upgrading and Building of the Information Management System	No			1,153.93	3,498.55			—	N/A	N/A	No
Project of Acquiring Sealing Equipment for the Cellar of Huangyi Brewing Base	No			0	12,043.3			—	N/A	N/A	No
Project of Acquiring Accessory Equipment for Leaven Making for Huangyi Brewing Base	No			772.62	4,980.25			—	N/A	N/A	No
Subtotal of committed investment projects	--	693,673.5	693,673.5	58,399.28	598,200.6	--	--			--	--
Use of over-raised funds											
None											
Total	--	693,673.5	693,673.5	58,399.28	598,200.6	--	--	N/A <sup>1</sup>		--	--
Situation and reason for not reaching plan progress or expected benefits (by specific items)	N/A										
Significant changes of project feasibility	N/A										
Amount, purpose and progress of over-raised funds	N/A										
Change of implementation site of investment projects	N/A										
Adjustment of the implementation mode of raised funds investment projects	N/A										
Situation of advance investment and replacement	Applicable										
	Funds raised through non-public offering of shares: On 30 November 2017, the Company held the 24 <sup>th</sup> meeting of the eighth board of directors and the 13 <sup>th</sup> meeting of the eighth board of supervisors. At the meetings, the <i>Proposal on Using Raised Funds to Replace Advance Investments</i> was considered and approved, which agreed to the Company's replacement of the advance investment of self-raised funds of CNY 581,774,996.30 using the raised funds.										



	<p>Non-executive directors of the Company issued independent opinions of consent. Sichuan Huaxin (Group) CPA Firm (Limited Liability Partnership) verified the matter on the advance investments in the raised funds investment projects with self-pooled funds and produced the <i>Special Report</i> (CHXZ (2017) No. 534) on 14 November 2017.</p> <p>Funds raised through public offering of corporate bond: On 14 May 2019, the Company held the 1<sup>st</sup> special meeting of shareholders in 2019, which considered and approved the <i>Proposal on Requesting the Company's General Meeting of Shareholders to Fully Authorize Chairman of the Board or Other Personnel Authorized by the Board to Go Through Procedures for the Public Offering of Corporate Bond</i>. According to the Proposal, in the event of inconsistency between the payment of the raised funds and the progress of the project implementation, the Company may make advance investments using other funds (including self-owned funds, bank project loans, etc.) according to the actual situation, and replace fund investment other than capital funds when the raised funds are in place. As of 31 December 2021, the Company had replaced advance investments of self-pooled funds of CNY 573,178,496.64 using the raised funds.</p>
Idle raised funds used for temporary supplementary liquidity	N/A
Amount and reason for surplus of funds raised	<p>Applicable</p> <p>There is a surplus (including interest income) of CNY 4.19 upon the completion of the committed investment project—Technical Renovation Project of Brewing (Phrase I)—in which the funds raised in the non-public offering of shares were used.</p>
Purpose and whereabouts of unused funds raised	<p>The surplus of CNY 4.19 of the funds raised in the non-public offering of shares has been transferred on 22 July 2021 to the general settlement account for supplementing the working capital permanently.</p> <p>The idle funds raised through public offering of corporate bond are deposited in the special account No. 9550880046723000135 for raised funds in the Chengdu Branch of China Guangfa Bank Co., Ltd., the special account No. 517517460013000000860 for raised funds in the Luzhou Branch of Bank of Communications Co., Ltd., and the special account No. 631395395 for raised funds in the Chengdu Branch of China Minsheng Banking Corp., Ltd.</p>
Problems and other situation when raised funds are used and disclosed	N/A

Note 1: The raised funds investment project—Technical Renovation Project of Brewing (Phrase I)—has been completed. As of the end of the reporting period, the difference between the cumulative input and the committed input of raised funds was the net amount of the interest income from bank deposits minus the bank charges.

Note 2: The subtotal of funds raised through corporate bonds for committed projects was CNY 3,984 million, which was the combined amount of CNY 4,000 million (CNY 2,500 million of corporate bonds issued in August 2019 plus CNY 1,500 million of corporate bonds issued in March 2020) minus the total issuance costs of CNY 16 million. Because there were uncertainties in the approval and issue time for public offerings of corporate bond in the review of issue plans, in order to ensure smooth progress of the

projects and protect the interests of the Company's shareholders, the investment sequence and specific amounts of the corresponding raised funds should be determined by the Chairman of the Board as authorized by the general meeting of shareholders or other persons as authorized by the Board of Directors within the scope of the four projects of Technical Renovation Project of Brewing Phase II, Project of Intelligent Upgrading and Building of the Information Management System, Project of Acquiring Sealing Equipment for the Cellar of Huangyi Brewing Base, and Project of Acquiring Accessory Equipment for Leaven Making for Huangyi Brewing Base according to the actual needs, provided that the capital funds for each project is no less than 20% of the total investment. Therefore, the total amount of committed raised funds investment is not stated separately for the aforesaid four projects.

Note 3: As of December 2020, construction was completed for the Technical Renovation Project of Brewing. Quality inspection and acceptance of the relevant sub-projects was finished. Other inspection and acceptance, as well as advance transfer to fixed assets based on estimated value were finished in June 2021. When the project is put into operation, it brings new production capacities of 100,000 tons of quality pure-grain solid baijiu and 100,000 tons of leaven in addition to a new storage capacity of 380,000 tons of baijiu per year.

Note 4: The Project of Intelligent Upgrading and Building of the Information Management System was in the process. It does not generate income on a separate basis because it is a management-related project.

Note 5: Construction was completed for the Project of Acquiring Sealing Equipment for the Cellar of Huangyi Brewing Base in December 2020. Quality inspection and acceptance of the project was finished. Other inspection and acceptance, as well as settlement were finished in June 2021. The project does not generate income on a separate basis for it is a supporting project of the Technical Renovation Project of Brewing.

Note 6: Construction was completed for the Project of Acquiring Accessory Equipment for Leaven Making for Huangyi Brewing Base in December 2020. Quality inspection and acceptance of the project was finished. Other inspection and acceptance, as well as settlement were finished in June 2021. The project does not generate income on a separate basis for it is a supporting project of the Technical Renovation Project of Brewing.

### 7.5.3. Re-purposed funds raised

Applicable  N/A

No such cases in the reporting period

## 8. Sale of major assets and equity interests

### 8.1. Sale of major assets

Applicable  N/A

No such cases in the reporting period.

### 8.2. Sale of major equity interests

Applicable  N/A

## 9. Analysis of major subsidiaries

Applicable  N/A

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

Unit: CNY

Company name	Company type	Business scope	Registered capital	Total assets	Net assets	Operating Revenue	Operating profit	Net profit
Luzhou Laojiao Sales Co., Ltd.	Subsidiary	Luzhou Laojiao series unified package Baijiu sales	100,000,000.00	7,766,741,489.31	2,006,079,891.62	20,126,182,533.58	8,103,239,927.36	6,077,048,365.84

Acquisition and disposal of subsidiaries during the reporting period

Applicable  N/A

Notes for major holding companies and joint stock companies

The total assets of Sales Company increased 51.14% mainly due to the increased current assets such as accounts receivables financing. Its operating profit and net profit increased 37.68% and 38.12% respectively, mainly due to the increased sales of mid- and high-end products.

## 10. Structured entities controlled by the Company

Applicable  N/A

## 11. Outlook for the future development of the Company

### 11.1. Industry landscape and trends

A. According to the data released by the National Bureau of Statistics, total production of brewed baijiu by baijiu producers above the designated size was 7.1563 million kl between January and December 2021, down 0.59% year on year; total sales revenues reached CNY 603.348 billion, up 18.60% year on year; total profits of CNY 170.194 billion were realized, up 32.95% year on year. Though the total consumption in the baijiu industry has been shrinking in recent years, the consumption upgrade is obvious, and the market share is showing a trend toward the brand, quality, and leading enterprise concentration.

B. As the young consumer groups rise, with the post-80s and post-90s generations gradually becoming the main force of baijiu consumption, their young, fashionable, and personalized diverse demands will exert a significant influence on the industry and new product development.

C. Digital, information-based, and intelligent development will be the mainstream of China and a major measure taken by traditional baijiu producers to gain a competitive edge and respond to the disappearance of demographic dividends. Additionally, it is expected to become the main direction for future industrial capacity expansion and development.

### 11.2. Company's development strategy

#### 11.2.1. Development opportunities in the future

A. More and more favorable domestic policies are introduced to maintain steady growth and boost consumption, which will play a key role in enhancing socio-economic vitality and restoring consumer confidence, as well as promote the sound development of the whole baijiu market.

B. Constant development of city clusters in China and consistent inflow and concentration of population and funds bring about scale effects and growing new and high-quality consumption demands. In this circumstance, high-quality, innovative baijiu products with cultural connotations will be increasingly popular in the market and stand out among the rest in the competition.

C. In 2021, the Company resolutely implemented the "136" development strategy and finally achieved a series of major breakthroughs, including a record high in sales performance again, the gradually perfect brand matrix, the completed quality capacity layout, the internationally advanced level of intelligence, increasingly optimized talent building mechanism, and major projects consistently underway. All these achievements laid a solid foundation for the Company's strategic expansion.

#### 11.2.2. Possible challenges and risks in the future

A. Pandemic risks: The rampant pandemic overseas, cluster infections in several regions in China, and the emergence of various variants have posed severe challenges to pandemic prevention and control and resulted in great uncertainties in the baijiu and other consumption sectors.

B. Economic risks: In recent years, the exacerbated global inflation and partial trade sanctions have

impacted the global economy; in addition, the Russia-Ukraine conflict has led to a change in the pattern of globalization, which may cause the restructuring of supply chains and the split of industrial chains across the world, a slowdown in the economic growth, and even financial crisis, thereby impacting the consumption market.

C. Policy risks: The baijiu industry has been undergoing great pressures arising from public opinions and is susceptible to policy factors, including industry policies, consumption tax, and consumption scenario restrictions. Therefore, baijiu producers shall proactively assume the corresponding social responsibility, advocate and disseminate the idea of healthy drinking, and carry forward the cultural connotations of baijiu to build a positive social image for the baijiu industry.

### **11.2.3. The Company's "14th five-year" development strategy**

Focusing on the development concepts of "leveraging advantages, making up for shortcomings, improving quality, enhancing strength, and seeking revitalization", the Company has formulated the "14th five-year" strategic plan: "136" strategy.

#### **Adhere to one development objective:**

Adhere to the objective of returning to China's baijiu industry "top three".

#### **Adhere to three major development principles:**

The first is to adhere to brand guidance and vigorously enhance the value of famous baijiu brands in China. The second is to adhere to the foundation of quality and vigorously build the core production area of famous baijiu brands in the world. The third is to adhere to culture casting and vigorously build a pilgrimage site for Chinese baijiu culture.

#### **Construct a "six-in-one" Luzhou Laojiao**

The first is to build the brand of Luzhou Laojiao. Focusing on the development arrangement of "dual brands, three product series, and major single products", the Company shall continue to enhance the value of the high-end brand National Cellar 1573, promote the value return of famous Luzhou Laojiao brands, and lead the direction of appealing to more younger consumers and becoming more international and stylish with brand innovation.

The second is to build the quality of Luzhou Laojiao. The Company shall build a reputation of quality, adhere to brewing with organic raw grains, create new taste and flavors, increase trust in quality, and satisfy taste preferences. It shall establish a model for quality, expand the scope of quality supervision, and improve the innovative quality traceability system covering the entire product life cycle. It shall strengthen standard guidance, consolidate the image of standard baijiu for Chinese baijiu appreciation, and become a setter of Chinese baijiu quality standards.

The third is to build the culture of Luzhou Laojiao. The Company shall consolidate its leading position in the baijiu industry, enhance cultural self-confidence, create new cultural expressions, accelerate the integration of culture and tourism, and enhance cultural identity. It shall create a good industrial and ecological culture on behalf of the industry elites, tell the Chinese story of baijiu on behalf of the Chinese baijiu, and build the world-class clusters of cultural landscape on behalf of the national industries. It shall

create a business card of baijiu culture that integrates the wharf culture of the Yangtze River, the cave storage culture of baijiu, the culture of baijiu factory, the culture of folk customs and sacrifice, the local culture of Bashu, the culture of baijiu rituals, and the intangible culture of craftsmanship.

The fourth is to build an innovative Luzhou Laojiao. The Company shall strengthen scientific and technological innovation, build a strong scientific and technological platform, focus on the transformation of achievements, attach importance to scientific and technological promotion, and provide theoretical and practical support for the upgrading of Chinese baijiu technology. It shall strengthen management innovation, optimize the allocation of elements, improve the policies and procedures, use innovative means to improve the precise, systematic and professional management, and improve the modern enterprise management system. It shall strengthen marketing innovation, keep pace with the market, accelerate the innovation of products, strategies, organizations, channels, services and models, and stimulate the vitality of market expansion.

The fifth is to build the digital intelligence of Luzhou Laojiao. The Company shall integrate the elements of major business system by digital means, open up the value chain of management, purchase and supply, production, quality inspection, marketing and service, comprehensively improve the business decision-making in a forward-looking, accurate, timely and systematic manner, improve management efficiency, prevent and control operation risks, and strengthen the linkage between production and sales. It shall intensify the integrated application of intelligent equipment and systems in the entire industry chain, solidify knowledge and experience with scientific and technological means, improve high-quality production capacity, control operating costs, and become a leader in the intelligent technology revolution and a model enterprise for innovation and upgrading of industrial models.

The sixth is to build a harmonious Luzhou Laojiao. The Company shall insist on sharing with employees, strengthen the leadership of the Communist Party of China, enhance organizational construction, increase incentives for talent, promote the "Three Ones" talent project, improve the efficiency of human resources, and build the "employees paradise" and "talent paradise" of Luzhou Laojiao. It shall persist in developing with the society, optimize the industrial ecology, build a resource platform, proactively help the poverty stricken students and facilitate local development, and share and grow with shareholders, investors, partners, the media and related parties. It shall adhere to the dependence on the environment, promote the green development concept of "respect for heaven and earth, law of nature, and care for life" in baijiu brewing, build an industrial model of circular economy, create a good internal and external environment that conforms to national strategies, responds to social expectations, and promotes the sustainable development of the industry, and guide the green and integrated ecological development of the baijiu industry.

### **11.3. Completion of the business plan in 2021**

In the reporting period, the Company achieved the operating revenue of CNY 20.642 billion, up by 23.96% year-on-year. The net profit attributable to shareholders of the listed company reached CNY 7.956 billion, up by 32.47% year-on-year. The Company has successfully completed its business target "to achieve a year-on-year increase in operating revenue by at least 15%" as set by the Board of Directors at the beginning of the year.

#### 11.4. Business plan in 2022

According to the *Outline of Production and Operation in 2022* reviewed and approved by the Board of Directors, the Company will closely center on the development theme of "improving development quality, strengthening cultural empowerment, and accelerating breakthroughs", and strive to achieve a year-on-year increase in operating revenue by at least 15% (The business plan in 2022 is formulated by the Company according to the 14th five-year strategic plan and based on its business capabilities. It does not represent the Company's profit forecast for 2022, and is not a commitment by the Company. Whether it can be achieved depends on many factors such as changes in market conditions and efforts of the operation team. There are great uncertainties. Investors are kindly reminded to pay special attention).

The main measures are as follows:

##### A. Improve development quality

In 2022, the Company will adhere to the three principles of "concentration, capacity gathering, and talent gathering" to comprehensively optimize and improve market, capacity, and talent layouts.

**a. Promote "seven concentrations" to ensure a sound market.** The Company will implement the market development philosophy of "seven concentrations", namely **the concentrations on the high-end-driven development, the brand rejuvenation, the creation, the consumption innovation, the key markets, the collaborative marketing, and the price and logistics.**

**b. Promote "three capacity gatherings" to give full play to the advantages of the capacity guarantee.** Luzhou Laojiao has basically formed an advanced production guarantee pattern of **"intelligent manufacturing, technology-driven development, and project support"**, which provides great capacity support for the Company to make breakthroughs during the "14th Five-year Plan" period. Digital, information-based, and intelligent development will be the mainstream of China and a major measure taken by traditional baijiu producers to gain a competitive edge and respond to the disappearance of demographic dividends. Therefore, the Company shall complete its digital and intelligent transformation during the "14th Five-year Plan" period to form comparative advantages to respond to fierce peer competition.

**c. Promote "three talent gatherings" to create a talent hub. On the one hand, the Company will gather talent via material incentives.** Specifically, it will focus on the timely implementation of the share incentive mechanism and the medium- and long-term incentive mechanism to improve the remuneration packages for employees and its material incentives. **On the other, it will gather talent via growth incentives.** A scientific talent selection and employment mechanism will be established and improved to create an environment that emphasizes that "talent is capital, and there must be places for excellent talent" for excellent talent to realize individual development. **Additionally, it will gather talent via spirit incentives.** Efforts will be made to optimize the working environment for employees, organize and carry out assistance activities, and create a corporate cultural IP that displays the Company's style and features, elevates its image, and shows employees' talents, thereby enhancing the sense of happiness and gain of employees.

## **B. Enhance cultural empowerment**

In 2022, based on the three goals of "level, friendliness, and popularity", the Company will produce quality fruits, create effective platforms, and provide sufficient support for its business expansion, brand upgrading, market expansion, and team growth.

**a. Improve the level of the brand culture.** The Company will adhere to its high-end brand cultural image and seize various scarce resources to raise the added value of the brand culture from the global, national, and leading perspectives. Besides, it will constantly elevate the style of the brand culture, refine the value by discovering and making use of the advantages of others, and then integrate them into the corporate brand cultural events, thereby building a unique corporate brand cultural system that matches the spirit of the age and meets the expectations of all walks of life.

**b. Improve the friendliness of the brand culture.** The Company will fully uphold the "consumer-centric" philosophy to enrich the cultural connotations of various brand IP activities to familiarize consumers with the "people-friendly, fashionable, and healthy" brand of Luzhou Laojiao. Additionally, it will hold fast to the value idea that "customers mean teams", maintain and consolidate its partnership with dealers from multiple perspectives, and ensure that excellent customers will feel the honor of being a member of Luzhou Laojiao comprehensively.

**c. Improve the popularity of the brand culture.** The Company will establish a public relations system by hierarchy and rank, strengthen its communication and exchanges with other enterprises, and constantly expand its cooperation with associations. By holding high-level exchange events and carrying out cross-industry collaboration, the Company will interest more people and attract them to purchase its products. Besides, online and offline media communication matrixes that echo each other will be formed to realize the fission effect of brand communication. Furthermore, it will stay true to its aspiration that "let the world taste Chinese flavor" and prepare to introduce Chinese culture, Chinese manufacturing, and Chinese lifestyle to the world in the post-pandemic era, thereby steadily expanding its overseas channels and better telling the stories of the national nongxiangxing baijiu.

## **C. Accelerate breakthroughs**

Solid progress made in the "13th Five-year Plan" period and 2021 has laid a foundation for Luzhou Laojiao to make breakthroughs in its development. In 2022, the Company will follow the "three acceleration" principle to gather strong momentum to compete with the top three brands.

**a. Accelerate breakthroughs in the sales scale.** The Company will set a higher goal and maintain high-speed growth momentum in sales to sprint bravely and reach a higher level. Besides, accelerated growth will be realized, with the National Cellar series products playing the leading role, Luzhou Laojiao series products firmly forming new growth poles, and Luzhou Laojiao Health Care and Xinjiuye series products accelerating innovation. **The Company will intensify its efforts in developing markets in a targeted manner.** Specifically, it will promote the fission, thorough development of the base market, consolidate its foundation for the key market, expand the strategic market and make breakthroughs, and accelerate the layout of the blank market, thereby displaying a trend that features the nationwide development and the parallel progress in the development of various markets.



**b. Accelerate breakthroughs in management efficiency.** The Company will promote the implementation of the "136" strategy by comprehensively exploring an effective mechanism that ensures that "departments and employees must be responsible for practicing the '136' strategy in each project". **It will improve the capabilities of the headquarters**, strengthen the big-picture awareness, service awareness, and efficiency awareness in terms of the integrated management system, and develop the integrated management capability that will "empower the sales, production, and front line". **It will strengthen the comprehensive collaboration.** Specifically, it will fully promote a system-based, standard, digital, and intelligent Luzhou Laojiao and build a mechanism to facilitate cross-system, cross-department, and cross-unit communication and collaboration.

**c. Accelerate breakthroughs in contributions. The Company shall make greater contributions to the country.** For example, it shall proactively assume the responsibility of serving the country through industry and play the exemplary role of a state-owned enterprise. It will make greater contributions to society. Specifically, it will make use of its development achievements and actively promote rural revitalization, help students in need continue their studies via fund donation, and assist people in need to build an exemplary image. **It will make greater contributions to its partners.** By creating value for shareholders, investors, customers of dealers, and partners along the upstream and downstream industrial chains, the Company will realize wealth growth, business development, and common prosperity. **It will make greater contributions to employees.** With more material, growth, and spirit incentives, and respect for talent, knowledge, and creation, the Company will enhance employees' loyalty, confidence, and sense of belonging and share its development achievements with its employees in an observable, touchable, and hopeful manner.

In 2021, Luzhou Laojiao got off to a good start in the "14th Five-year Plan" period. It realized the strategic goal of the Company and accomplished various tasks and indicators and finally achieved outstanding development performance. In 2022, we will be more confident and resolute in launching a battle of "improving quality, enhancing culture, and accelerating breakthroughs" comprehensively, embarking on a new journey of development, accomplishing the mission entrusted by the history, and winning greater victories and honors.

## 12. Visits paid to the Company for purposes of research, communication, interview, etc. in the reporting period

√ Applicable  N/A

Date of visit	Place of visit	Way of visit	Type of visitor	Visitor	Main inquiry information and materials provided	Index to main inquiry information
19 May 2021	Company Headquarters	Other	Other	All investors	Industry Trends and Company Performance	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

10 June 2021	Company Headquarters	Field survey	Institution	Institutional investor	Company Performance	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
29 June 2021	Company Headquarters	Field survey	Other	Institutional and individual investors and media	Company Performance	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
29 December 2021	Company Headquarters	Field survey	Other	Institutional and individual investors	Company Performance	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

## Section IV Corporate Governance

### 1. Basic situation of corporate governance

Since it was listed, in accordance with *the Corporate Law, the Securities Law, The Listed Company Governance Standards* and other laws, administrative regulations and departmental rules and normative documents, the Company has constantly perfected corporate governance structure, standardized its operation, established the rules and system on the basis of the Company's articles of association whose main framework is the rules of procedure of the shareholders' general meeting, rules of procedure of the board of directors and rules of procedure of the board of supervisors, which is formed the management system whose main structure is the shareholders meeting, board of directors, board of supervisors and management. During the reporting period, the Company won a number of honors and awards, including “The 12<sup>th</sup> Tianma Awards—Best Board of Directors, and Best Investor Relations”, and “Jinglun Awards—Outstanding Company with Investor Relations Value of the Year”.

Any incompliance with the applicable laws and administrative regulations, as well as regulations related to the governance of listed companies issued by the CSRC

Yes  No

There is no incompliance with the applicable laws and administrative regulations, as well as regulations related to the governance of listed companies issued by the CSRC.

### 2. Independency of assets, personnel, finance, organizations and businesses which are separated from the controlling shareholder and the actual controller

The Company has an independent and complete production and operation system and independent decision-making ability. There is no horizontal competition between the Company and the controlling shareholders and its subsidiaries. The Company has daily affiliated transactions with the controlling shareholders and its subsidiaries. Such daily affiliated transactions belong to the need of rational allocation of resources and do not affect the independence of the Company. For affiliated transactions, the Company has strictly fulfilled the relevant decision-making procedures and information disclosure obligations, and implemented the system of Non-executive directors' prior examination and avoidance system of related directors (shareholders).

#### 2.1 In the aspect of assets

Asset integrity. There are clear ownership and independency of the Company's assets invested by controlling shareholders. The Company has an independent and complete production, supply, sales system and auxiliary production system and supporting facilities. The industrial property rights, trademarks and non-patented technology and other intangible assets are owned by the Company. There is no situation that the controlling shareholders occupy and transfer the assets of the company.

## 2.2. In the aspect of business

Business apart. The Company is totally independent in the operation, production and sales of baijiu series of “Luzhou Laojiao” and “National Cellar 1573”. It has the ability to operate independently in the market. The board of directors and the management can independently make production and operation decisions within the corresponding authority.

## 2.3 In the aspect of personnel

The Company has built independent labor management, personnel management and salary management. The Company has established a relatively complete labor management system and post responsibility system. Meanwhile, the Company's senior management personnel all receive salary in the Company, but not at the controlling shareholders.

## 2.4 In the aspect of organization

Organization independence. The Company has independent production management organization and system, independent office and production management place, and independent management organization, functional organization and branch.

## 2.5 In the aspect of finance

Financial independence. The Company has completed and independent financial department. Independent accounting system and financial management are established. The Company separately sets bank accountants, conducts external settlement and pays taxes according to law.

## 3. Horizontal competition

Applicable N/A

## 4. Annual meeting of shareholders and special meetings of shareholders convened during the reporting period

### 4.1. Meetings of shareholders convened during the reporting period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Resolutions
2020 Annual General Meeting of Shareholders	General Meeting of Shareholders	61.16%	29 June 2021	30 June 2021	2020 Annual General Meeting Resolution Announcement” Announcement No:2021-27

					(http://www.cninfo.com.cn/)
The First Special Meeting of Shareholders of 2021	Special Meeting of Shareholders	63.63%	29 December 2021	30 December 2021	Announcement on Resolutions of The First Special Meeting of Shareholders of 2021 Announcement No:2021-60 (http://www.cninfo.com.cn/)

#### 4.2. Special meetings of shareholders convened at the request of preferred shareholders with resumed voting rights

Applicable N/A

### 5. Directors, supervisors, and senior management

#### 5.1 General information

Name	Title	Incumbent/ Former	Gender	Age	Period of service	Shares held by the beginning of the reporting period (share)	Shares increased during the reporting period (share)	Shares decreased during the reporting period (share)	Other increase/decrease (share)	Shares held by the end of the reporting period (share)	Reason for share changes
Liu Miao	Chairman of the board	Incumbent	Male	52	2015.6.30-2024.6.29	192,187	0	0	0	192,187	
Lin Feng	Director, General manager	Incumbent	Male	48	2015.6.30-2024.6.29	0	0	0	0	0	
Wang Hongbo	Director, Deputy general manager,	Incumbent	Male	58	2015.3.6-2024.6.29	0	0	0	0	0	

	Secretary of the board										
Shen Caihong	Director, Deputy general manager	Incumbent	Male	56	2002.6.30-2024.6.29	138,375	0	0	0	138,375	
Xiong Pingting	Director, Deputy general manager	Incumbent	Female	46	2021.6.29-2024.6.29	0	0	0 <sup>1</sup>	0	0	
Liu Junhai	Non-executive director	Incumbent	Male	52	2018.6.27-2024.6.29	0	0	0	0	0	
Chen You'an	Non-executive director	Incumbent	Male	64	2021.6.29-2024.6.29	0	0	0	0	0	
Sun Dongshe	Non-executive director	Incumbent	Male	63	2021.6.29-2024.6.29	0	0	0	0	0	
Lyu Xianpei	Non-executive director	Incumbent	Male	58	2021.6.29-2024.6.29	0	0	0	0	0	
Qian Xu	External director	Incumbent	Male	58	2015.6.30-2024.6.29	0	0	0	0	0	
Ying Hanjie	External director	Incumbent	Male	52	2016.9.13-2024.6.29	0	0	0	0	0	
Yang Ping	Chairman of the Board of Supervisors	Incumbent	Male	45	2021.6.29-2024.6.29	0	0	0	0	0	
Lian Jing	Supervisor	Incumbent	Male	52	2012.6.27-2024.6.29	0	0	0	0	0	
Li Guangjie	Supervisor	Incumbent	Male	52	2018.6.27-2024.6.29	0	0	0	0	0	
Guo Shihua	Supervisor	Incumbent	Female	43	2021.6.29-2024.6.29	0	0	0	0	0	
Li Lunyu	Supervisor	Incumbent	Female	35	2021.6.29-2024.6.29	0	0	0	0	0	

Xie Hong	CFO	Incumbent	Female	52	2015.3.6-2024.6.29	0	0	0	0	0	
He Cheng	Deputy general manager	Incumbent	Male	55	2015.6.30-2024.6.29	0	0	0	0	0	
Zhang Suyi	Deputy general manager	Incumbent	Male	50	2015.12.29-2024.6.29	0	0	0	0	0	
Li Yong	Deputy general manager	Incumbent	Male	45	2021.9.20-2024.6.29	0	0	0	0	0	
Jiang Yuhui	Director, Deputy general manager	Former	Female	59	2009.5.20-2021.6.29	254,000	0	0	0	254,000	
Du Kunlun	Non-executive director	Former	Male	53	2015.6.30-2021.6.29	0	0	0	0	0	
Xu Guoxiang	Non-executive director	Former	Male	62	2015.6.30-2021.6.29	0	0	0	0	0	
Tan Lili	Non-executive director	Former	Female	67	2015.6.30-2021.6.29	0	0	0	0	0	
Yang Benhong	Supervisor	Former	Female	55	2009.5.20-2021.6.29	10,000	0	0	0	10,000	
Cao Cong	Supervisor	Former	Male	37	2015.6.30-2021.6.29	0	0	0	0	0	
Wu Qin	Deputy general manager	Former	Male	60	2020.1.10-2021.6.29	0	0	0	0	0	
Total	--	--	--	--	--	594,562	0	0	0	594,562	--

Note 1: During the reporting period, before Ms. Xiong Pingting took office as director and deputy general manager and had access to insider information, she sold 100 shares in the Company.

Whether any director, supervisor or senior management resigned before the expiry of their periods of service during the reporting period

Yes  No

Changes in directors, supervisors, and senior management

Applicable  N/A

Name	Title	Type	Date	Reason
Jiang Yuhui	Director, Deputy general manager	Resigned upon the expiry of the period of service	2021.6.29	Resigned upon the expiry of the period of service
Du Kunlun	Non-executive director	Resigned upon the expiry of the period of service	2021.6.29	Resigned upon the expiry of the period of service
Xu Guoxiang	Non-executive director	Resigned upon the expiry of the period of service	2021.6.29	Resigned upon the expiry of the period of service
Tan Lili	Non-executive director	Resigned upon the expiry of the period of service	2021.6.29	Resigned upon the expiry of the period of service
Yang Benhong	Supervisor	Resigned upon the expiry of the period of service	2021.6.29	Resigned upon the expiry of the period of service
Cao Cong	Supervisor	Resigned upon the expiry of the period of service	2021.6.29	Resigned upon the expiry of the period of service
Wu Qin	Deputy general manager	Resigned upon the expiry of the period of service	2021.6.29	Resigned upon the expiry of the period of service

## 5.2 Employment information

Professional background, work experience and major duties of current directors, supervisors and senior management.

Mr. Liu Miao, Male, born in 1969, MBA of Wright State University in the USA, Master of Chinese Brewing, senior marketing specialist. He used to serve as planning minister, general manager of Sales Company, general manager assistant, and deputy general manager of the Company. At present, he is secretary of the party committee and chairman of the board in the Company, as well as secretary of the party committee and chairman of the board in Laojiao Group.

Mr. Lin Feng, Male, born in 1973, Master degree, senior marketing specialist. He was deputy general manager and general manager of Sales Company, director of marketing, director of human resources, chief dispatcher, deputy general manager of the Company. At present, he is deputy secretary of the party committee, director, and general manager of the Company.

Mr. Wang Hongbo, Male, born in 1964, Master degree. He was director and secretary of party committee of Luzhou Commerce Bureau, director of Luzhou Liquor Industry Development Bureau, director of Luzhou branch of China council for the promotion of international trade, deputy secretary general, office director of Luzhou Municipal Party Committee and deputy secretary of the party committee of the Company. At present, he is member of the party committee, director, deputy general manager, secretary of the board of the Company and chairman of the board of Luzhou Laojiao International Development (Hong Kong) Co.,Ltd.

Mr. Shen Caihong, Male, born in 1966, Master degree, professor-level senior engineer, one of the first batch of representative inheritors of national intangible cultural heritage, one of the first batch of "Master



of Chinese Brewing”, and one of the first batch of "Sichuan craftsmen". He was manager of the Company's leaven-making branch, manager of base baijiu company, general manager assistant and director of production department. At present, he is director, deputy general manager, chief engineer, director of national solid brewing engineering technology research center and chairman of the board of Luzhou Pinchuang Technology Co.,Ltd.

Xiong Pingting, female, born in 1975, holds a master's degree and the titles of Human Resource Management Professional (grade one), Economist, and Assistant Political Mentor. Positions previously held by her include Deputy Director and Director of the Office of Luzhou Laojiao Sales Co., Ltd., Deputy Director of the Office of Jiangyang District People's Government of Luzhou (temporary), Deputy Director of the Human Resources Department and Corporate Management Department of Luzhou Laojiao Co., Ltd., General Manager of the Brand Operation Department, Director of the Office (concurrently), Secretary of the general Party branch, and Deputy General Manager of Luzhou Laojiao Sales Co., Ltd. Currently, she serves as Member of the Party Committee Committee, Director, Deputy General Manager, and Chairman of the Labor Union of the Company.

Liu Junhai, male, born in 1969, holds a Ph.D. degree in law and is a doctoral supervisor. Positions previously held by him include Assistant to the Director and Researcher at the Institute of Law of the Chinese Academy of Social Sciences ("CASS"), Professor at CASS, Vice Chairman of China Consumers Association, and Deputy Director Researcher at the Planning Committee under the China Securities Regulatory Commission ("CSRC"). Currently, he serves as Professor at the Law School of Renmin University of China, Director at the Institute of Commercial Law of Renmin University of China, Arbitrator at China International Economic and Trade Arbitration Commission and Beijing Arbitration Commission (Beijing International Arbitration Center) (concurrently), and Independent Director of China Three Gorges Renewables (Group) Co., Ltd. (concurrently). He has served as a non-executive director of the Company since June 2018.

Chen You'an, male, born in 1958, holds an Eng.D. degree in management science and engineering and is a Senior Engineer. He once took a job at government macro regulation agencies, development financing agencies, and local and national sovereign wealth fund agencies. Besides, he served as Deputy General Manager of Central Huijin Investment Ltd. and Chairman of China Galaxy Financial Holdings Co., Ltd. and China Galaxy Securities Co., Ltd. (concurrently). Currently, he is Independent Director of CPIC Fund Management Co., Ltd., Nomura Orient International Securities Co., Ltd., and Hexie Health Insurance Co., Ltd. He has served as a non-executive director of the Company since June 2021.

Sun Dongsheng, male, born in 1958, holds an Eng.D. degree. Positions previously held by him include Professor at Shandong University, Doctoral Supervisor, Researcher at the Institute of Industrial Technology under the Ministry of International Trade and Industry, Director, Vice President, and President of Shenzhen Capital Group Co., Ltd., and Director of Beijing Easpring Material Technology Co., Ltd. and Shenzhen Kaizhong Precision Technology Co., Ltd. Currently, he is Independent Director of Shenzhen Dawei Innovation Technology Co., Ltd. He has served as a non-executive director of the Company since June 2021.

Lyu Xianpei, male, born in 1964, holds a Ph.D. degree in accounting. Positions previously held by him include Vice Dean at the School of Accounting and Director at the Auditing Department of Southwestern University of Finance and Economics, as well as Independent Director of Tibet Rhodiola Pharmaceutical Holding Co., Ltd., Sichuan Chuantou Energy Co., Ltd., and Sichuan Swellfun Co., Ltd. Currently, he serves as Professor and Doctoral Supervisor at Southwestern University of Finance and Economics and Chairman of Sichuan Educational Audit Society. He has served as a non-executive director of the Company since June 2021.

Mr. Qian Xu, Male, born in 1963, PhD. He was general manager and chairman of the board of Beijing Enterprises Real-Estate Group Co.,Ltd.. At present, he is chairman of the board and general manager of Beijing Enterprises Urban Development Group Co.,Ltd., chairman of the board of Beijing Properties (Holdings) Limited (Listed on the Hong Kong Stock Exchange), non-executive director of CAQ Holdings Limited (Listed on the Australian Stock Exchange). He has served as a director of the Company since June 2015.

Mr. Ying Hanjie, Male, born in 1969, Doctor of Biochemistry, professor, and academician of the Chinese Academy of Engineering. He was deputy director of Pharmacy and Life Sciences School of Nanjing University of Technology. At present, he is director of National Biochemical Engineering Technology Research Center of Nanjing Tech University, chairman of the board of Nanjing Biotgether Co., Ltd., director of Nanjing High Tech University Biological Technology Research Institute Co., Ltd., and director of Jiangsu Institute of Industrial Biotechnology. He has served as a director of the Company since September 2016.

Yang Ping, male, born in 1976, holds a doctoral degree. Positions previously held by him include Deputy Director and Director at the National Cellar Workshop Section, Director at the Production and Technology Department, and Deputy General Manager of Luzhou Laojiao Brewing Co., Ltd. Currently, he is Chairman of the Board of Supervisors of the Company, as well as Secretary of the Party Committee and General Manager of Luzhou Laojiao Brewing Co., Ltd.

Mr. Lian Jing, Male, born in 1969, Bachelor degree. He was director of Economic Information Publicity Department of Luzhou Economic and Trade Commission; director of Fixed Assets Investment Department of Luzhou Development Planning Committee; director of Fixed Assets Investment Department of Luzhou Development and Reform Committee; chairman of the board and general manager of Luzhou State-owned Gongfang Operation Management Co., Ltd.; chairman of the board and general manager of Luzhou State-Owned Assets Management Co.,Ltd.; chairman of the board and general manager of Luzhou State-owned Gongfang Economic Management Co., Ltd.; director, deputy general manager, general manager of Luzhou Hongyang State-Owned Assets Management Co.,Ltd; deputy secretary of the party committee, director, general manager of Luzhou Industrial Investment Group Co.,Ltd.; external director of Luzhou Culture Tourism Development Investment Group Co. Ltd.; and chairman of the Board of Supervisors of Laojiao Group. At present, he is chairman of the Board of Supervisors of Luzhou State-Owned Capital Operation and Management Co. Ltd; executive director and general manager of Luzhou Guoxin Asset Management Co. Ltd; external director of XingLu Group,

Luzhou Liquor Industrial Park Development and Investment Co. Ltd., Luzhou Public Transportation Group Co. Ltd., Sichuan Rongtong Security Investment Group Co. Ltd., Luzhou Aviation Development Investment Group Co., Ltd., and Sichuan Guxu Coal Field Development Co., Ltd. He has served as a supervisor of the Company since June 2012.

Mr. Li Guangjie, Male, born in 1969, Master degree, economist. He was manager of Planning Department of the Company, deputy director of Sales Company, manager of Import and Export company, general manager assistant of Sales Company. At present, he is supervisor and deputy general manager of Sales Company.

Guo Shihua, female, born in 1978, holds a university degree and is Senior Engineer. She worked at the Engineering Management Department, Department of Design, and Audit Department of Luzhou North Chemical Industries Co., Ltd. Currently, she is Supervisor and Vice Director of the Audit Department of the Company.

Li Lunyu, female, born in 1986, holds a university degree as well as is Assistant Political Mentor and Assistant Engineer. Positions previously held by her include Publicity Officer at the Office of the CPC Luzhou Laojiao Committee, Deputy Head and Manager of Tianjin Division of the Business Department for Luzhou Laojiao Tequ 60 and 80, Secretary of the CPC National Cellar Section Branch of Luzhou Laojiao Brewing Co., Ltd., Director of the Office of the CPC Luzhou Laojiao Brewing Committee, and Director of the Discipline Inspection Department and Vice Chairman of the Labor Union of Luzhou Laojiao Brewing Co., Ltd. Currently, she is Supervisor, Vice Chairman of the Labor Union, and Director of the Office of the Labor Union of the Company.

Ms. Xie Hong, Female, born in 1969, Master degree, senior accountant, and senior economist. She was section chief of Treasury Section of the Finance Bureau, section chief of Non-tax Revenue Collection Management Section, director of Luzhou Municipal Finance Treasury Payment Center, chief accountant of Luzhou Finance Bureau. At present, she is a member of the party committee and CFO of the Company.

Mr. He Cheng, Male, born in 1966, Master of Management Economics of Nanyang Technological University, senior engineer, expert who receives special allowances from the State Council, Master of Chinese Baijiu, and Master of Chinese Brewing. He was chief dispatcher of the Company, general manager of Brewing Company, as well as director of the business administration department, director of the human resources department, director of the quality department, and director of the dispatching center of the Company. At present, he is a member of the party committee, deputy general manager and chief quality officer of the Company.

Mr. Zhang Suyi, Male, born in 1971, PhD, professor-level senior engineer, representative inheritor of Sichuan Intangible Cultural Heritage. He was a worker, production team leader and assistant superintendent at Brewing Workshop No. 6, vice director and director of Gouchu Center, and deputy chief engineer of the Company, as well as deputy general manager, director of the Baijiu Body Design Center, and chief engineer of baijiu body design of Brewing Company. At present, he is deputy general

manager and director of safety and environmental protection of the Company.

Li Yong, male, born in 1977, holds a postgraduate degree and is a brewing engineer. He once worked at the Party and government organizations at the township level as well as agencies at the county and municipal levels. Besides, positions previously held by him include Director of the Office of Luzhou Laojiao Group Co., Ltd., Director of the General Manager Office of Luzhou Laojiao Co., Ltd., Deputy Party Secretary of the CPC Sales Company Committee, Secretary of Commission of Discipline Inspection Sales Company Branch, and Deputy General Manager of Luzhou Laojiao Sales Co., Ltd. Currently, he is Deputy General Manager of the Company.

#### Position in shareholder-holding companies

√ Applicable  N/A

Name	Name of shareholder-holding companies	Position in shareholder-holding companies	Beginning date of term	Ending date of term	Any remunerations received from shareholder-holding companies
Liu Miao	Laojiao Group	Secretary of the party committee, Chairman of the board	11 March 2022		No
Lian Jing	Xinglu Group	Outsider director			No

#### Position in other companies

√ Applicable  N/A

Name	Name of other companies	Position in other companies	Beginning date of term	Ending date of term	Any remunerations received from other companies
Liu Junhai	China International Economic and Trade Arbitration Commission, and Beijing Arbitration Commission (Beijing International Arbitration Center)	Arbitrator			
Liu Junhai	Institute of Commercial Law of Renmin University of China	Director			
Liu Junhai	China Three Gorges Renewables (Group) Co., Ltd.	Non-executive director			
Chen You'an	CPIC Fund, Nomura Oriental International Securities Co., Ltd., and Hexie Health Insurance Co., Ltd.	Non-executive director			
Sun	Shenzhen Dawei Innovation Technology	Non-executive			

Dongsheng	Co., Ltd.	ve director			
Lyu Xianpei	Sichuan Education and Audit Society	Chairman			
Qian Xu	Beijing Enterprises Urban Development Group Co.,Ltd.	Chairman of the board, general manager			
Qian Xu	Beijing Properties (Holdings) Limited	Chairman of the board			
Qian Xu	CAQ Holdings Limited.	Non-executive director			
Ying Hanjie	National Biochemical Engineering Technology Research Center of Nanjing University of Technology	Director			
Ying Hanjie	Nanjing Biotgether Co., Ltd.	Chairman of the board			
Ying Hanjie	Nanjing High Tech University Biological Technology Research Institute Co., Ltd., and Jiangsu Institute of Industrial Biotechnology	Director			
Lian Jing	Luzhou State-Owned Capital Operation and Management Co. Ltd	Chairman of the board of supervisors			
Lian Jing	Luzhou Guoxin Asset Management Co. Ltd.	Executive director, general manager			
Lian Jing	XingLu Group, Luzhou Liquor Industrial Park Development and Investment Co. Ltd., Luzhou Public Transportation Group Co. Ltd., Sichuan Rongtong Security Investment Group Co. Ltd., Luzhou Aviation Development Investment Group Co., Ltd., and Sichuan Guxu Coal Field Development Co., Ltd.	External director			

Punishments imposed in the recent three years by the securities regulators on the incumbent directors, supervisors and senior management as well as those who left in the reporting period

Applicable  N/A

### 5.3 Remuneration of directors, supervisors and senior management

The following describes the decision-making procedures, grounds on which decisions are made and actual remuneration payment of directors, supervisors and senior management.

Decision-making procedures for directors, supervisors and senior management: The remuneration of non-executive directors, external directors and external supervisors shall be determined by the general meeting of shareholders, and the remuneration of directors, supervisors and senior management who hold positions within the Company shall be determined by relevant rules of SASAC of Luzhou and relevant rules of the Company.

Grounds on which decisions are made of directors, supervisors and senior management: Calculate according to the assessment index and weight established at the beginning of the year.

Actual remuneration payment of directors, supervisors and senior management: Details refer to “Remuneration of directors, supervisors and senior management during the reporting period”.

Remuneration of directors, supervisors and senior management during the reporting period

Unit CNY 10,000

Name	Position	Gender	Age	Incumbent/ Former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company
Liu Miao	Chairman of the board	Male	52	Incumbent	149.66	No
Lin Feng	Director, General manager	Male	48	Incumbent	147.9	No
Wang Hongbo	Director, Deputy general manager, Secretary of the board	Male	58	Incumbent	118.63	No
Shen Caihong	Director, Deputy general manager	Male	56	Incumbent	102.76	No
Xiong Pingting	Director, Deputy general manager	Female	46	Incumbent	34.82	No
Liu Junhai	Non-executive director	Male	52	Incumbent	9.52	No

Chen You'an	Non-executive director	Male	64	Incumbent	4.76	No
Sun Dongsheng	Non-executive director	Male	63	Incumbent	4.76	No
Lyu Xianpei	Non-executive director	Male	58	Incumbent	4.76	No
Qian Xu	External director	Male	58	Incumbent	9.52	No
Ying Hanjie	External director	Male	52	Incumbent	9.52	No
Yang Ping	Chairman of the Board of Supervisors	Male	45	Incumbent	54.34	No
Lian Jing	Supervisor	Male	52	Incumbent	0	No
Li Guangjie	Supervisor	Male	52	Incumbent	100.53	No
Guo Shihua	Supervisor	Female	43	Incumbent	22.37	No
Li Lunyu	Supervisor	Female	35	Incumbent	24.81	No
Xie Hong	CFO	Female	52	Incumbent	116.93	No
He Cheng	Deputy general manager	Male	55	Incumbent	100.18	No
Zhang Suyi	Deputy general manager	Male	50	Incumbent	97.53	No
Li Yong	Deputy general manager	Male	45	Incumbent	15	No
Jiang Yuhui	Director, Deputy general manager	Female	59	Former	86.91	No
Du Kunlun	Non-executive director	Male	53	Former	4.76	No
Xu Guoxiang	Non-executive director	Male	62	Former	4.76	No
Tan Lili	Non-executive director	Female	67	Former	4.76	No
Yang Benhong	Supervisor	Female	55	Former	36.74	No
Cao Cong	Supervisor	Male	37	Former	22.38	No
Wu Qin	Deputy general manager	Male	60	Former	91.25	No
Total	--	--	--	--	1,379.86 <sup>1</sup>	--

Note 1: The table above shows the remunerations of directors, supervisors and senior management for their periods of service in 2021.

## 6. Performance of directors during the reporting period

### 6.1. Board meetings convened during the reporting period

Meeting	Convened date	Disclosure date	Resolutions
The 24 <sup>th</sup> Meeting of the Ninth Board of Directors	28 January 2021	29 January 2021	Announcement on Resolutions of the 24 <sup>th</sup> Meeting of the Ninth Board of Directors (Announcement No. 2021-4) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The 25 <sup>th</sup> Meeting of the Ninth Board of Directors	22 March 2021	23 March 2021	Announcement on Resolutions of the 25 <sup>th</sup> Meeting of the Ninth Board of Directors (Announcement No. 2021-7) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The 26 <sup>th</sup> Meeting of the Ninth Board of Directors	13 April 2021	15 April 2021	Announcement on Resolutions of the 26 <sup>th</sup> Meeting of the Ninth Board of Directors (Announcement No. 2021-9) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The 27 <sup>th</sup> Meeting of the Ninth Board of Directors	29 April 2021	30 April 2021	Announcement on Resolutions of the 27 <sup>th</sup> Meeting of the Ninth Board of Directors (Announcement No. 2021-11) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The 28 <sup>th</sup> Meeting of the Ninth Board of Directors	4 June 2021	5 June 2021	Announcement on Resolutions of the 28 <sup>th</sup> Meeting of the Ninth Board of Directors (Announcement No. 2021-19) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The 29 <sup>th</sup> Meeting of the Ninth Board of Directors	18 June 2021	19 June 2021	Announcement on Resolutions of the 29 <sup>th</sup> Meeting of the Ninth Board of Directors (Announcement No. 2021-25) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The First Meeting of the 10 <sup>th</sup> Board of Directors	29 June 2021	30 June 2021	Announcement on Resolutions of the First Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-28) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The Second Meeting of the 10 <sup>th</sup> Board of Directors	2 August 2021	3 August 2021	Announcement on Resolutions of the Second Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-32) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The Third Meeting of the 10 <sup>th</sup> Board of Directors	12 August 2021	14 August 2021	Announcement on Resolutions of the Third Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-34) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The Fourth Meeting of the 10 <sup>th</sup> Board of Directors	26 August 2021	28 August 2021	Announcement on Resolutions of the Fourth Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-36) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The Fifth Meeting of the 10 <sup>th</sup> Board of Directors	16 September 2021	17 September 2021	Announcement on Resolutions of the Fifth Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-42) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )



The Sixth Meeting of the 10 <sup>th</sup> Board of Directors	20 September 2021	22 September 2021	Announcement on Resolutions of the Sixth Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-43) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The Seventh Meeting of the 10 <sup>th</sup> Board of Directors	26 September 2021	27 September 2021	Announcement on Resolutions of the Seventh Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-44) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The Eighth Meeting of the 10 <sup>th</sup> Board of Directors	27 October 2021	29 October 2021	Announcement on Resolutions of the Eighth Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-48) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The Ninth Meeting of the 10 <sup>th</sup> Board of Directors	6 December 2021	7 December 2021	Announcement on Resolutions of the Ninth Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-53) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The 10 <sup>th</sup> Meeting of the 10 <sup>th</sup> Board of Directors	13 December 2021	14 December 2021	Announcement on Resolutions of the 10 <sup>th</sup> Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-54) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The 11 <sup>th</sup> Meeting of the 10 <sup>th</sup> Board of Directors	19 December 2021	20 December 2021	Announcement on Resolutions of the 11 <sup>th</sup> Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-58) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
The 12 <sup>th</sup> Meeting of the 10 <sup>th</sup> Board of Directors	29 December 2021	30 December 2021	Announcement on Resolutions of the 12 <sup>th</sup> Meeting of the 10 <sup>th</sup> Board of Directors (Announcement No. 2021-61) ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )

## 6.2. Attendance of directors in board meeting and general meeting of shareholders

Attendance of director in board meeting and general meeting of shareholders							
Director	Attendance due in the reporting period (times)	Attendance on site (times)	Attendance by telecommunication (times)	Attendance through a proxy (times)	Absence (times)	Absence for two consecutive times	Attendance at general meeting of shareholders (times)
Liu Miao	18	4	14	0	0	No	2
Lin Feng	18	4	14	0	0	No	2
Wang Hongbo	18	3	14	1	0	No	1
Shen Caihong	18	3	14	1	0	No	2
Xiong Pingting	12	3	9	0	0	No	2
Liu Junhai	18	3	14	1	0	No	0
Chen You'an	12	3	9	0	0	No	1
Sun Dongsheng	12	3	9	0	0	No	0

Lyu Xianpei	12	3	9	0	0	No	1
Qian Xu	18	3	14	1	0	No	0
Ying Hanjie	18	3	14	1	0	No	1
Jiang Yuhui	6	1	5	0	0	No	1
Du Kunlun	6	1	5	0	0	No	0
Xu Guoxiang	6	1	5	0	0	No	1
Tan Lili	6	0	5	1	0	No	1

### 6.3. Objections from directors in related issues of the Company

Were there any objections on related issues of the Company from director

Yes  No

Directors have no objection on related issues of the Company during the reporting period.

### 6.4. Other details about the performance of duties by directors

Was there any advice from directors adopted by the Company?

Yes  No

Explanation about advice of directors is adopted or not adopted by the Company or not

The Company adopted the advice of non-executive directors in respect of safe production, system improvement, and internal control construction.

## 7. Activities of special committees under the Board of Directors during the reporting period

Committee	Members	Number of meetings convened	Convened date	Topics	Substantial opinion and recommendations	Other information	Details of objections (if any)
The Strategy Committee	Liu Miao, Wang Hongbo and Sun Dongsheng (Xu Guoxiang and Liu	5	25 January 2021	Review of the following proposals: 1. The Proposal on the De-registration of Chengdu Tianfu Panda Whitail Liquor Industry Co., Ltd.; 2. The Proposal on the De-registration of Luzhou Whitail Tongdao Uncle Constellation Wine	Approved, to be submitted to the Board of Directors for further		

	Junhai have ceased to be a member of the Strategy Committee since 29 June 2021)			Sales Co., Ltd.; and 3. The Proposal on the Incorporation of Luzhou Laojiao New Retail Management Co., Ltd.	review		
			7 April 2021	Review of the following proposal: The Proposal on the Acquisition of a 5% Interest in Luzhou Sanrenxuan Liquor Industry Co., Ltd. & the Related-party Transaction	Approved, to be submitted to the Board of Directors for further review		
			15 June 2021	Review of the following proposal: The Proposal on the Investment and Wealth Management with Own Funds	Approved, to be submitted to the Board of Directors for further review		
			17 August 2021	Review of the following proposal: The Proposal on the De-registration of Luzhou Laojiao Tourism Culture Co., Ltd.	Approved, to be submitted to the Board of Directors for further review		
			8 November 2021	Review of the following proposals: 1. The Proposal on the Investment and Participation in the H-stock Offering of China Tourism Group Duty Free Corporation Limited; and 2. The Proposal on the De-registration of Luzhou Laojiao Whitail Innovative Electronic Commerce Co., Ltd.	Approved, to be submitted to the Board of Directors for further review		
The Nomination Committee	Liu Junhai, Lyu Xianpei and Shen Caihong (Xu Guoxiang has ceased to be	3	1 June 2021	Review of the following proposal: The Proposal on the Review of the Qualifications of Non-employee Director Candidates for the 10 <sup>th</sup> Board of Directors	Approved, to be submitted to the Board of Directors		

	a member of the Nomination Committee since 29 June 2021)				for further review		
			15 June 2021	Review of the following proposal: The Proposal on the Formulation of the Plan of Luzhou Laojiao Co., Ltd. for Market-based Employment of Deputy General Managers.	Approved, to be submitted to the Board of Directors for further review		
			10 September 2021	Review of the following proposal: The Proposal on the Nomination for Senior Management	Approved, to be submitted to the Board of Directors for further review		
The Audit Committee	Lyu Xianpei, Chen You'an and Qian Xu (Tan Lili and Du Kunlun have ceased to be a member of the Audit Committee since 29 June 2021)	4	19 April 2021	Review of the following proposals: 1. The 2020 Annual Financial Report; 2. The 2020 Internal Control Self-assessment Report; 3. The Summary Report of the 2020 Annual Audit; 4. The Work Plan for the 2021 Internal Audit; and 5. The Q1 2021 Report	Approved, to be submitted to the Board of Directors for further review		
			1 June 2021	Review of the following proposal: The Proposal on the Re-appointment of CPA Firm	Approved, to be submitted to the Board of Directors for further review		
			19 August 2021	Review of the following proposal: The 2021 Interim Financial Report	Approved, to be submitted to the Board of Directors for further review		

			22 October 2021	Review of the following proposal: The Proposal on the Q3 2021 Report	Approved, to be submitted to the Board of Directors for further review		
The Remuneration and Appraisal Committee	Chen You'an, Sun Dongsheng and Ying Hanjie (Du Kunlun and Xu Guoxiang have ceased to be a member of the Remuneration and Appraisal Committee since 29 June 2021)	4	19 April 2021	Review of the following proposals: 1. The Proposal on the Formulation of the Management Methods of Luzhou Laojiao Co., Ltd. for Remunerations and Appraisal of Senior Management; 2. The Proposal on the Formulation of the Specific Management Rules of Luzhou Laojiao Co., Ltd. for Remunerations of Senior Management; 3. The Proposal on the Formulation of the Specific Management Rules of Luzhou Laojiao Co., Ltd. for Performance Appraisal of Senior Management; and 4. The Proposal on Performance Appraisals of Senior Management for the Year and Their Periods of Service	Approved, to be submitted to the Board of Directors for further review		
			23 September 2021	Review of the following proposals: 1. The Proposal on the 2021 Restricted Share Incentive Plan (Draft) and Summary; 2. The Proposal on the Performance Appraisal Methods for the 2021 Restricted Share Incentive Plan; and 3. The Proposal on the Management Methods for the 2021 Restricted Share Incentive Plan	Approved, to be submitted to the Board of Directors for further review		
			10 December 2021	Review of the following proposal: The Proposal on the Management Methods of Luzhou Laojiao Co., Ltd. for Remunerations and	Approved, to be submitted to the		

				Appraisal of Management Team Members	Board of Directors for further review		
			19 December 2021	Review of the following proposal: The Proposal on the Formulation of The Company and Individual Appraisal Indicators for Management Team Members of Luzhou Laojiao Co., Ltd. for 2021	Approved, to be submitted to the Board of Directors for further review		

## 8. Performance of duties by the board of supervisors

Were there any risks to the Company identified by the board of supervisors when performing its duties during the reporting period

Yes  No

The board of supervisors has no objection during the reporting period.

## 9. Staff in the Company

### 9.1. Number, functions and educational backgrounds of the staff

Number of in-service staff of the parent company at the end of the reporting period	1,198
Number of in-service staff of main subsidiaries at the end of the reporting period	2,236
Total number of in-service staff at the end of the reporting period	3,434
Total number of staff with remuneration in the period	3,434
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	913
Functions	
Function by category	Number of staff
Production staff	1,264
Sales staff	879
R&D staff	700
Financial staff	99

Administrative staff	492
Total	3,434
Educational backgrounds	
Educational background by category	Number of staff
Senior high school and below	573
Junior college	1,044
Bachelor	1,489
Master	319
Doctor	9
Total	3,434

## 9.2. Staff remuneration policy

In 2021, the Company implemented the distribution policy of "sharing benefits, paying for losses, classification and setting, and long-term policy effects", continuously strengthened the digital assessment, linked individual performance with organizational performance, and highlighted the distribution according to performance. The Company implemented the post rating wage system and strengthened the performance management of all employees. According to the following principles:

A. Link individual performance with organizational performance: The increase of wages is linked to the increase of the Company's operating performance and profit growth; Under the same caliber, the proportion of increase in salaries shall not exceed the proportion of increase in performance and profit growth.

B. Salary and its changes based on position, ability and performance: The salary of employee shall be determined by position and the depth of their expertise. The salary shall be adjusted accordingly when the position, ability and performance change.

C. Performance orientation, bonus and forfeit: Performance assessment is conducted according to the actual contributions of employees, and the salary distribution is inclined to the employees with excellent performance.

D. The principle of equal wage negotiation: Abide by the principles that both sides of labor and capital agrees in collective negotiation, so as to realize the unity of benefit and fairness.

## 9.3. Staff training plans

In 2021, based on the staff career development system and job qualification standards, the Company implemented a targeted training system comprising different levels to meet demands for staff ability improvement for different positions and different levels.

A. Sail Program: The “Sail Program” training was conducted for new employees hired through campus and social recruitment and for other grassroots employees. The purpose was to enhance new employees’ understanding and recognition of the Company’s core values, familiarize them with the Company’s production and operation statuses and their work procedures, and allow them to accumulate professional knowledge and skills and improve their ability to work independently.

B. Dive Program: The “Dive Program” training was conducted for general employees on specialized lines. The purpose was to strengthen their specialty knowledge and ability to solve specialty problems, enhance their basic management skills, improve their competency and raise their performance. Due to the huge coverage of trainees across different business segments, the training was conducted in the form of sub-programs, such as “Happy Learning Sub-program” and “Excellent Frontline Manager Sub-program” to provide specialty knowledge and skills of different systems.

C. Voyage Program: The “Voyage Program” training was conducted for key personnel with a systematic design of three-year development plans and a focus on three themes, including “self-management”, “work management” and “interpersonal management”. The purpose was to enrich employees’ knowledge on corporate business management, improve their knowledge structure, and enhance their strategic understanding and abilities of work and team management.

D. Steering Program: The “Steering Program” training was conducted for middle management personnel and department experts in the form of online and offline combined, “coming in” and “going out” combined and ability enhancement and work style building combined. Through the learning of advanced management concepts and practices, the training aimed to drive employees to broaden their mind, expand their vision, strengthen their leadership skills and enhance their level of corporate management.

In addition, in terms of professional talents training, in combination with the strategic needs of talent development and relevant policies of provinces and cities, the Company actively carries out the work of staff title appraisal, skill appraisal, recommendation and assessment and so on.

#### **9.4. Labor outsourcing**

Applicable  N/A

### **10. Profit distribution and converting capital reserves into share capital**

Formulation, execution or adjustments of profit distribution policy, especially cash dividend policy, in the reporting period.

Applicable  N/A

According to the plan for profit distribution for 2020 deliberated and approved by 2020 annual meeting of shareholders, based on its total of 1,464,752,476 shares, the Company distributed a cash dividend of



CNY 20.51 (tax inclusive) per 10 shares to all shareholders. The distribution plan was implemented on 20 August 2021.

A special statement of the policy of cash dividends	
Whether it meets the requirements of the articles of corporation or the resolution of shareholders' meeting:	Yes
Whether the standard and proportion of dividends are clear:	Yes
Whether the relevant decision-making process and systems are complete:	Yes
Whether non-executive directors perform their duties and play their due role:	Yes
Whether the minority shareholders have the opportunity to fully express their opinions and appeals and whether their legitimate rights and interests have been adequately protected:	Yes
Whether the conditions and procedures are compliant and transparent and whether the cash dividend policy is adjusted or changed:	The Company's cash dividend policy has not been adjusted or changed in the reporting period

The Company made a profit in the reporting period and the profit distributable to shareholders of the Company was positive, but it did not put forward a preliminary plan for cash dividend distribution to shareholders.

Applicable  N/A

Preliminary plan for profit distribution and converting capital reserves into share capital for the reporting period

Applicable  N/A

Bonus shares for every 10 shares (share)	0
Dividends for every 10 shares (CNY) (tax included)	32.44
Total shares as the basis for the preliminary plan for profit distribution (share)	1,471,615,076
Total cash dividends (CNY) (tax included)	4,773,919,306.54
Cash dividends in other forms (e.g. repurchase share)	0.00
Total cash dividends (CNY) (including other forms)	4,773,919,306.54

Distributable profit (CNY)	21,187,860,235.89
Percentage of cash dividends in the total distributed profit (including other forms)	60.01%
Information of the cash dividends	
The development stage of the Company is mature and the Company has no major fund expenditure arrangement. When the profit distribution is carried out, the proportion of cash dividends in this profit distribution should at least reach 80%.	
Details of preliminary plan for profit distribution and converting capital reserves in to share capital	
After taking minority shareholders' advice, the board of directors plans to distribute a cash dividend of CNY 32.44 (tax inclusive) per 10 shares to all shareholders based on its total of 1,471,615,076 shares, representing a total cash dividend amount of CNY 4,773,919,306.54, according to the Company's actual conditions. Where any change occurs to the Company's total share capital before the implementation of the distribution plan, relevant adjustments shall be made with the same total distribution amount. The Company will not carry out any bonus issue or convert capital reserves into share capital for 2021.	

## 11. Implementation of any equity incentive plan, employee stock ownership plan or other incentive measures for employees

Applicable  N/A

### 11.1. Equity incentives

On 26 September 2021, the Proposal on the 2021 Restricted Share Incentive Plan (Draft) and Summary of Luzhou Laojiao Co., Ltd., the Proposal on the Performance Appraisal Methods for the 2021 Restricted Share Incentive Plan of Luzhou Laojiao Co., Ltd., and the Proposal on the Management Methods for the 2021 Restricted Share Incentive Plan of Luzhou Laojiao Co., Ltd. were approved at the Seventh Meeting of the 10<sup>th</sup> Board of Directors. On 29 December 2021, the aforesaid proposals were approved at the First Extraordinary General Meeting of Shareholders of 2021. On the same day, the Proposal on the Grant of Restricted Shares to Awardees was approved at the 12<sup>th</sup> Meeting of the 10<sup>th</sup> Board of Directors. As such, it was decided to grant a total of 6.9286 million restricted shares to 444 eligible awardees at CNY 92.71/share in the first grant on 29 December 2021. During the payment process after the grant date was determined, four awardees chose to waive a total of 66 thousand restricted shares that the Company had intended to grant to them due to personal reasons. Therefore, in fact, 6.8626 million restricted shares were granted to 437 awardees as registered. On 21 February 2022, the Company completed the registration of the grant under the restricted share incentive plan. Upon the registration of the grant, the total shares of the Company increased from 1,464,752,476 shares to 1,471,615,076 shares.

Equity incentives for directors and senior management

Applicable  N/A

Unit: share

Name	Office title	Stock options held at the beginning of the reporting period	Stock options granted in the reporting period	Exerciseable share options for the reporting period	Exercise d share options in the reporting period	Exercise price for exercise d share options in the reporting period (CNY / share)	Stock options held at the end of the reporting period	Market price at the end of the reporting period (CNY / share)	Restricted shares held at the beginning of the reporting period	Unlocked shares in the reporting period	Restricted shares granted in the reporting period	Grant price of the restricted shares (CNY / share)	Restricted shares held at the end of the reporting period
Liu Miao	Chairman of the board	0	0	0	0	0	0	0	0	0	95,900	92.71	0
Lin Feng	Director, General manager	0	0	0	0	0	0	0	0	0	95,900	92.71	0
Wang Hongbo	Director, Deputy general manager, Secretary of the board	0	0	0	0	0	0	0	0	0	76,700	92.71	0
Shen Caihong	Director, Deputy general manager	0	0	0	0	0	0	0	0	0	76,700	92.71	0
Xie Hong	CFO	0	0	0	0	0	0	0	0	0	76,700	92.71	0
He Cheng	Deputy general manager	0	0	0	0	0	0	0	0	0	76,700	92.71	0
Zhang Suyi	Deputy general manager	0	0	0	0	0	0	0	0	0	76,700	92.71	0
Xiong Pingting	Director, Deputy general manager	0	0	0	0	0	0	0	0	0	62,800	92.71	0
Li Yong	Deputy general manager	0	0	0	0	0	0	0	0	0	62,800	92.71	0

Total	--	0	0	0	0	--	0	--	0	0	700,900	--	0
Notes (if any)	The grant date for the restricted share incentive plan was 29 December 2021 and the registration date of the grant was 21 February 2022.												

### Appraisal mechanism and incentives for senior management

For details, please refer to the 2021 Restricted Share Incentive Plan (Draft) and Summary of Luzhou Laojiao Co., Ltd., the Performance Appraisal Methods for the 2021 Restricted Share Incentive Plan of Luzhou Laojiao Co., Ltd., and the Management Methods for the 2021 Restricted Share Incentive Plan of Luzhou Laojiao Co., Ltd., which have been disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) on 26 September 2021.

## 11.2. Implementation of employee stock ownership plans

Applicable  N/A

## 11.3. Other incentive measures for employees

Applicable  N/A

## 12. Establishment and implementation of the internal control system during the reporting period

### 12.1. Establishment and implementation of the internal control system

During the reporting period, in accordance with the Basic Rules for Internal Control of Enterprises, the Guidelines of the Shenzhen Stock Exchange for the Internal Control of Listed Companies, relevant laws, administrative regulations, normative documents, and other regulatory requirements concerning internal control, as well as the reality of the Company, the Company consistently improved and optimized its internal control systems and established a well-developed system that covered the corporate governance, administrative management, operations management, financial management, human resources, production guarantee, and safety and environmental protection. Additionally, it strengthened the implementation, supervision, inspection, feedback, and improvement of the internal control systems in the operations management to ensure that each internal control system is reasonable, complete, and effective, thereby promoting the sound, sustainable development of the Company.

### 12.2. Material internal control deficiencies found in the reporting period

Yes  No

### 13. The Company's management and control of subsidiaries during the reporting period

Company name	Consolidation plan	Consolidation progress	Problems arising in consolidation	Solutions taken	Solution implementation progress	Subsequent solutions
N/A						

### 14. Internal control self-assessment report and auditor report

#### 14.1. Internal control self-assessment report

Disclosure date of the internal control self-assessment report	29 April 2022	
Disclosure index of the internal control self-assessment report	2021 Internal Control Self-assessment Report ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )	
Ratio of the total assets of the appraised entities to the consolidated total assets	90.00%	
Ratio of the operating revenues of the appraised entities to the consolidated operating revenue	90.00%	
Deficiencies identification standard		
Type	Financial report	Non-financial report
Qualitative standard	Material deficiencies: (1) Correction of material errors in financial reports that have been announced (except retroactive adjustment of previous years due to changes in policies or other objective factors); (2) Material misstatement of current financial report which was unrecognized but found by the auditor; (3) Corrupt transaction of senior management; (4) Audit committee and internal audit department are not effective to the internal control supervision .	Material deficiencies: (1) violate national regulations and laws; (2)The Company's decision-making procedures are unscientific; if there is a decision-making misplay, it will result in significant deal failure; (3) The substantial loss of managerial or technical staff; (4) Important business lacks system control or system failure, important economic business has internal control system guidance, but with no effective operation; (5) material deficiencies of internal control cannot be rectified in time.
Quantitative standard	1. Material deficiencies: Misstatement $\geq$ 5% of total profits; Misstatement $\geq$ 1% of	1. Material deficiencies: loss $\geq$ 5% of net profits.

	<p>total assets; Misstatement <math>\geq 5\%</math> of total operating revenue; Misstatement <math>\geq 5\%</math> of owner's equity</p> <p>2. Significant deficiencies: 3% of gross profits <math>\leq</math> Misstatement <math>&lt; 5\%</math> of gross profits; 0.5% of total assets <math>\leq</math> Misstatement <math>&lt; 1\%</math> of total assets; 3% of total operating revenue <math>\leq</math> Misstatement <math>&lt; 5\%</math> of total operating revenue; 3% of owner's equity <math>\leq</math> Misstatement <math>&lt; 5\%</math> of owner's equity.</p> <p>3. General deficiencies: Misstatement <math>&lt; 3\%</math> of gross profits; Misstatement <math>&lt; 0.5\%</math> of total assets; Misstatement <math>&lt; 3\%</math> of total operating revenue; Misstatement <math>&lt; 3\%</math> of owner's equity.</p>	<p>2. Significant deficiencies: 3% of net profits <math>\leq</math> loss <math>&lt; 5\%</math> of net profits.</p> <p>3. General deficiencies: loss <math>&lt; 3\%</math> of net profits</p>
Number of financial-report material deficiencies		0
Number of non-financial-report material deficiencies		0
Number of significant financial-report related deficiencies		0
Number of significant Non-financial-report related deficiencies		0

## 14.2. Internal control auditor report

Applicable  N/A

Deliberation opinion section in the internal control audit report	
<p>In accordance with the Basic Rules for Internal Control of Enterprises, the guidelines for assessment, and the other applicable laws and regulations, the Company has assessed the effectiveness of the design and operation of internal control as of 31 December 2021. During the reporting period, the Company has established internal control over businesses and matters within the assessment scope, which were effectively executed. The internal control objectives have been met, with no material deficiencies. No significant change occurred to the Company's internal control during the period from the base day of the internal control assessment report to the issue day of the report that had a substantial impact on the conclusion of the assessment report.</p>	
Disclosure of internal control audit report	Disclosed

Disclosure date of the internal control audit report	29 April 2022
Disclosure index of the internal control audit report	2021 Internal Control Auditor Report ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Type of the audit's opinion	Standard unqualified opinion
Significant deficiencies found in the non-financial report	No

The accounting firm issued the internal control audit report of non-standard opinions

Yes  No

Whether the internal control audit report issued by the accounting firm is consistent with the self-assessment report issued by the board of directors.

Yes  No

## 15. Remediation of Problems Identified by Self-inspection in the Special Campaign on Listed Company Governance

During the reporting period, the Company carried out a special self-inspection of the governance, during which it comprehensively reviewed its governance and identified and fixed deficiencies in accordance with regulatory rules, the Articles of Association, and other normative documents. Through the self-inspection, it was found that due to the pandemic in 2020, the Board of Directors and its special committees mainly voted via communication. Besides, non-executive directors seldom attended on-site events with a total of working days of less than ten, which violated the related rule that non-executive directors shall work on site for no less than ten workdays. Later, the Company remedied the problem. In 2021, the non-executive directors of the Company carried out on-site work by attending the General Meeting of Shareholders and meetings of the Board of Directors and special committees, listening to the reporting by the management of the Company of the production and operation on site, and inspecting the construction of major projects of the Company.

## Section V Environmental and Social Responsibility

### 1. Information about environment protection

Whether the listed company and its subsidiaries belong to heavy polluting industries prescribed by the environmental protection department

Yes  No

Company name	Name of main pollutant and particular pollutant	Discharge type	Number of discharge outlet	Distribution of discharge outlet	Emission concentration	Pollution discharge standard	Total emission	Approved total emission	Excessive discharge
Luzhou Laojiao Co., Ltd.	COD	Direct discharge	1	Luohan Brewery Eco-Park	22.858 mg/L	50 mg/L	10.1639 t/a	25 t/a	No
Luzhou Laojiao Co., Ltd.	Ammonia nitrogen	Direct discharge	1	Luohan Brewery Eco-Park	0.470 mg/L	5 mg/L	0.1973 t/a	2.5 t/a	No
Luzhou Laojiao Co., Ltd.	Total nitrogen	Direct discharge	1	Luohan Brewery Eco-Park	6.781 mg/L	15 mg/L	3.0287 t/a	7.5 t/a	No
Luzhou Laojiao Co., Ltd.	Total phosphorus	Direct discharge	1	Luohan Brewery Eco-Park	0.171 mg/L	0.5 mg/L	0.0777 t/a	0.25 t/a	No
Luzhou Laojiao Co., Ltd.	PM	Organized discharge	2	Luohan Brewery Eco-Park	7.425 mg/m <sup>3</sup>	20 mg/m <sup>3</sup>	0.7955 t/a	3.9 t/a	No
Luzhou Laojiao Co., Ltd.	Sulfur dioxide	Organized discharge	2	Luohan Brewery Eco-Park	0.079 mg/m <sup>3</sup>	50 mg/m <sup>3</sup>	0.0087 t/a	11.5 t/a	No
Luzhou Laojiao Co., Ltd.	Oxynitride	Organized discharge	2	Luohan Brewery Eco-Park	30.710 mg/m <sup>3</sup>	150 mg/m <sup>3</sup>	3.3129 t/a	45.4 t/a	No
Luzhou Laojiao Co., Ltd.	COD	Indirect discharge	1	Huangyi Brewery Eco-Park	34.931 mg/L	400 mg/L	16.8328 t/a	400 t/a	No
Luzhou Laojiao Co., Ltd.	Ammonia	Indirect	1	Huangyi Brewery Eco-Park	0.777 mg/L	30 mg/L	0.2508 t/a	30 t/a	No



Laojiao Co., Ltd.	nitrogen	discharge		Brewery Eco-Park					
Luzhou Laojiao Co., Ltd.	Total nitrogen	Indirect discharge	1	Huangyi Brewery Eco-Park	11.682 mg/L	50 mg/L	6.3003 t/a	50 t/a	No
Luzhou Laojiao Co., Ltd.	Total phosphorus	Indirect discharge	1	Huangyi Brewery Eco-Park	0.624 mg/L	3 mg/L	0.3068 t/a	3 t/a	No
Luzhou Laojiao Brewing Co., Ltd.	PM	Organized discharge	2	Energy Center of Sichuan Luzhou Baijiu Industrial Park	1.026mg/m <sup>3</sup>	5 mg/m <sup>3</sup>	0.5248 t/a	8.64 t/a	No
Luzhou Laojiao Brewing Co., Ltd.	PM	Organized discharge	1	Energy Center of Sichuan Luzhou Baijiu Industrial Park	1.065 mg/m <sup>3</sup>	20 mg/m <sup>3</sup>	0.0804 t/a		No
Luzhou Laojiao Brewing Co., Ltd.	Sulfur dioxide	Organized discharge	2	Energy Center of Sichuan Luzhou Baijiu Industrial Park	0.602 mg/m <sup>3</sup>	35 mg/m <sup>3</sup>	0.3027 t/a	18.88 t/a	No
Luzhou Laojiao Brewing Co., Ltd.	Sulfur dioxide	Organized discharge	1	Energy Center of Sichuan Luzhou Baijiu Industrial Park	0.423 mg/m <sup>3</sup>	50 mg/m <sup>3</sup>	0.0314 t/a		No
Luzhou Laojiao Brewing Co., Ltd.	Oxynitride	Organized discharge	2	Energy Center of Sichuan Luzhou Baijiu Industrial	32.315 mg/m <sup>3</sup>	100 mg/m <sup>3</sup>	16.5729 t/a	136.08 t/a	

				Park					
Luzhou Laojiao Brewing Co., Ltd.	Oxynitride	Organized discharge	1	Energy Center of Sichuan Luzhou Baijiu Industrial Park	42.007 mg/m <sup>3</sup>	150 mg/m <sup>3</sup>	3.2266 t/a		

Information about construction and operation of anti-pollution installations

**A. Waste water:** Areas of the Company that produce wastewater are National Cellar Base, Xiaoshi Base, Zaojiaoxiang Base, Anning Park, Luohan Brewery Eco-Park, and Huangyi Brewery Eco-Park. In National Cellar Base, Xiaoshi Base, Zaojiaoxiang Base, and Anning Park, the high-concentration brewing wastewater is temporarily collected in pools (or tanks), and is later transferred to the wastewater treatment station of Huangyi Brewery Eco-Park by truck for treatment. The wastewater treatment stations of Luohan Brewery Eco-Park and Huangyi Brewery Eco-Park are equipped with online monitors to automatically monitor COD, ammonia nitrogen, total phosphorus, total nitrogen, pH value and flows, and transmit the monitoring data to the supervision platform of the higher authority. The Company's facilities for prevention and control of wastewater pollution are under normal operations, ensuring up-to-standard discharge through general discharging outlets.

**B. Waste gas:** Areas of the Company that produce exhaust gas are National Cellar Base, Xiaoshi Base, Zaojiaoxiang Base, Luohan Brewery Eco-Park, and Huangyi Brewery Eco-Park. In National Cellar Base, Xiaoshi Base and Zaojiaoxiang Base, small natural gas boilers and direct-fired bottom boilers are used. The boilers of Luohan Brewery Eco-Park (20t/h, 30t/h) and the boilers of Huangyi Brewery Eco-Park (20t/h, 75t/h, 75t/h) are equipped with online monitors to automatically monitor exhaust gas, and transmit the monitoring data to the supervision platform of the higher authority. Low NO<sub>x</sub> combustion technology is adopted for the natural gas boilers. The Company's facilities for prevention and control of exhaust gas pollution are under normal operations, ensuring up-to-standard emission of exhaust gas through outlets.

Environmental impact assessment for construction project and other environmental protection administrative permission

The Company's new reconstruction and expansion projects are carried out in accordance with the applicable laws and regulations. The environmental assessment and approval procedures shall be completed before commencement of the projects. After the projects are completed, the environmental protection inspection and acceptance shall be carried out in accordance with the requirements of the environmental assessment. Construction projects started in 2021 have gone through the approval procedures in accordance with the relevant requirements.

Emergency plan for environmental emergencies

The Company developed the *Contingency Plan for Environmental Emergencies* (Revision 2020), the *Environmental Risk Assessment Report* and the *Emergency Resources Survey Report*, and reported to

the Environmental Emergency Service Center of Luzhou for filing. Institutions of the Company organized training programs on the contingency plan for employees, and carried out drills of contingency plans, which improved employees' capability to respond to environmental emergencies.

#### Environmental self-monitoring program

The Company developed the environmental self-monitoring plan and entrusted third-party agencies to conduct environmental self-monitoring. Self-monitoring information is released on "Environmental Credit China" and the "Platform of Sichuan Province for Management and Sharing of Information about Pollution Source Monitoring" to facilitate social supervision.

#### Administrative penalties received in the reporting period due to environmental issues

The Company or subsidiary	Reason for penalties	Regulation violated	Penalties	Impact on the Company	Rectification
N/A					

#### Other information about environmental protection that should be disclosed

N/A

#### Measures taken to reduce carbon emissions during the reporting period and the results

Applicable  N/A

In 2021, the Company reduced its carbon dioxide emissions by more than 10,000 tons through innovative electricity consumption models, electricity alternative trading programs, purchase of green electricity, etc.

#### Other information about environment protection

N/A

## 2. Social responsibility

See the 2021 Social Responsibility Report disclosed on the same day with this Annual Report.

## 3. Efforts in poverty alleviation and rural revitalization

### 3.1. Work Plan for Rural Revitalization in 2021

In 2021, the Company consistently implemented the arrangements for rural revitalization made by the CPC Central Committee, the CPC Provincial Committee, and the CPC Municipal Committee, and carried out the duties of assisting Xiangtian Village of Longshan Town, Gulin County, and Guntang Village of Maiwa Township, Hongyuan County. Following the working idea of "shoring up weak spots, consolidating

achievements, and consolidating the foundation to promote rural revitalization" and based on the reality of the designated assisted villages, the Company consolidated resources and increased inputs, improved the construction of infrastructure, promoted the development of characteristic industries, and deepened the transformation of the conception of education, to fully promote the revitalization of the designated assisted villages.

A. Intensify the leadership of the Party organizations and enrich the assistance teams. The Company proactively paired up its Party organizations at the grass-roots level and the Party branches of Xiangtian Village and Guntang Village for co-development, helped the Party branches implement the "three meetings and one lecture", Party branch meeting, and other systems, and collaborated with the local Party organizations to build a strong village Party branch. Besides, it also encouraged its Party organizations at the grass-roots level to guide the assisted villages to establish and improve rural governance system that is led by the Party organization and combines autonomy, rule of law, and rule of morality; selected and trained excellent cadres to be stationed in the villages and helped them improve their working capabilities via guidance from experienced staff and project practice.

B. Deepen industrial assistance and expand advantages. The Company held firm to the idea of "one specialty for one village" and deepened the "self-motivation-based" assistance model. It consistently promoted the "rice-fish farming" project and assisted farmers with construction, production, and selling by considering local characteristics to increase their income. Additionally, lectures by experts and special meetings were held to improve farmers' job skills and cultivate forgoers in getting rich.

C. Consistently assist farmers in building up self-belief and provide them with necessary education to boost their confidence in development. The Company consistently carried out in-depth education on gratitude and forging ahead through special meetings and farmers' night schools to reinforce the belief of listening to the Party, remembering the Party's favor, and following the Party. In addition, moral exemplar selection activities were held to cultivate new etiquette and civility that feature respect for the elderly, care for the young, harmony between couples, friendliness between neighbors, pleasure to offer help, and integrity. Also, the Company provided consistent educational assistance to prevent poverty from passing down from generation to generation.

D. Carry out "three projects" and develop infrastructure. In 2021, adhering to the principle of "implementing policies comprehensively and highlighting advantages", the Company pushed ahead with the project of "A Civilized Village for Work, A Beautiful Village for Living, and A Salubrious Village" to build a high-quality, beautiful village.

### **3.2. Summary of the 2021 Rural Revitalization**

In 2021, based on the "precise policy implementation" principle and capitalizing on its advantages, the Company invested CNY 1.135 million and conducted five high-quality assistance projects. It upgraded the assistance team, featured characteristic industries, practiced the guiding principles, and enhanced the infrastructure with various steps.

A. Enhance organizational guarantees to steer the big picture of the work. In 2021, the CPC Luzhou

Laojiao Committee established a steering group for rural revitalization work. Members of the group carried out field research four times, held two CPC committee meetings to discuss the targeted assistance work, held three symposiums to discuss work, and formulated an assistance plan for the following five years by focusing on the "five revitalization", namely the industrial, talent, cultural, ecological, and organizational revitalization. In addition, a targeted assistance team was set up to be stationed in the village, with three new staff and one liaison selected to be stationed in the village, which further enriched the assistance force. On the centennial anniversary of the Communist Party of China, cadres stationed in the village collaborated with the Party branches of Xiangtian Village and Guntang Village to launch a campaign on studying the Party's history. Through "three meetings and one lecture" and "themed Party lessons", 80-odd Party members were called together to learn the important instructions of General Secretary Xi Jinping on rural revitalization, the guiding principle of the Sixth Plenary Session of the 19th CPC Central Committee, and policies on rural governance and serving the people. The Company's campaign team for Party's history learning held four micro Party lessons by providing access to Party's history learning for village Party members. A total of 35 Party branches at the grassroots level were paired up with Party members in poverty to guide them to learn Party's history. Furthermore, cadres stationed in the village and of the Party branches of the two villages did practical things for the people by carrying out publicity for pandemic prevention and control and career guidance, as well as providing 100-odd public welfare jobs. The Company collaborated with health centers at the township level to deliver medical care and vaccination services to people in need in the villages, thereby ensuring that all eligible people were vaccinated.

B. Upgrade industrial assistance and expand advantages. The "self-motivation-based" assistance model and "courtyard economy" were deepened and vigorously supported. By encouraging farmers to raise chickens, ducks, pigs, and other animals under existing conditions, the per capita annual income of farmers increased by CNY 2,000. With its advantages in nationwide sales channels and e-commerce platforms with high traffic, the Company launched a campaign of "Creating Wealth through Sales" to assist farmers via e-commerce platforms, which realized a total income of more than CNY 5 million and a 6.6-fold increase in annual sales compared with that without the assistance of e-commerce platforms. Meanwhile, the Party branches at the grassroots level of the Company were encouraged to purchase the agricultural produce instead of donations, contributing CNY 104,800 to the increase of the income of farmers and the collective income of villages. The Company also upgraded the rice processing workshops to lay a solid foundation for the professional, scale-based, and market-based development of characteristic industries. Through these measures, the industries got on track comprehensively, the sales were significantly improved, and the "independent development" capabilities of the assisted villages were consistently enhanced.

C. Consistently assist farmers in building up self-belief and provide them with necessary education to stimulate their self-motivation. The Company launched a village-level exemplar assessment and set scientific assessment standards that cover five perspectives, including "etiquette and civility and becoming better off through diligence". In 2021, a total of 50 people were assessed as moral and self-made exemplars, which promoted material and spirit poverty alleviation. Themed teach-ins were held via farmers' night schools, special meetings, and interviews. For example, a total of 32 teach-ins about agronomic knowledge and forest fire prevention were organized. Additionally, cadres stationed in the villages took the lead in giving themed Party lessons on Party's history learning. Meanwhile, they

collected urgent, obstinate issues of great concern to the villagers and finally resolved ten-odd issues. For example, they provided access to the medical services in the town for households enjoying five guarantees and low-income families, shuttle bus services for people to go to fairs, and vaccination vehicles. The Company consistently assisted students by setting assistance funds to help high school graduates go to university. The "Voluntary Education" campaign had been launched for six consecutive years to encourage students in rural areas to pursue their studies and prevent poverty from passing down from generation to generation. Also, the Company organized warmth-sending and Spring Festival care-extension activities, through which it sent warmth and care to 151 assisted households and 300-odd common farming households and further aroused their enthusiasm and initiative in getting rich.

D. Take various steps in terms of infrastructure guarantees to build a beautiful village. The Company assisted Guntang Village in building a village cultural plaza and supported Guntang Village in holding villagers' cultural events to provide a stage for both masses' cultural events and Tibetan cultural festivals and carry forward the traditional cultures of ethnic minorities. Besides, it assisted the villages in setting up sanitary facilities such as waste transfer stations to optimize the image of the villages. Fully leveraging its own resources and advantages, the Company collaborated with medical facilities such as Southwest Medical University and Aier Eye Hospital twice to deliver medical services to villagers. Through publicity for pandemic prevention and eye protection and volunteer dental clinics, the lives and health of villagers were protected.

During the reporting period, the Company was honored with the awards such as "National Advanced Collective in Poverty Alleviation", "Outstanding Contribution Award for Social Poverty Alleviation", "The Third Sichuan Charity Award", and "The Most Charitable Model". Additionally, Zhang Wenping, a cadre of the Company stationed in Guntang Village, was honored with the title of "Top Ten Poverty Alleviation Figures in Sichuan State-owned Enterprises".

### **3.3. Subsequent Plans for Rural Revitalization**

In 2022, based on the general requirement for "prosperous industry, livable ecology, civilized rural style, effective governance, and well-off life", the Company will deepen the implementation of arrangements made by the CPC Central Committee, the State Council, the CPC Sichuan Provincial Committee, the People's Government of Sichuan Province for effectively linking up the achievements of poverty alleviation with rural revitalization, and continue to provide assistance for Xiangtian Village and Guntang Village. Besides, with advantages in funds, technologies, talent, and management, the Company will take more vigorous steps and gather more powerful momentum to promote the modernization cause and sustainable development of the designated assisted villages and strive to build a model and demonstration village for rural revitalization.

First, intensify the leadership of Party organizations and fulfill the assistance responsibility. The Company will further improve its political stance, assume the social responsibility of a state-owned enterprise, and provide assistance and fulfill its responsibilities in poverty alleviation. Additionally, to fulfill its assistance responsibility, the Company will promote the cooperation between its Party branches and assisted villages as well as the training of cadres of the two village Party branches and of the Company stationed in the two villages.

Second, consistently promote the upgrading of industries and income increase through poverty alleviation. Giving full play to its advantages in resources and platforms, the Company will train more technological, sales, and management talent in Hongyuan County to enlarge the group of "forgoers in getting rich", thereby encouraging the developed groups to assist backward ones. Besides, it will build a brand image for yak products in Hongyuan County and increase the inputs in the development of derivatives, so as to enhance the visibility and reputation and lend constant impetus to the development of the assisted villages.

Third, establish a long-term mechanism to facilitate rural revitalization. The Company will focus on the standard that rural poor people are free from worries over food and clothing and have access to compulsory education, basic medical services, and safe housing, strengthen dynamic monitoring of any trends indicating a return to poverty, and consistently promote the development of the assisted villages to share the fruits of poverty alleviation with villagers. Meanwhile, measures including "external support and self-motivation" and "building up self-belief and providing access to education" will be incorporated into the long-term mechanism for rural revitalization.

## Section VI Significant Events

### 1. Performance of undertakings

**1.1. Undertakings of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers fulfilled in the reporting period or ongoing by the end of this reporting period**

Applicable  N/A

No such cases in the reporting period.

**1.2. Where any earnings forecast was made for any of the Company's assets or projects and the reporting period is still within the forecast period, the Company shall explain whether the performance of the asset or project reaches the earnings forecast and reasons**

Applicable  N/A

**2. Occupation of the Company's fund by the controlling shareholder or its related parties for non-operating purposes**

Applicable  N/A

No such cases in the reporting period.

**3. Irregularities in the provision of guarantees**

Applicable  N/A

No such cases in the reporting period.

**4. Explanation of the board of directors regarding the latest "non-standard audit opinion"**

Applicable  N/A



## 5. Explanation of the board of directors, the board of supervisors and non-executive directors (if any) regarding the "non-standard audit opinion" for the reporting period

Applicable  N/A

## 6. Reason for changes in accounting policies and accounting estimates, as well as correction of major accounting errors compared to the financial report for the prior year

Applicable  N/A

The Company has disclosed the Announcement on Changes to Accounting Policies on 16 January 2021, deciding to adopt the new accounting standard for leases from 1 January 2021. On 7 December 2018, the Ministry of Finance issued the revised Accounting Standards for Business Enterprises No.21—Leases (CK [2018] No. 35). As required by the Ministry of Finance, enterprises that are listed both domestically and overseas and those that are listed overseas but adopt China's Accounting Standards for Business Enterprises in the preparation of financial statements shall adopt the new accounting standards from 1 January 2019; while other enterprises that adopt the Accounting Standards for Business Enterprises shall adopt the new accounting standards from 1 January 2021. Due to the aforesaid revised accounting standards, the Company has adjusted its accounting policies with respect to leases accordingly.

## 7. Reason for changes in scope of the consolidated financial statements compared to the financial report for the prior year

Applicable  N/A

Subsidiaries that are newly incorporated into the scope of consolidation in this period

Name of subsidiary	Reason
Luzhou Laojiao New Retail Co., Ltd.	Incorporated through investment

Liquidation and cancellation for subsidiaries in this period

Name of subsidiary	Reason
Luzhou Laojiao Whitail Innovative Electronic Commerce Co., Ltd.	Liquidation and cancellation
Luzhou Laojiao Selected Electronic Commerce Co., Ltd.	Liquidation and cancellation
Chengdu Tianfu Panda Whitail Liquor Industry Co., Ltd.	Liquidation and cancellation
Luzhou Whitail Tongdao Uncle Constellation Baijiu Sales Co., Ltd.	Liquidation and cancellation

## 8. Engagement and disengagement of CPA firm

CPA firm at present

Name of the domestic CPA firm	Sichuan Huaxin (Group) CPA Firm
The Company's payment for the domestic CPA firm (CNY'0,000)	98
Consecutive years of the audit service provided by the domestic CPA firm	23
Names of the certified public accountants from the domestic CPA firm	Li Wulin, Tang Fangmo, He Shoufu
Consecutive years of the audit service provided by the certified public accountants	Li Wulin 2 years, Tang Fangmo 3 years, He Shoufu 2 years

Whether the CPAs firm was changed in the current period

Yes  No

Engagement of any CPAs firm for internal control audit, financial advisor or sponsor

Applicable  N/A

The Company appointed Sichuan Huaxin (Group) CPA Firm as the internal control auditor for this year. The remuneration of audit in total paid by the Company was CNY 500 thousand.

## 9. Possibility of delisting after disclosure of this annual report

Applicable  N/A

## 10. Bankruptcy and reorganization

Applicable  N/A

No such cases in the reporting period.

## 11. Material litigation and arbitration

Applicable  N/A

Profile of litigation (arbitration)	Amount involved in the case (CNY'0,000)	Whether it forms an estimate liability	Progress in litigation (arbitration)	Trial results and impacts of litigation (arbitration)	Execution of judgment of litigation (arbitration)	Date of disclosure	Disclosure index
The Company filed a lawsuit with ABC	14,942.5	No	The second trial has	For the losses that the Company	The Company applied to Hunan	15 October 2014	See Section VI "Other

<p>Changsha Yingxin Branch over a deposit dispute, and the case has been completed in the first instance of Hunan Province Higher People's Court and the final trial of the Supreme People's Court. The case is now at the stage of enforcement.</p>			<p>been concluded, and the case is now at the stage of enforcement.</p>	<p>cannot recover through criminal execution procedures, 40% shall be borne by ABC Changsha Yingxin Branch, 20% shall be borne by ABC Changsha Hongxin Branch and the rest shall be borne by the Company itself.</p>	<p>Province Higher People's Court for enforcement of the verdict. Hunan Province Higher People's Court ruled that Hunan Changsha Intermediate People's Court should see to the execution of the verdict. Upon the enforcement, the banks have paid part of the compensations.</p>		<p>significant events”</p>
<p>The Company filed a lawsuit with ICBC Nanyang Zhongzhou Branch over a deposit dispute, and the case has been completed in the first instance of Henan Province Higher People's Court and the final trial of the Supreme People's Court. The case is now at the stage of enforcement.</p>	<p>15,000 No</p>		<p>The second trial has been concluded, and the case is now at the stage of enforcement.</p>	<p>ICBC Nanyang Zhongzhou Branch, ICBC Nanyang Branch, and Sanya Rural Commercial Bank Hongsha Branch shall pay compensations of CNY 75 million, CNY 7.5 million and CNY 6.105 million respectively with the relevant interest to the Company, and the rest of the loss shall be borne by the Company itself.</p>	<p>The banks have paid part of the compensations. As there was a dispute over the verdict, the Company applied to Henan Province Higher People's Court for enforcement of the verdict. Henan Province Higher People's Court ruled that Nanyang Intermediate People's Court should see to the execution of the verdict. The case is now at the stage of enforcement by Nanyang Intermediate People's Court.</p>	<p>10 January 2015</p>	<p>See Section VI “Other significant events”</p>

## **12. Punishments and rectifications**

Applicable  N/A

No such cases in the reporting period.

## **13. Credit conditions of the Company as well as its controlling shareholder and actual controller**

Applicable  N/A

## **14. Significant related party transactions**

### **14.1. Related party transactions arising from routine operation**

Applicable  N/A

No such cases in the reporting period.

### **14.2. Related party transactions regarding purchase or sales of assets or equity interests**

Applicable  N/A

No such cases in the reporting period.

### **14.3. Related party transitions arising from joint investments in external parties**

Applicable  N/A

No such cases in the reporting period.

### **14.4. Credits and liabilities with related parties**

Applicable  N/A

No such cases in the reporting period.

### **14.5. Transactions with related finance companies**

Applicable  N/A

The Company did not make deposits in, receive loans or credit from and was not involved in any other

finance business with any related finance company or any of its related parties.

#### **14.6. Transactions between finance companies controlled by the Company and related parties**

Applicable  N/A

No related parties made deposits in, received loans or credit from or was involved in any other finance business with any finance company controlled by the Company.

#### **14.7. Other significant related party transactions**

Applicable  N/A

No such cases in the reporting period.

### **15. Significant contracts and their execution**

#### **15.1. Trusteeship, contracting and leasing**

##### **15.1.1. Trusteeship**

Applicable  N/A

No such cases in the reporting period.

##### **15.1.2. Contracting**

Applicable  N/A

No such cases in the reporting period.

##### **15.1.3. Leasing**

Applicable  N/A

No such cases in the reporting period.

#### **15.2. Major guarantees**

Applicable  N/A

No such cases in the reporting period.

### 15.3. Entrusted cash asset management

#### 15.3.1. Entrusted assets management

Applicable  N/A

Entrusted assets management during the reporting period

Unit: CNY 10,000

Type	Fund source for entrusted assets management	Amount of entrusted assets management	Undue balance	Overdue outstanding amount	Impairment allowances for the overdue outstanding amount
Wealth management product of bank	Own funds	50,000	50,000	0	0
Wealth management product of trust company	Own funds	20,000	20,000	0	0
Total		70,000	70,000	0	0

Particulars of high risk wealth management products with a significant single amount or low security or poor liquidity

Applicable  N/A

Expected inability to recover the principal of entrusted assets management or other circumstances that may result in impairment

Applicable  N/A

#### 15.3.2 Entrust loans

Applicable  N/A

No such cases in the reporting period.

### 15.4. Other significant contracts

Applicable  N/A

No such cases in the reporting period.

## 16. Other significant events

√ Applicable □ N/A

The Company's three savings deposits of CNY 500 million, including ABC Changsha Yingxin Branch and ICBC Nanyang Zhongzhou Branch are involved in contract disputes. Combined with the assets preservation situation of the public security authorities and professional legal advice issued by lawyers, the Company has made a provision of CNY 200 million for bad debts for the deposit of CNY 500 million for contract disputes. As of the end of the reporting period, a cumulative amount of CNY 368 million had been recovered with respect to the three disputed contracts. In view of the value of assets preserved by the public security authorities and the professional legal advice issued by Beijing Weiheng (Chengdu) Law Firm, the Company adjusted the provision for bad debts by reversing an amount of CNY 80 million. Therefore, the cumulative provision for bad debts for the aforesaid contract disputes was CNY 120 million as at the end of the reporting period.

See details in the Company's announcements:

Date of announcement	No.	Catalogue	Official website
15 October 2014	2014-35	Announcement of significant litigation	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
12 November 2014	2014-41	Announcement of significant litigation progress	
6 December 2014	2014-43	Announcement of significant litigation progress part II	
10 January 2015	2015-1	Announcement of significant events	
4 February 2015	2015-4	Announcement of significant events progress	
25 March 2015	2015-11	Announcement of significant litigation progress part III	
18 April 2015	2015-20	Announcement of significant litigation progress part IV	
22 April 2015	2015-21	Announcement of significant events progress part II	
24 April 2015	2015-25	Announcement of significant litigation progress part V	
15 July 2015	2015-44	Announcement of significant litigation progress part VI	
22 July 2015	2015-45	Announcement of significant litigation progress part VII	
6 June 2018	2018-17	Announcement of significant litigation progress part VIII	
7 May 2019	2019-11	Announcement of significant litigation progress part IX	

17 May 2019	2019-13	Announcement of significant litigation progress part X
24 March 2020	2020-6	Announcement of significant litigation progress part XI
6 May 2020	2020-14	Announcement of significant litigation progress part XII
7 November 2020	2020-34	Announcement of significant litigation progress part XIII
6 July 2021	2021-30	Announcement of significant litigation progress part XIV
15 December 2021	2021-57	Announcement of significant litigation progress part XV
30 December 2021	2021-64	Announcement of significant litigation progress part XVI

## 17. Significant events of subsidiaries

√ Applicable □ N/A

The Company invested in the technical upgrade program of brewing and implemented the program with the wholly-owned subsidiary, Brewing Company, as the entity. On 30 June 2020, the *Proposal on Increasing Investment in the Technical Upgrade Program of Brewing* was approved by the 2019 Annual General Meeting of Shareholders upon deliberation. According to the proposal, extra CNY 1,462,996,500 of funds would be invested in the technical upgrade program of brewing. Upon this increase of funds, the total investment in the technical upgrade program of brewing would reach CNY 8,877,276,500. For more information, please refer to the following announcements: *Announcement on Investing in the Technical Upgrade Program of Brewing by the Subsidiary* disclosed on 28 April 2016 with an Announcement No. of 2016-12; *Announcement on Increasing Investment in the Technical Upgrade Program of Brewing* disclosed on 2 June 2020 with an Announcement No. of 2020-17 (<http://www.cninfo.com.cn/>). As of December 2020, construction was completed for the project. Quality inspection and acceptance of the relevant sub-projects was finished. Other inspection and acceptance, as well as advance transfer to fixed assets based on estimated value were finished in June 2021.



## Section VII Changes in Shares and Information about Shareholders

### 1. Changes in shares

#### 1.1 Changes in shares

Unit: Share

	Before		Changes in this year (+, -)					After	
	Number	Proportion	Issuance of new shares	Bonus shares	Capitalization of capital reserves	Other	Subtotal	Number	Proportion
I. Restricted shares	445,921	0.03%				-198,000	-198,000	247,921	0.02%
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Shares held by other domestic investors	445,921	0.03%				-198,000	-198,000	247,921	0.02%
Of which: shares held by domestic corporations									
Shares held by domestic individuals	445,921	0.03%				-198,000	-198,000	247,921	0.02%
4. Shares held by foreign corporations									
Of which: shares held by foreign corporations									
Shares held by foreign individuals									
II. Non-restricted shares	1,464,306,555	99.97%				198,000	198,000	1,464,504,555	99.98%
1. CNY common shares	1,464,306,555	99.97%				198,000	198,000	1,464,504,555	99.98%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Other									
III. Total shares	1,464,752,476	100.00%				0	0	1,464,752,476	100.00%

Reasons for the change in shares

Applicable  N/A

Approval of share changes

Applicable  N/A

Transfer of share ownership

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

## 1.2 Changes in restricted shares

Applicable  N/A

Unit: Share

Name of shareholder	Number of restricted shares held at the beginning of the reporting period	Increase in restricted shares during the reporting period	Decrease in restricted shares during the reporting period	Number of restricted shares held at the end of the reporting period	Reason for restriction	Date of unlocking
Jiang Yuhui	190,500	0	190,500	0	Locked-up shares of senior management	29 December 2021
Yang Benhong	7,500	0	7,500	0	Locked-up shares of senior management	29 December 2021
Total	198,000	0	198,000	0	--	--

## 2. Issuance and listing of securities

### 2.1 Securities (excluding preferred shares) issued in the reporting period

Applicable  N/A

### 2.2 Changes in total shares of the Company and the shareholder structure, as well as the asset and liability structure

Applicable  N/A

### 2.3 Existing staff-held shares

Applicable  N/A

## 3. Shareholders and actual controller

### 3.1 Total number of shareholders and their shareholdings

Unit: Share

Total number of common shareholders at the end of the reporting period	142,588	Total number of common shareholders at the prior month-end before the disclosure date of the annual report	140,711	Total number of preferred shareholders with resumed voting rights by the end of the reporting period (if any)(see Note 8)	0	Total number of preferred shareholders with resumed voting rights by the end of the reporting period (if any)(see Note 8)	0	
Shareholdings of shareholders with a shareholding percentage over 5% or the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held by the end of the reporting period	Increase/decrease during the reporting period	Number of holding restricted shares	Number of holding non-restricted shares	Pledged, marked or frozen shares	
							Status of shares	Number of shares
Luzhou Laojiao Group Co., Ltd.	State-owned corporation	26.02%	381,088,389	0	0	381,088,389		
Luzhou XingLu Investment Group Co., Ltd.	State-owned corporation	24.99%	365,971,142	0	0	365,971,142		
Bank of China Co., Ltd. – Baijiu index	Other	3.22%	47,095,334	17,258,349	0	47,095,334		

classification securities investment fund by China Merchants Fund								
Hong Kong Securities Clearing Company Limited	Outbound corporation	2.42%	35,440,088	2,538,426	0	35,440,088		
China Securities Finance Corporation Limited	Other	2.31%	33,842,059	0	0	33,842,059		
Bank of China Co., Ltd.—Blue chip selected hybrid securities investment fund by E Fund	Other	1.78%	26,000,000	-1,700,000	0	26,000,000		
Industrial and Commercial Bank of China Co., Ltd.-Newly growth hybrid securities investment fund by Invesco Great Wall	Other	1.31%	19,200,000	4,122,089	0	19,200,000		
Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.92%	13,539,862	-7,397,638	0	13,539,862		
Agricultural Bank of China Co., Ltd. - Consumption industry stock - based securities investment fund by E Fund	Other	0.72%	10,573,293	-3,413,534	0	10,573,293		
Bank of China Co., Ltd.—Dingyi hybrid securities investment fund by Invesco Great Wall (LOF)	Other	0.55%	8,000,000	-	0	8,000,000		
Strategic investors or general corporations become the top-ten shareholders due to placing of new shares (if any) (see note 3)		N/A						

Related parties or acting-in-concert	<p>1. Luzhou Laojiao Group Co., Ltd. and Luzhou XingLu Investment Group Co., Ltd. are both holding state-owned companies under the jurisdiction of SASAC of Luzhou. The two companies signed the agreement of persons acting in concert on 31 December 2015. For details, please refer to the announcement of the Company on 5 January 2016 - <i>Announcement on the agreement of persons acting in concert signed by shareholders</i>. The announcement number is 2016-1 (<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>). The two companies signed the renewed agreement of persons acting in concert on 27 May 2021. For details, please refer to the announcement of the Company on 29 May 2021 - <i>Announcement on the renewed agreement of persons acting in concert signed by shareholders</i>. The announcement number is 2021-18 (<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>).</p> <p>2. In addition, whether there is an association between the remaining shareholders or they belong to persons acting in concert is unknown.</p>		
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 repurchased shares among the top 10 shareholders (if any) (see note 10)	N/A		
Shareholdings of the top 10 non-restricted shareholders			
Name of shareholder	Number of non-restricted shares held in by the end of the reporting period	Type of shares	
		Type	Number
Luzhou Laojiao Group Co., Ltd.	381,088,389	CNY common shares	381,088,389
Luzhou XingLu Investment Group Co., Ltd.	365,971,142	CNY common shares	365,971,142
Bank of China Co., Ltd. – Baijiu index classification securities investment fund by China Merchants Fund	47,095,334	CNY common shares	47,095,334
Hong Kong Securities Clearing Company Limited	35,440,088	CNY common shares	35,440,088
China Securities Finance Corporation Limited	33,842,059	CNY common shares	33,842,059
Bank of China Co., Ltd. – Bluechip selected hybrid securities investment fund by E Fund	26,000,000	CNY common shares	26,000,000
Industrial and Commercial Bank of China Co., Ltd.-Newly growth hybrid securities investment fund by Invesco Great Wall	19,200,000	CNY common shares	19,200,000
Central Huijin Asset Management Co., Ltd.	13,539,862	CNY common shares	13,539,862

Agricultural Bank of China Co., Ltd. - Consumption industry stock - based securities investment fund by E Fund	10,573,293	CNY common shares	10,573,293
Bank of China Co., Ltd. —Dingyi hybrid securities investment fund by Invesco Great Wall (LOF)	8,000,000	CNY common shares	8,000,000
The statement of association or acting-in-concert between the top 10 shareholders of unrestricted shares and between the top 10 shareholders of unrestricted shares and top 10 shareholders	See the table above		
Top 10 common shareholders participating in securities margin trading (if any) (see note 4)	N/A		

Did any of the top 10 common shareholders or the top non-restricted common shareholders of the Company conduct any promissory repurchase during the reporting period.

Yes  No

The top 10 non-restricted common shareholders, the top 10 common shareholders did not conduct any promissory repurchase during the reporting period.

### 3.2 Controlling shareholder

Nature of controlling shareholder: Local state-owned

Type of controlling shareholder: Corporation

Name of controlling shareholder	Legal representative/Company principal	Date of establishment	Credibility code	Main business scope
Luzhou Laojiao Group Co., Ltd.	Liu Miao	21 December 2000	91510500723203346U	Investment and asset management; Investment in wine, food, finance, trade, logistics, education, medical and health care, cultural tourism and Internet industries; Holding company services; Social and economic consulting, enterprise management consulting, enterprise management services; Supply chain management services; Import and export business and trade

				agents; Food production and sales (including online); Crop cultivation and marketing services (including online). (The Company cannot start business activities until projects subject to approval according to law are approved by relevant departments.)
Shareholdings of the controlling shareholder in other controlled or non-controlled listed companies at home or abroad during the reporting period	1. As of 30 June 2021, Laojiao Group holds 70,406,310 shares of Luzhou Xinglu Water (Group) Co., Ltd. (02281.HK), accounting for 8.19% of the total issued shares. 2. As of 30 September 2021, Laojiao Group holds 212,954,666 shares of Hongli Zhihui Group Co., Ltd. (300219.SZ) through its wholly-owned subsidiary, Sichuan Jinduo investment Co., Ltd., accounting for 30.08% of the total issued shares. 3. As of 30 September 2021, Laojiao Group holds 475,940,143 shares of Huaxi Securities Co., Ltd. (002926.SZ), accounting for 18.13% of the total issued shares. 4. As of 31 December 2021, Laojiao Group holds 390,528,000 shares of Luzhou Bank (01983.HK), accounting for 14.37% of the total issued shares.			

Change of the controlling shareholder during the reporting period

Applicable N/A

No such cases in the reporting period

### 3.3 Actual controller and its persons acting in concert

Nature of actual controller: Local State-owned Assets Supervision and Administration Commission

Type of actual controller: Corporation

Name of actual controller	Legal representative/Company principal	Date of establishment	Credibility code	Main business scope
SASAC of Luzhou	Du Lei	1 March 2005	11510400771686813T	State-owned assets supervision and administration department
Share holdings of the controlling shareholder in other controlled or non-controlled listed companies at home or abroad during the reporting period.	1. As of 30 June 2021, XingLu Group, a controlled subsidiary of SASAC of Luzhou, holds 511,654,127 shares of Luzhou Xinglu Water (Group) Co., Ltd. (02281.HK), accounting for 59.51% of the total issued shares. Luzhou Infrastructure Construction Investment Co., Ltd., a holding subsidiary of XingLu Group, holds 62,709,563 shares of Luzhou Xinglu Water (Group) Co., Ltd. (02281.HK), and accounting for 7.29% of the total issued shares. Laojiao Group, a controlled subsidiary under SASAC of Luzhou, holds 70,406,310 shares of Luzhou Xinglu Water (Group) Co., Ltd. (02281.HK), accounting for 8.19% of the total issued shares. 2. As of 30 September 2021, Laojiao Group holds 212,954,666 shares of Hongli Zhihui Group Co., Ltd. (300219.SZ) through its controlled subsidiary, Sichuan Jinduo investment Co., Ltd., accounting for 30.08% of the total shares issued.			

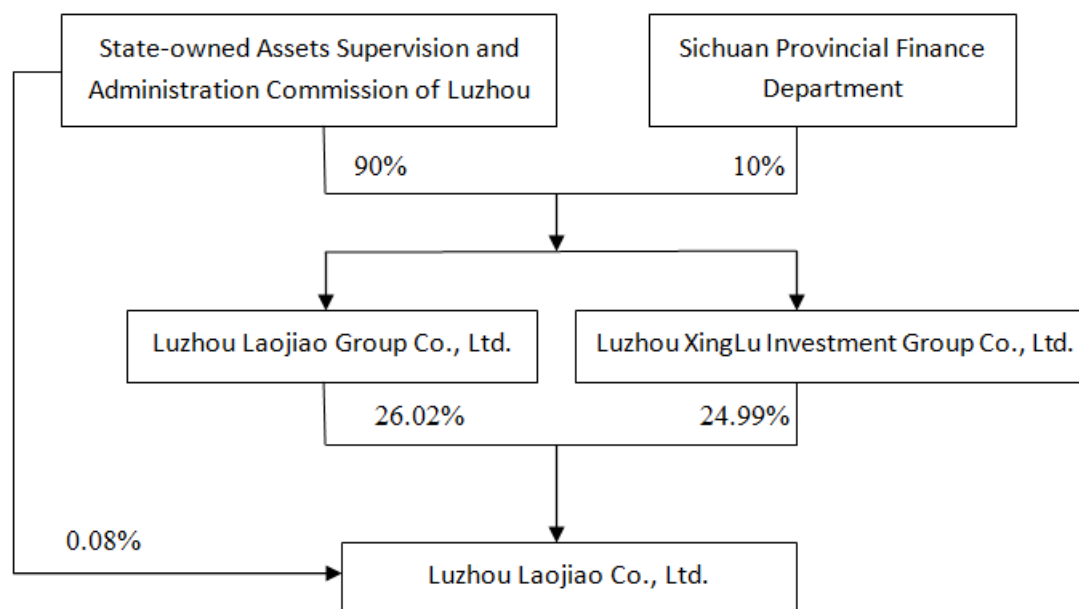
	<p>3. As of 30 September 2021, Luzhou Industrial Investment Group Co., Ltd., a holding Company under the jurisdiction of SASAC of Luzhou, holds 193,464,610 shares of Sichuan Lutianhua Company Limited (000912.SZ), accounting for 12.34% of the total shares issued. Lutianhua Group Company Limited, a wholly-owned subsidiary of Luzhou Industrial Investment Group Co., Ltd., holds 221,458,993 shares of Sichuan Lutianhua Company Limited (000912.SZ), and accounting for 13.49% of the total issued shares.</p> <p>4. As of 30 September 2021, Laojiao Group, a controlled subsidiary under SASAC of Luzhou, holds 475,940,143 shares of Huaxi Securities Co., Ltd. (002926.SZ), accounting for 18.13% of the total issued shares.</p> <p>5. As of 31 December 2021, Laojiao Group, a controlled subsidiary under SASAC of Luzhou, holds 325,440,000 shares of Luzhou Bank (01983.HK), accounting for 14.37% of the total issued shares. XingLu Group, a controlled subsidiary under SASAC of Luzhou, holds 40,549,462 shares of Luzhou Bank (01983.HK), accounting for 1.79% of the total issued shares.</p>
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Change of the actual controller during the reporting period

Applicable  N/A

The actual controller of the Company has not changed during the reporting period.

Ownership and control relations between the actual controller and the Company



The actual controller control the company through a trust or other ways of assets management

Applicable  N/A

**3.4 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  N/A



**3.5 Other corporate shareholders with a shareholding proportion over 10%**√Applicable  N/A

Name of corporate shareholder	Legal representative/Company principal	Date of establishment	Registered capital (CNY)	Main business scope
Luzhou XingLu Investment Group Co., Ltd.	Dai Zhiwei	28 January 2003	4,934,049,244	Investment and asset management; Project management services; Self-finance real estate business activities; Investment advisory services, financial advisory services

**3.6 Limits on reduction of the Company's shares held by its controlling shareholder, actual controller, restructuring party and other commitment entities.**Applicable √ N/A**4. Specific implementation of share repurchase during the reporting period**

Implementation progress of shares repurchases

 Applicable √ N/A

Implementation progress of share buyback reduction through centralized bidding

 Applicable √ N/A

## Section VIII Preferred Shares

Applicable  N/A

No preferred stock in the Company during the reporting period.

## Section IX Information about Bond

Applicable  N/A

### 1. Enterprise bonds

Applicable  N/A

No such cases in the reporting period.

### 2. Corporate bonds

Applicable  N/A

#### 2.1. Basic information about the corporate bond

Unit: CNY

Name	Abbr.	Code	Issue date	Value date	Due date	Bond balance	Interest rate	Way of redemption	Place of trading
2019 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	19 Lao Jiao 01	112959.SZ	27 August 2019	28 August 2019	28 August 2024	2,500,000,000.00	3.58%	In terms of the bonds of this phase, interests will be paid by year and the principal will be repaid in lump sum at maturity. The interests will be paid once every year and the interests	Shenzhen Stock Exchange

								for the last installment will be paid together with the principal.	
2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	20 Lao Jiao 01	149062.SZ	16 March 2020	17 March 2020	17 March 2025	1,500,000,000.00	3.50%	In terms of the bonds of this phase, interests will be paid by year and the principal will be repaid in lump sum at maturity. The interests will be paid once every year and the interests for the last installment will be paid together with the principal.	Shenzhen Stock Exchange
Appropriate arrangement of the investors (if any)	The bonds are applicable to eligible investors who have qualified securities accounts with Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., are permitted to engage in the subscription and transfer of corporate bonds in accordance with the <i>Management Measures for the Issue and Transaction Management of Corporate Bonds</i> , <i>Management Measures for the Suitability of Securities and Futures Investors</i> , <i>Management Measures of Shenzhen Stock Exchange for the Suitability of Securities Market Investors</i> , and relevant laws and regulations, and have the corresponding risk identification and bearing capacity (excluding those prohibited by laws and regulations)								
Trading systems applicable	Tradable by way of bidding, offering, inquiry and agreement								
Risk of termination of listing and	N/A								

trading (if any) and countermeasures	
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Overdue bonds

Applicable  N/A

## 2.2. Triggering and execution of issuer or investor option clauses and investor protection clauses

Applicable  N/A

## 2.3. Information about the intermediaries

Bond	Intermediary	Office address	Signature accountant	Contact person of intermediary	Contact number
2019 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)/ 2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	China International Capital Corporation Limited.	33 <sup>rd</sup> Floor, China World Office 2, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing	N/A	Qi Qin	(010)65051166
2019 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)/ 2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No.2 Nanzhugan hutong, Chaoyang mennei Avenue, Dongcheng District, Beijing	N/A	Sun Shu	(010)66428877
2019 Public Offering of	Sichuan Huaxin (Group) CPA Firm	28 <sup>th</sup> Floor, No.18 Jinmaolidu South,	Li Wulin, Tang Fangmo, He	He Shoufu	(028) 85560449

Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)/ 2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)		Ximianqiao Street, Chengdu	Shoufu		
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Indicate by tick mark whether above intermediaries changed in the reporting period

Yes  No

## 2.4. List of the usage of the raised funds

Unit: CNY

Bonds	Total amount	Amount spent	Unused amount	Operation of special account for raised funds (if any)	Rectification of raised funds for violation operation (if any)	Whether is consistent with the usage, using plan and other agreements stipulated in the raising specification
2019 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	2,500,000,000.00	2,530,818,423.11 <sup>1</sup>	0.00	The company has set up a special account to deposit the funds raised and has signed a fund account supervision agreement to clarify it. The special account for	N/A	Yes

				<p>fund raising was operating normally during the Reporting Period. (1) Account name: Luzhou Laojiao Co., Ltd.; Opening bank: Guangfa Bank Co., Ltd., Chengdu Branch; Bank account: 9550880046723000135.</p> <p>(2) Account name: Luzhou Laojiao Co., Ltd.; Opening bank: Bank of Communications Co., Ltd., Luzhou Branch; Bank account: 517517460013000000860.</p> <p>(3) Account name: Luzhou Laojiao Co., Ltd.; Opening bank: China Merchants Bank Co.,</p>		
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				Ltd., Chengdu Fucheng Avenue Sub-branch; Bank account: 0289001404 10888.		
2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	1,500,000,000.00	356,604,601.62	1,218,797,527.44	The company has set up a special account to deposit the funds raised and has signed a fund account supervision agreement to clarify it. The special account for fund raising was operating normally during the Reporting Period. (1) Account name: Luzhou Laojiao Co., Ltd.; Opening bank: Guangfa Bank Co., Ltd., Chengdu Branch; Bank account: 9550880046	N/A	Yes



				723000135. (2) Account name: Luzhou Laojiao Co., Ltd.; Opening bank: Bank of Communicati ons Co., Ltd., Luzhou Branch; Bank account: 5175174600 1300000086 0. (3) Account name: Luzhou Laojiao Co., Ltd.; Opening bank: China Minsheng Bank Co., Ltd., Chengdu Branch; Bank account: 631395395.		
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Note: 1. Including accumulated interest income of CNY 40,825,632.44, net of issue costs of CNY 10,000,000 and accumulated handling expenses of CNY 7,209.33

The raised funds were used for project construction

Applicable  N/A

The Company raised a fund of CNY 4.0 billion through the issue of corporate bonds respectively on 27 August 2019 and 16 March 2020. After deduction of the issue fees, the balance amount was set to use in the technical renovation project of brewing (Phase II), Project of Intelligent Upgrading and Building of the Information Management System, Project of Acquiring Sealing Equipment for the Cellar of Huangyi Brewing Base and Project of Acquiring Accessory Equipment for Leaven Making for Huangyi Brewing Base. As of 31 December 2021, CNY 2,887,423,000 of the fund-raising through the issue of corporate bonds had been used.

The Company changed the usage of above funds raised from bonds during the reporting period.

Applicable  Not applicable

## **2.5. Changes in credit ratings in the reporting period**

Applicable  Not applicable

## **2.6. Execution and changes with respect to guarantees, repayment plans and other repayment-ensuring measures in the reporting period, as well as the impact on the interests of bond holders**

Applicable  Not applicable

## **3. Debt instruments as a non-financial enterprise**

Applicable  N/A

No such cases in the reporting period.

## **4. Convertible corporate bonds**

Applicable  N/A

No such cases in the reporting period.

## **5. Consolidated loss of the reporting period over 10% of net assets as at the end of last year**

Applicable  N/A

## **6. Matured interest-bearing debt excluding bonds up the period-end**

Applicable  N/A

## **7. Whether there was any violation of rules and regulations during the reporting period**

Yes  No

## 8. The major accounting data and the financial indicators of the recent 2 years of the company as of the end of the reporting period

Unit: CNY 10,000

Item	31 December 2021	31 December 2020	Change
Current ratio	2.43	2.57	-5.45%
Debt/asset ratio	34.89%	33.78%	1.11%
Quick ratio	1.74	1.95	-10.77%
	2021	2020	Change
Net profits before non-recurring gains and losses	788,438.41	599,083.18	31.61%
EBITDA/debt ratio	277.43%	203.61%	73.82%
Interest cover (times)	49.41	30.88	60.01%
EBITDA-to-interest cover (times)	52.01	32.05	62.28%

## Section X Financial Report

### 1. Auditor's report

Type of audit report	Standard without reserved opinion
Signing date of auditor's report	27 April 2022
Name of Audit	Sichuan Huaxin (Group) CPA Firm
No. of auditor's report	Chuan Huaxin Audit [2022] No. 0041
Names of auditors	Li Wulin, Tang Fangmo, He Shoufu

#### Auditor's Report

To the shareholders of Luzhou Laojiao Co., Ltd.:

#### Opinion

We have audited the financial statements of Luzhou Laojiao Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2021, consolidated income statement and income statement, consolidated cash flow statement and cash flow statement, consolidated statement of changes in owners' equity and statement of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the company as at 31 December 2021 and its operating results and cash flow for the year then ended.

#### Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs") for Certified Public Accountants. 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 the Company in accordance with the Code of professional ethics for Certified Public Accountants in China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the

context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters identified in our audit are summarized as follows:

<b>1. Key audit matters-Recognition of domestic baijiu sales revenue</b>	
<b>Key audit matters</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>As shown in Note 5.34 in the Financial Statements, the domestic baijiu sales revenue in the Company is CNY 20,331,834,100, accounting for 99.59% of the primary business revenue of CNY 20,415,170,500. It is the main source of the Company's operating profit. For the operating revenue is one of the key results indicators and the inherent risk of its misstatement is relatively high, therefore, we identified the recognition of domestic baijiu sales revenue as a key audit matter.</p>	<p>Our procedures in relation to recognition of domestic baijiu sales revenue included:</p> <ol style="list-style-type: none"> <li>1. Understood, evaluated and tested the reasonableness and effectiveness of the internal control design related to the Company's revenue. Particular attention was paid to the appropriateness of specific conditions for recognition of revenue.</li> <li>2. Compared the key indicators such as sales volume, unit price of sales and gross profit rate of the Company in the current period with those in the previous period, so as to identify the rationality of changes in key indicators and reasons for changes.</li> <li>3. The income of the top five customers accounted for 68.46% of the total business income. For the top five customers, we carried out the following audit procedures to verify the occurrence, completeness and accuracy of the revenue recognized by the management:               <ol style="list-style-type: none"> <li>(1) Obtained the sales contract signed by the Company and the customer, carefully read the key terms of the contract, and understand the implementation of the contract;</li> <li>(2) Performed the confirmation procedure. We sent confirmation letters to verify the amount of sales revenue in the reporting period and the closing balance of accounts receivables or contract liabilities during the reporting period. For local customers in Luzhou, we went to their office to carry out confirmation procedure and obtained the situation of purchase, sales and storage of Luzhou Laojiao brand baijiu during the reporting period, so as to analyze and judge whether there are abnormal fluctuations in its inventory and its rationality; For customers outside Luzhou, we mailed confirmation letters and controlled the whole process of reply letter by ourselves.</li> <li>(3) Inquired the customer's business information and key personnel information, and checked whether they are related party of the Company.</li> </ol> </li> <li>4. For other customers, randomly checked sales contracts, customers' purchase orders, shipping</li> </ol>

	<p>documents, transport documents, accounting vouchers, payment receipts, customer signature records and other materials to verify the occurrence, completeness and accuracy of the revenue recognized by the management.</p> <p>5. Selected the confirmation voucher of large amount of sales before and after the balance sheet date, paid attention to the date of sales invoice and customer receipt, and paid attention to whether there is a large amount of return after the period, so as to verify whether the corresponding revenue is included in the appropriate accounting period.</p> <p>The evidence obtained from the above audit procedures can support the Company's management's recognition of domestic baijiu sales revenue.</p>
<b>2. Key audit matters-Existence of bank deposits</b>	
<b>Key audit matters</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>As of 31 December 2021, the bank balance of the Company is CNY 13.491 billion, accounting for 31.22% of the total assets. Bank deposits are high-risk assets. Therefore, we identified the existence of bank deposits as a key audit matter.</p>	<p>Our procedures in relation to existence of bank deposits included:</p> <ol style="list-style-type: none"> <li>1. Understood and tested the design and implementation of key internal controls related to the funds management cycle to confirm the effectiveness of relevant internal controls.</li> <li>2. Accompanied by relevant personnel of the Company, auditors went to the bank by themselves where the Company opens a basic bank account to print the account opening list of the Company and check the account opening information individually.</li> <li>3. Checked the carrying amount of all bank accounts with the original amount of bank statements and certificates of deposit, and obtained all copies.</li> <li>4. Based on the results of checking the amount of bank statements, obtained the balance reconciliation of all bank accounts compiled by the Company, and check all the outstanding items, whether there are any important overdue items that are not booked in time.</li> <li>5. Implemented the confirmation procedure for the Company's bank deposits, in which the local deposit accounts in Luzhou were confirmed by auditors and the Company's cashier in the bank; The confirmation letters of deposit accounts outside Luzhou were sent out by mailing after auditors checked the address and the receiver through telephone, network and other public information, and we controlled the whole reply letter</li> </ol>

	<p>process by ourselves.</p> <p>6. Obtained and reviewed time deposits or structured deposit agreements, identified the types of relevant bank deposits, analyzed the principal and interest recovery risks, and judged the adequacy of the disclosure.</p> <p>7. Inquired the management and relevant personnel about the purpose of all bank accounts on the Company's books and analyzed whether there are abnormal use or bank accounts opened for unknown reasons.</p> <p>The evidence obtained from the above audit procedures can support the Company's management's assertion of the existence of bank deposits.</p>
<b>3. Key audit matters- Recognition of the book value, the time and amount of pre-transfers into fixed assets of the technical renovation project of brewing</b>	
<b>Key audit matters</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>As shown in Note 5.12 of the financial statements, the Company's budgeted investment in the technical renovation project of brewing is CNY 8,877,276,500. The Company intends to increase fixed assets and intangible assets of CNY 1,087,245,000 from transfer in 2021, and the balance of the construction in progress will be CNY 0 at the end of the construction. Because the amount spent on the technical renovation project of brewing is significant, the recognition of the time and amount of transfer from construction in progress to fixed assets involves the estimation and judgment of the management, and the withdrawal of depreciation and amortization has a direct impact on the current profit, we identified the recognition of the book value, the time and amount of pre-transfers into fixed assets of the technical renovation project of brewing as a key audit matter.</p>	<p>Our procedures in relation to the recognition of the book value, the time and amount of pre-transfers into fixed assets of the technical renovation project of brewing included:</p> <p>1. Understood and tested the design and implementation of key internal controls related to the assets management cycle to confirm the effectiveness of relevant internal controls.</p> <p>2. Check on project investment: we selected samples for new important amounts occurred in the current period with regard to the technical renovation project of brewing, reviewed the ledger of the project contracts, and examined supporting documents related to it, including tender and bidding documents, project establishment or budget documents, project contracts and invoices, final statement of the project, procurement contracts and invoices, and payment approvals.</p> <p>3. Check the time and recheck the amount of pre-transfers into fixed assets: The Company selected for new important amounts transferred into fixed assets in the current period with regard to the technical renovation project of brewing, and checked the inspection reports jointly confirmed by the five ownership including supervisors, constructors, designers, inspectors and Project Responsible Unit. The Company also checked the Notice on Project Transfer into Fixed Assets compiled by the Project Responsible Unit and related approval procedures, and made a</p>

	<p>comparative analysis between production materials input and semi-finished products output. At the same time, the Company confirmed the accuracy of the time point of transfers from projects in progress to fixed assets through the survey at project construction sites and interviews with project management personnel.</p> <p>The Company collected and checked the information on pre-transfers into fixed assets such as the temporary assessment schedule of the project. Based on the project budget and the settlement expenditure that has incurred, the Company analyzed and judged the rationality of the amount of pre-transfers into fixed assets.</p> <p>4. Based on our understanding and comparison, we assessed the reasonableness of the management's estimation on the service life and net salvage value of the part transferred into fixed assets.</p> <p>5. Check on construction in progress: we checked the status of the technical renovation project of brewing through site survey, observed, understood and inquired about the project progress and construction statuses, and compared the project progress report and the actual progress.</p> <p>The evidence obtained from the above audit procedures can support the Company's management's assertion of the recognition of the book value, the time and amount of pre-transfers into fixed assets of the technical renovation project of brewing.</p>
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### Other information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, 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.



**Responsibilities of directors and those charged with governance for the financial statements**

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the disclosure requirements of Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (4) Conclude on the appropriateness of the directors' 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 the Company'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 the Company 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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 the 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 the governance, we determine those matters that were of most significance in the audit of the consolidated 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.

Sichuan Huaxin (Group) CPA Firm

Chengdu·China

Chinese CPA: Li Wulin

(Engagement Partner):

Chinese CPA: Tang Fangmo

Chinese CPA: He Shoufu

27 April 2022

## 2. Financial statements

Monetary unit for the financial statements and the notes thereto: CNY

Prepared by: Luzhou Laojiao Co.,Ltd.

### Consolidated balance sheet

As at 31 December 2021

Monetary Unit: CNY

Item	Balance as at 31 December 2021	Balance as at 31 December 2020
<b>Current assets:</b>		
Cash and cash equivalents	13,513,494,580.56	11,624,870,340.60
Settlement reserves		
Lending funds		
Held-for-trading financial assets	706,352,241.79	
Derivative financial assets		
Notes receivables		
Accounts receivables	1,628,248.55	1,507,852.43
Accounts receivables financing	4,757,631,778.64	3,209,371,766.35
Prepayment	178,087,688.81	74,685,537.38
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		
Other receivables	28,615,361.96	127,032,931.42
Including: Interests receivable		
Dividends receivable		1,407,900.00
Buying back the sale of financial assets		
Inventories	7,277,573,166.80	4,695,663,431.25
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	111,974,532.91	156,565,424.18
<b>Total current assets</b>	<b>26,575,357,600.02</b>	<b>19,889,697,283.61</b>
<b>Non-current assets:</b>		
Disbursement of loans and advances		

Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	2,626,744,236.25	2,477,667,171.27
Investments in other equity instruments	363,312,120.43	347,160,399.42
Other non-current financial assets		
Investment property		
Fixed assets	8,089,487,274.39	6,887,108,174.72
Construction in progress	1,259,845,487.50	2,012,129,880.15
Productive biological assets		
Oil and gas assets		
Use right assets	52,714,810.04	
Intangible assets	2,606,359,188.72	2,657,118,025.37
Development expenses		
Goodwill		
Long-term deferred expenses	1,463,869.21	2,305,902.21
Deferred tax assets	986,112,983.42	725,210,660.84
Other non-current assets	650,384,435.70	10,806,325.86
<b>Total non-current assets</b>	<b>16,636,424,405.66</b>	<b>15,119,506,539.84</b>
<b>Total assets</b>	<b>43,211,782,005.68</b>	<b>35,009,203,823.45</b>
<b>Current liabilities:</b>		
Short-term loans		
Borrowings from the central bank		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		121,285,117.60
Accounts payable	2,420,354,469.53	2,604,289,199.77
Advance from customer		
Contract liabilities	3,510,110,701.25	1,678,837,166.94
Financial assets sold for repurchase		
Deposits from customers and inter-bank		
Customer brokerage deposits		

Securities underwriting brokerage deposits		
Employee benefits payable	648,103,740.96	505,022,627.19
Taxes payable	3,173,479,627.79	2,046,027,211.13
Other payable	652,393,292.60	501,623,924.54
Including: Interests payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	86,202,215.03	72,219,178.08
Other current liabilities	456,314,391.17	218,267,353.36
<b>Total current liabilities</b>	<b>10,946,958,438.33</b>	<b>7,747,571,778.61</b>
<b>Non-current liabilities:</b>		
Insurance contract reserves		
Long-term loans		
Bonds payable	3,990,785,742.23	3,987,872,100.02
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	40,667,668.08	
Long-term payables		
Long-term payroll payables		
Accrued liabilities		
Deferred income	28,531,014.28	29,739,000.00
Deferred tax liabilities	67,578,019.93	62,151,071.11
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>4,127,562,444.52</b>	<b>4,079,762,171.13</b>
<b>Total liabilities</b>	<b>15,074,520,882.85</b>	<b>11,827,333,949.74</b>
<b>Owners' equity</b>		
Share capital	1,464,752,476.00	1,464,752,476.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		

Capital reserves	3,755,354,665.73	3,722,777,063.13
Less: treasury stock		
Other comprehensive income	167,527,152.32	186,063,325.03
Special reserves		
Surplus reserves	1,464,752,476.00	1,464,752,476.00
General risk reserve		
Undistributed profits	21,187,860,235.89	16,236,513,212.43
Total equity attributable to owners of the parent company	28,040,247,005.94	23,074,858,552.59
Non-controlling interests	97,014,116.89	107,011,321.12
<b>Total owners' equity</b>	<b>28,137,261,122.83</b>	<b>23,181,869,873.71</b>
<b>Total liabilities and owners' equity</b>	<b>43,211,782,005.68</b>	<b>35,009,203,823.45</b>

Legal representative: Liu Miao

Person in charge of accounting affairs: Xie Hong

Person in charge of accounting department: Yan Li

### Balance sheet of parent company

As at 31 December 2021

Monetary Unit: CNY

Item	Balance as at 31 December 2021	Balance as at 31 December 2020
<b>Current assets:</b>		
Cash and cash equivalents	13,038,549,397.55	11,100,327,211.33
Held-for-trading financial assets	706,352,241.79	
Derivative financial assets		
Notes receivables		
Accounts receivables	1,207,477.63	3,927.50
Accounts receivables financing		
Prepayment	1,464,893.09	1,431,698.57
Other receivables	10,033,554,898.57	7,052,749,694.83
Including: Interests receivable		
Dividends receivable		1,407,900.00
Inventories	3,918,211.13	850,076.30
Contract assets		
Assets held for sale		
Non-current assets due within one year		

Other current assets		78,509.44
<b>Total current assets</b>	23,785,047,119.76	18,155,441,117.97
<b>Non-current assets:</b>		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	6,051,400,833.91	5,884,091,712.47
Investments in other equity instruments	362,983,198.80	346,831,477.79
Other non-current financial assets		
Investment property		
Fixed assets	1,087,640,695.62	640,254,574.76
Construction in progress	53,881,812.48	550,932,404.00
Productive biological assets		
Oil and gas assets		
Use right assets	573,800.02	
Intangible assets	671,147,243.40	684,010,106.13
Development expenses		
Goodwill		
Long-term deferred expenses	1,364,659.65	2,180,811.89
Deferred tax assets	91,734,925.57	89,484,552.65
Other non-current assets	500,600.00	1,526,325.86
<b>Total non-current assets</b>	8,321,227,769.45	8,199,311,965.55
<b>Total assets</b>	32,106,274,889.21	26,354,753,083.52
<b>Current liabilities:</b>		
Short-term loans		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	83,724,151.54	80,663,835.54
Advance from customer		
Contract liabilities	2,523,947.74	753,349.81
Employee benefits payable	234,008,858.96	168,254,646.38
Taxes payable	285,894,625.64	153,437,992.21

Other payables	1,659,106,919.10	699,733,563.56
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	72,625,138.08	72,219,178.08
Other current liabilities	328,113.21	116,457.13
<b>Total current liabilities</b>	<b>2,338,211,754.27</b>	<b>1,175,179,022.71</b>
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payable	3,990,785,742.23	3,987,872,100.02
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	163,523.64	
Long-term payables		
Long-term payroll payables		
Accrued liabilities		
Deferred income		1,904,000.00
Deferred tax liabilities	67,578,019.93	62,151,071.11
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>4,058,527,285.80</b>	<b>4,051,927,171.13</b>
<b>Total liabilities</b>	<b>6,396,739,040.07</b>	<b>5,227,106,193.84</b>
<b>Owners' equity</b>		
Share capital	1,464,752,476.00	1,464,752,476.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserves	3,739,666,108.27	3,706,816,950.12
Less: treasury stock		
Other comprehensive income	167,572,013.86	185,441,302.55
Special reserves		
Surplus reserves	1,464,752,476.00	1,464,752,476.00
Undistributed profits	18,872,792,775.01	14,305,883,685.01
<b>Total owners' equity</b>	<b>25,709,535,849.14</b>	<b>21,127,646,889.68</b>



<b>Total liabilities and owners' equity</b>	32,106,274,889.21	26,354,753,083.52
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### Consolidated income statement

Monetary Unit: CNY

Item	Year 2021	Year 2020
<b>1. Total operating revenue</b>	20,642,261,724.37	16,652,854,549.80
Including: Operating revenue	20,642,261,724.37	16,652,854,549.80
Interest income		
Earned premium		
Fee and commission income		
<b>2. Total operating costs</b>	10,393,487,334.14	8,935,579,731.67
Including: Cost of sales	2,952,431,488.31	2,823,484,558.06
Interest expense		
Handling charges and commission expenses		
Refunded premiums		
Net payments for insurance claims		
Net provision for insurance contracts		
Bond insurance expense		
Reinsurance Expenses		
Taxes and surcharges	2,864,901,542.85	2,223,571,956.83
Selling and distribution expenses	3,599,211,604.56	3,090,655,832.25
General and administrative expenses	1,056,116,367.85	844,454,467.47
Research and Development expenses	137,712,329.78	85,858,119.80
Financial expenses	-216,885,999.21	-132,445,202.74
Including: Interest expenses	195,125,786.35	190,368,213.56
Interest income	419,897,541.04	333,430,076.04
Plus: Other income	52,319,231.39	32,045,453.48
Investment income ("-" for	202,205,718.92	201,498,918.28

losses)		
Including: income from investment in associates and joint ventures	195,543,058.40	192,119,093.92
Income from the derecognition of financial assets measured at amortized cost ("-" for losses)		
Foreign exchange gains ("-" for losses)		
Net gain on exposure hedges ("-" for losses)		
Gains from the changes in fair values("-" for losses)	6,352,241.79	
Credit impairment losses ("-" for losses)	81,126,114.88	373,734.80
Impairment losses("-" for losses)		
Gains from disposal of assets("-" for losses)	-347,429.88	8,123,010.18
<b>3. Operating profits ("-" for losses)</b>	<b>10,590,430,267.33</b>	<b>7,959,315,934.87</b>
Plus: non-operating income	27,246,707.88	32,645,773.17
Less: non-operating expenses	66,717,487.09	52,934,859.63
<b>4. Total profits before tax ("-" for total losses)</b>	<b>10,550,959,488.12</b>	<b>7,939,026,848.41</b>
Less: income tax expenses	2,613,697,101.19	1,980,512,205.93
<b>5. Net profit ("-" for net loss)</b>	<b>7,937,262,386.93</b>	<b>5,958,514,642.48</b>
5.1 By operating continuity		
5.1.1 Net profit from continuing operation ("-" for losses)	7,937,262,386.93	5,958,514,642.48
5.1.2 Net profit from discontinued operation ("-" for losses)		
5.2 By ownership		
1) Attributable to shareholders of the parent company	7,955,554,351.73	6,005,723,069.36
2) Attributable to non-controlling interests	-18,291,964.80	-47,208,426.88
<b>6. Net of tax from other</b>	<b>-19,081,558.37</b>	<b>-10,282,236.19</b>

<b>comprehensive income</b>		
Net of tax from other comprehensive income to the owner of the parent company	-18,536,172.71	-8,753,805.54
6.1 Other comprehensive income cannot reclassified into the profit and loss:	11,707,013.25	-3,926,142.29
1) Remeasure the variation of net indebtedness or net asset of defined benefit plans		
2) Share in other comprehensive income that cannot be classified into profit and loss under equity method		
3) Changes in fair value of investments in other equity instruments	11,707,013.25	-3,926,142.29
4) Changes in fair value of the company's credit risks		
5) Other		
6.2 Other comprehensive income that will be reclassified into the profit and loss	-30,243,185.96	-4,827,663.25
1) Share in other comprehensive income that will be classified into profit and loss under equity method	-29,576,301.94	-2,965,293.21
2) Changes in fair value of investments in other debt obligations		
3) Other comprehensive income arising from the reclassification of financial assets		
4) Allowance for credit impairments in investments in other debt obligations		
5) Reserve for cash-flow hedge		
6) Balance arising from the translation of foreign currency financial statements	-666,884.02	-1,862,370.04
7) Others		
Net of tax from other comprehensive income to non-controlling interests	-545,385.66	-1,528,430.65

<b>7. Total comprehensive income</b>	7,918,180,828.56	5,948,232,406.29
Total comprehensive income attributable to owners of the parent company	7,937,018,179.02	5,996,969,263.82
Total comprehensive income attributable to non-controlling interests	-18,837,350.46	-48,736,857.53
<b>8. Earnings per share</b>		
(1) Basic earnings per share	5.43	4.10
(2) Diluted earnings per share	5.43	4.10

Legal representative: Liu Miao

Person in charge of accounting affairs: Xie Hong

Person in charge of accounting department: Yan Li

### Income statement of parent company

Monetary Unit: CNY

Item	Year 2021	Year 2020
<b>1. Operating revenue</b>	7,602,627,780.05	5,498,845,453.48
Less: Cost of sales	5,665,157,031.44	4,185,130,000.53
Taxes and surcharges	48,515,753.23	39,668,792.03
Selling and distribution expenses		
General and administrative expenses	771,788,593.30	639,110,100.69
Research and Development expenses	56,568,184.04	31,103,513.75
Financial expenses	-353,442,195.81	-212,027,662.64
Including: Interest expenses	156,432,933.96	108,660,100.27
Interest income	511,551,991.26	321,948,107.20
Plus: Other income	32,634,508.70	23,441,901.80
Investment income ("-" for losses)	6,474,502,865.88	4,129,509,837.47
Including: income from investment in associates and joint ventures	171,693,567.56	191,110,318.79
Income from the derecognition of financial assets at		

amortized cost ("-" for losses)		
Net gain on exposure hedges ("-" for losses)		
Gains from the changes in fair values ("-" for losses)	6,352,241.79	
Credit impairment losses ("-" for losses)	80,203,108.29	1,373,316.74
Asset impairment losses ("-" for losses)		
Gains from disposal of assets ("-" for losses)	546,546.66	8,127,635.68
<b>2. Operating profits ("-" for losses)</b>	<b>8,008,279,685.17</b>	<b>4,978,313,400.81</b>
Plus: non-operating income	15,646,393.45	13,505,161.25
Less: non-operating expenses	61,173,017.79	33,646,104.00
<b>3. Total profits before tax ("-" for total losses)</b>	<b>7,962,753,060.83</b>	<b>4,958,172,458.06</b>
Less: income tax expenses	391,636,642.56	216,026,393.77
<b>4. Net profit ("-" for net loss)</b>	<b>7,571,116,418.27</b>	<b>4,742,146,064.29</b>
4.1 Net profit from continuing operation ("-" for losses)	7,571,116,418.27	4,742,146,064.29
4.2 Net profit from discontinued operation ("-" for losses)		
<b>5. Net of tax from other comprehensive income</b>	<b>-17,869,288.69</b>	<b>-6,891,435.50</b>
5.1 Other comprehensive income cannot reclassified into the profit and loss:	11,707,013.25	-3,926,142.29
1) Remeasure the variation of net indebtedness or net asset of defined benefit plans		
2) Share in other comprehensive income that cannot be classified into profit and loss under equity method		
3) Changes in fair value of investments in other equity instruments	11,707,013.25	-3,926,142.29
4) Changes in fair value of the company's credit risks		

5) Other		
5.2 Other comprehensive income that will be reclassified into the profit and loss	-29,576,301.94	-2,965,293.21
1) Share in other comprehensive income that will be classified into profit and loss under equity method	-29,576,301.94	-2,965,293.21
2) Changes in fair value of investments in other debt obligations		
3) Other comprehensive income arising from the reclassification of financial assets		
4) Allowance for credit impairments in investments in other debt obligations		
5) Reserve for cash-flow hedge		
6) Balance arising from the translation of foreign currency financial statements		
7) Others		
<b>6. Total comprehensive income</b>	<b>7,553,247,129.58</b>	<b>4,735,254,628.79</b>
<b>7. Earnings per share</b>		
(1) Basic earnings per share		
(2) Diluted earnings per share		

### Consolidated statement of cash flows

Monetary Unit: CNY

Item	Year 2021	Year 2020
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services	22,547,242,658.59	17,181,826,402.36
Net increase in customer bank deposits and placement from banks and other financial institutions		
Net increase in loans from central bank		
Net increase in loans from other		

financial institutions		
Premiums received from original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, handling charges and commissions		
Net increase in placements from other financial institutions		
Net capital increase in repurchase business		
Net cash received from customer brokerage deposits		
Refunds of taxes and surcharges	3,431,889.01	4,409,523.82
Cash received from other operating activities	970,002,588.49	536,706,593.88
<b>Subtotal of cash inflows from operating activities</b>	<b>23,520,677,136.09</b>	<b>17,722,942,520.06</b>
Cash paid for goods purchased and services received	5,071,928,013.73	3,935,832,838.54
Net increase in loans and advances to customers		
Net increase in deposits in central bank and other banks and financial institutions		
Cash paid for original insurance contract claims		
Net increase in lending funds		
Cash paid for interests, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	1,016,371,335.03	798,605,373.41
Cash paid for taxes and surcharges	6,428,760,153.55	5,241,424,782.99
Cash paid for other operating activities	3,304,969,529.27	2,830,977,073.82

<b>Subtotal of cash outflows from operating activities</b>	15,822,029,031.58	12,806,840,068.76
<b>Net cash flows from operating activities</b>	7,698,648,104.51	4,916,102,451.30
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments		
Cash received from returns on investments	38,354,817.50	28,707,091.30
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,538,598.27	20,743,376.36
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
<b>Subtotal of cash inflows from investing activities</b>	41,893,415.77	49,450,467.66
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	1,979,399,942.51	2,143,910,509.48
Cash paid for investments	740,542,370.00	80,000,000.00
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
<b>Subtotal of cash outflows from investing activities</b>	2,719,942,312.51	2,223,910,509.48
<b>Net cash flows from investing activities</b>	-2,678,048,896.74	-2,174,460,041.82
<b>3. Cash flows from financing activities</b>		
Cash received from investors	8,305,794.84	9,947,876.16
Including: cash received by subsidiaries from investments by	8,305,794.84	9,947,876.16



minority shareholders		
Cash received from borrowings		1,494,000,000.00
Cash received from other financing activities		
<b>Subtotal of cash inflows from financing activities</b>	8,305,794.84	1,503,947,876.16
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest	3,168,553,209.93	2,420,541,436.84
Including: dividends and profits paid to minority shareholders by subsidiaries		2,085,000.00
Cash paid for other financing activities	22,371,107.22	180,000.00
<b>Subtotal of cash outflows from financing activities</b>	3,190,924,317.15	2,420,721,436.84
<b>Net cash flows from financing activities</b>	-3,182,618,522.31	-916,773,560.68
<b>4. Effect of fluctuation in exchange rate on cash and cash equivalents</b>	-3,646,806.44	-8,940,312.77
<b>5. Net increase in cash and cash equivalents</b>	1,834,333,879.02	1,815,928,536.03
Plus: balance of cash and cash equivalents at the beginning of the period	11,568,195,062.81	9,752,266,526.78
<b>6. Balance of cash and cash equivalents at the end of the period</b>	13,402,528,941.83	11,568,195,062.81

### Cash flow statements of parent company

Monetary Unit: CNY

Item	Year 2021	Year 2020
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services	6,550,150,291.27	6,027,493,323.47

Refunds of taxes and surcharges		
Cash received from other operating activities	625,297,165.56	383,743,781.07
<b>Subtotal of cash inflows from operating activities</b>	<b>7,175,447,456.83</b>	<b>6,411,237,104.54</b>
Cash paid for goods purchased and services received	4,522,910,945.39	4,712,837,125.15
Cash paid to and on behalf of employees	357,239,225.81	292,139,082.61
Cash paid for taxes and surcharges	540,331,615.01	321,193,312.05
Cash paid for other operating activities	280,329,112.79	245,064,341.42
<b>Subtotal of cash outflows from operating activities</b>	<b>5,700,810,899.00</b>	<b>5,571,233,861.23</b>
<b>Net cash flows from operating activities</b>	<b>1,474,636,557.83</b>	<b>840,003,243.31</b>
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments		
Cash received from returns on investments	6,334,501,455.30	3,957,726,785.62
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,087,162.03	20,105,415.90
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
<b>Subtotal of cash inflows from investing activities</b>	<b>6,335,588,617.33</b>	<b>3,977,832,201.52</b>
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	19,211,172.69	223,191,670.76
Cash paid for investments	740,542,370.00	80,000,000.00
Net cash paid to acquire subsidiaries and other business units		

Cash paid for other investing activities		
<b>Subtotal of cash outflows from investing activities</b>	759,753,542.69	303,191,670.76
<b>Net cash flows from investing activities</b>	5,575,835,074.64	3,674,640,530.76
<b>3. Cash flows from financing activities</b>		
Cash received from investors		
Cash received from loans		1,494,000,000.00
Cash received from other financing activities		
<b>Subtotal of cash inflows from financing activities</b>		1,494,000,000.00
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest	3,146,207,328.27	2,343,157,574.72
Cash paid for other financing activities	2,010,331,534.97	1,493,126,651.60
<b>Subtotal of cash outflows from financing activities</b>	5,156,538,863.24	3,836,284,226.32
<b>Net cash flows from financing activities</b>	-5,156,538,863.24	-2,342,284,226.32
<b>4. Effect of fluctuation in exchange rate on cash and cash equivalents</b>	-943.95	
<b>5. Net increase in cash and cash equivalents</b>	1,893,931,825.28	2,172,359,547.75
Plus: balance of cash and cash equivalents at the beginning of the period	11,045,051,933.54	8,872,692,385.79
<b>6. Balance of cash and cash equivalents at the end of the period</b>	12,938,983,758.82	11,045,051,933.54

**Consolidated statement of changes in owners' equity**  
**For the year ended 31 December 2021**

Monetary Unit: CNY

Item	Year 2021														Non-controlling interests	Total owners' equity
	Equity attributable to owners of the parent company															
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Other	Subtotal			
Preferrred stock		Perpetual bond	Other													
<b>1. Balance as at 31 December of last year</b>	1,464,752,476.00				3,722,777,063.13		186,063,325.03		1,464,752,476.00		16,236,513,212.43		23,074,858,552.59	107,011,321.12	23,181,869,873.71	
Plus: adjustments for changes in accounting policies																
Adjustments for correction of accounting errors in prior year																
Business combinations under common control																
Others																
<b>2. Balance as at 1 January of the current year</b>	1,464,752,476.00				3,722,777,063.13		186,063,325.03		1,464,752,476.00		16,236,513,212.43		23,074,858,552.59	107,011,321.12	23,181,869,873.71	
<b>3. Increases/decreases in the current period ("-" for decreases)</b>					32,577,602.60		-18,536,172.71				4,951,347,023.46		4,965,388,453.35	-9,997,204.23	4,955,391,249.12	
(1) Total comprehensive income							-18,536,172.71				7,955,554,351.73		7,937,018,179.02	-18,837,350.46	7,918,180,828.56	
(2) Capital contributed or reduced by owners					32,577,602.60								32,577,602.60	8,840,146.23	41,417,748.83	
Capital contributions by														8,305,794.84	8,305,794.84	

owners																		
Capital contributions by other equity instruments holders																		
Amounts of share-based payments recognized in owners' equity					32,577,602.60								32,577,602.60	534,351.39	33,111,953.99			
Others																		
(3) Profit distribution													-3,004,207,328.27	-3,004,207,328.27			-3,004,207,328.27	
Withdrawal of surplus reserves																		
Withdrawal of general risk reserve																		
Profit distributed to owners (or shareholders)													-3,004,207,328.27	-3,004,207,328.27			-3,004,207,328.27	
Others																		
(4) Internal carry-forward of owners' equity																		
Conversion of capital reserves into paid-in capital																		
Conversion of surplus reserves into paid-in capital																		
Surplus reserves offsetting losses																		
Carry-forward of retained earnings from changes in																		

defined benefit plans														
Carry-forward of retained earnings from other comprehensive income														
Others														
(5) Special reserves														
Withdrawal for the period														
Use for the period														
(6) Others														
<b>4. Balance as at 31 December of the current year</b>	1,464,752,476.00			3,755,354,665.73		167,527,152.32		1,464,752,476.00		21,187,860,235.89		28,040,247,005.94	97,014,116.89	28,137,261,128.83

## For the year ended 31 December 2020

Monetary Unit: CNY

Item	Year 2020														
	Equity attributable to owners of the parent company												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Other			Subtotal
	Preferred stock	Perpetual bond	Other												
<b>1. Balance as at 31 December of last year</b>	1,464,752,476.00				3,722,777,063.13		194,817,130.57		1,464,752,476.00		12,559,746,579.91		19,406,845,725.61	147,885,302.49	19,554,731,028.10
Plus: adjustments for changes in accounting policies															
Adjustments for correction of accounting errors in prior year															







## Statement of changes in owners' equity of parent company

For the year ended 31 December 2021

Monetary Unit: CNY

Item	Year 2021											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Other	Total owners' equity
		Preferr ed stock	Perpet ual bond	Other								
<b>1. Balance as at 31 December of last year</b>	1,464,752,476.00				3,706,816,950.12		185,441,302.55		1,464,752,476.00	14,305,883,685.01		21,127,646,889.68
Plus: adjustments for changes in accounting policies												
Adjustments for correction of accounting errors in prior year												
Others												
<b>2. Balance as at January 1 of the current year</b>	1,464,752,476.00				3,706,816,950.12		185,441,302.55		1,464,752,476.00	14,305,883,685.01		21,127,646,889.68
<b>3. Increases/decreases in the current period ("-" for decreases)</b>					32,849,158.15		-17,869,288.69			4,566,909,090.00		4,581,888,959.46
(1) Other comprehensive income							-17,869,288.69			7,571,116,418.27		7,553,247,129.58
(2) Capital contributed or reduced by owners					32,849,158.15							32,849,158.15
Capital contributions by owners												

Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity					32,849,158.15							32,849,158.15
Others												
(3) Profit distribution										-3,004,207.27		-3,004,207.27
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)										-3,004,207.27		-3,004,207.27
Others												
(4) Internal carry-forward of owners' equity												
Conversion of capital reserves into paid-in capital												
Conversion of surplus reserves into paid-in capital												
Surplus reserves offsetting losses												
Carry-forward of retained earnings from changes in defined benefit plans												
Carry-forward of retained earnings from other comprehensive												

income												
Others												
(5) Special reserves												
Withdrawal for the period												
Use for the period												
(6) Others												
<b>4. Balance as at 31 December of the current year</b>	1,464,752,476.00				3,739,666,108.27		167,572,013.86		1,464,752,476.00	18,872,792,775.01		25,709,535,849.14

## For the year ended 31 December 2020

Monetary Unit: CNY

Item	Year 2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Other	Total owners' equity
		Preferred stock	Perpetual bond	Other								
<b>1. Balance as at 31 December of last year</b>	1,464,752,476.00				3,706,816,950.12		192,332,738.05		1,464,752,476.00	11,892,694,057.56		18,721,348,697.73
Plus: adjustments for changes in accounting policies												
Adjustments for correction of accounting errors in prior year												
Others												
<b>2. Balance as at January 1 of the current year</b>	1,464,752,476.00				3,706,816,950.12		192,332,738.05		1,464,752,476.00	11,892,694,057.56		18,721,348,697.73
<b>3. Increases/ decreases in the current period</b>							-6,891,435.50			2,413,189,627.45		2,406,298,191.95

("-" for decreases)												
(1) Other comprehensive income							-6,891,435.50			4,742,146,064.29		4,735,254,628.79
(2) Capital contributed or reduced by owners												
Capital contributions by owners												
Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity												
Others												
(3) Profit distribution										-2,328,956,436.84		-2,328,956,436.84
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)										-2,328,956,436.84		-2,328,956,436.84
Others												
(4) Internal carry-forward of owners' equity												
Conversion of capital reserves into paid-in capital												
Conversion of surplus reserves												

into paid-in capital												
Surplus reserves offsetting losses												
Carry-forward of retained earnings from changes in defined benefit plans												
Carry-forward of retained earnings from other comprehensive income												
Others												
(5) Special reserves												
Withdrawal for the period												
Use for the period												
(6) Others												
<b>4. Balance as at 31 December of the current year</b>	1,464,752,476.00				3,706,816,950.12		185,441,302.55		1,464,752,476.00	14,305,883,685.01		21,127,646,889.68

### 3. Company Profile

#### 3.1 Company Overview

Luzhou Laojiao Co., Ltd. (hereinafter referred to as "Company" or "the Company"), formerly known as Luzhou Laojiao Brewery, was established in March 1950. On 20 September 1993, Luzhou Laojiao brewery established a joint-stock limited company with fund-raising exclusively from its operational assets. On 25 October 1993, the public offering of shares was approved by Sichuan Provincial People's Government and CSRC with two documents of ChuanFuHan (1993) No.673 and FaShenZi (1993) No.108. After the offering, the total share capital was 86,880,000 shares, which were listed and traded in Shenzhen stock exchange on 9 May 1994.

As the end of 31 December 2004, the Company's total share capital reached 841,399,673 shares after multiple rights issues, among which the controlling shareholder, State Assets Management Bureau of Luzhou (later renamed as State-owned Assets Supervision and Administration Commission of Luzhou, hereinafter referred to as "SASAC of Luzhou") held 585,280,800 shares of the Company, with a

shareholding ratio of 69.56%.

On 27 October 2005, the Company implemented the non-tradable share reform. After the implementation, the total share capital remained unchanged, and the shareholding ratio of SASAC of Luzhou decreased from 69.56% to 60.43%.

In November 2006, the Company implemented private placement, and the total share capital increased from 841,399,673 shares to 871,399,673 shares. The shareholding ratio of SASAC of Luzhou decreased from 60.43% to 58.35%.

As the end of 27 February 2007, SASAC of Luzhou sold 42,069,983 shares of the Company, and after the sale, it still held 466,375,156 shares of the Company, with its shareholding ratio reduced to 53.52%.

On 19 May 2008, the Company increased 522,839,803 shares of capital stock resulting from capital reserve and undistributed profits transferred to increase capital stock. After the implementation, the total share capital reached 1,394,239,476 shares, among which, SASAC of Luzhou held 746,200,250 shares of the Company, and the shareholding ratio was still 53.52%.

On 3 September 2009, the 300,000,000 shares and the 280,000,000 shares held by SASAC of Luzhou were separately transferred to Luzhou Laojiao Group Co., Ltd. (hereinafter referred to as the "Laojiao Group") and Luzhou XingLu Investment Group Co., Ltd. (hereinafter referred to as the "Xinglu Group"). After the transfer, Laojiao Group, Xinglu Group, and SASAC of Luzhou respectively held 300,000,000 shares, 280,000,000 shares and 166,200,250 shares. So far, Laojiao Group became the first majority shareholder and SASAC of Luzhou was the actual controller.

From 6 June 2012 to 20 November 2013, the first and second phases of the Company's equity incentive plan were exercised. After the exercise, the total share capital of the Company was changed to 1,402,252,476 shares.

On 10 April 2014 and 18 July 2016, SASAC of Luzhou transferred 81,088,320 shares and 84,000,000 shares to Laojiao Group and Xinglu Group respectively. In addition, Laojiao Group has increased its equity stake through the secondary market of 13,137,100 shares. So far, Laojiao Group, Xinglu Group and SASAC of Luzhou held 394,225,489 shares, 365,971,142 shares and 1,111,930 shares respectively, with the shareholding ratios of 28.11%, 26.10% and 0.08% respectively.

On 23 August 2017, the Company issued CNY 62,500,000 ordinary shares (A shares) privately, raising a total capital of CNY 3,000,000,000. After the additional issuance, the total capital stock of the Company was changed to 1,464,752,476 shares. In addition, from 2017 to 2018, Laojiao Group decreased 13,137,100 shares that were increased through the secondary market from April 2014 to December 2015. After share reduction, Laojiao Group, Xinglu Group and SASAC of Luzhou held 381,088,389 shares, 365,971,142 shares and 1,111,930 shares respectively, with the shareholding ratios of 26.02%, 24.99% and 0.08% respectively. Laojiao Group still was the first majority shareholder and SASAC of Luzhou still was the actual controller.

### 3.2 Registered address of the Company, company type, and headquarter address

Registered address and headquarter address of the Company are located in Sichuan Luzhou Laojiao Square and company type is other incorporated company (Listed).

### 3.3 Business nature of the Company and main business activity

Industry of the Company is the baijiu subdivision industry of the liquor and wine, beverage and refined tea production industry.

The main activity are research and development, production and sales of “National Cellar 1573”, “Luzhou Laojiao” and other baijiu series.

The main products are: “National Cellar 1573 Series”, “Century-old Luzhou Laojiao Jiaoling Series”, “Luzhou Laojiao Tequ”, “Touqu”, “Erqu” and other baijiu series.

### 3.4 The name of the controlling shareholder and the ultimate substantive controller

The controlling shareholder is Luzhou Laojiao Group Co., Ltd.; the ultimate substantive control is SASAC of Luzhou.

### 3.5 Approval and submission of the financial report and its date

The financial report is approved and submitted by the board of directors of the Company on 27 April 2022.

### 3.6 Consolidated financial statement scope and their changes

(1) The 25 subsidiaries included in the consolidated financial statements for the current period are listed as follows:

Name of subsidiary	Abbreviation	Shareholding proportion(%)		Voting rights (%)
		Direct	Indirect	
Luzhou Laojiao Brewing Co., Ltd.	Brewing company	100.00		100.00
Luzhou Red Sorghum Modern Agricultural Development Co., Ltd.	Red sorghum company		60.00	60.00
Luzhou Laojiao Sales Co., Ltd. <b>Note 4</b>	Sales company	100.00		100.00
Luzhou Laojiao Nostalgic Liquor Marketing Co., Ltd.	Nostalgic company		100.00	100.00
Luzhou Laojiao Custom Liquor Co., Ltd. <b>Note 1</b>	Custom liquor company		15.00	60.00
Luzhou Laojiao Selected Supply Chain Management Co., Ltd.	Selected company		100.00	100.00
Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd.	Guangxi Imported Liquor Industry		100.00	100.00
Luzhou Dingli Liquor Industry Co., Ltd.	Dingli company		100.00	100.00
Luzhou Dingyi Liquor Industry Sales Co., Ltd.	Dingyi company		100.00	100.00
Luzhou Laojiao New Liquor Industry Co., Ltd. <b>Note 4</b>	New Liquor Industry company		100.00	100.00
Luzhou Laojiao Import and Export trade Co., Ltd.	Import and export company		100.00	100.00

Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	Boda marketing		75.00	75.00
Luzhou Laojiao Bosheng Hengxiang Liquor Sales Co., Ltd.	Bosheng Hengxiang		100.00	100.00
Luzhou Laojiao Fruit Wine industry Co., Ltd. <b>Note 2</b>	Fruit wine industry		41.00	60.00
Mingjiang Co., Ltd.	Mingjiang company		54.00	54.00
Luzhou Laojiao New Retail Co., Ltd.	New retail company	40.00	100.00	100.00
Luzhou Pinchuang Technology Co., Ltd.	Pinchuang company	100.00		100.00
Luzhou Laojiao Tourism Culture Co., Ltd.	Tourism culture	100.00		100.00
Luzhou Laojiao International Development (Hong Kong) Co. Ltd.	Hong Kong company	55.00		55.00
Luzhou Laojiao Commercial Development (North America) Co., Ltd.	North America company		100.00	100.00
Luzhou Laojiao Electronic Commerce Co., Ltd.	Electronic Commerce company	90.00		90.00
Luzhou Laojiao Whitail Liquor Industry Co., Ltd. <b>Note 3</b>	Whitail liquor industry		35.00	60.00
Luzhou Baonuo Biotechnology Co., Ltd.	Baonuo biotechnology	100.00		100.00
Luzhou Laojiao Health Liquor Industry Co., Ltd.	Health Liquor Industry	100.00		100.00
Luzhou Laojiao Health Sales Co., Ltd.	Health sales		100.00	100.00

**Note 1:** Although the Company holds less than 51% of the equity of Custom liquor company, among the five members of the board of directors, the Company has sent three people. The Company has actual control over Custom liquor company, so it is included in the scope of consolidation.

**Note 2:** Although the Company holds less than 51% of the equity of Fruit wine industry, among the five members of the board of directors, the Company has sent three people, and the chairman of the board (legal representative) is the director sent by the Company. The Company has actual control over Fruit wine industry, so it is included in the scope of consolidation.

**Note 3:** Although the Company holds less than 51% of the equity of Whitail liquor industry, among the five members of the board of directors, the Company has sent three people. The Company has actual control over Whitail liquor industry and its subsidiaries, so it is included in the scope of consolidation.

**Note 4:** On 28 October 2021, the subsidiary Sales Company of Luzhou Laojiao Co., Ltd. was renamed Luzhou Laojiao Sales Co., Ltd. And on 14 October 2021, the subsidiary Luzhou Dinghao Liquor Industry Sales Co., Ltd. was renamed Luzhou Laojiao New Liquor Industry Co., Ltd.

Details of the subsidiaries incorporated into the consolidated financial statements show on “7.1. Interests in subsidiaries”

## (2) Subsidiaries that are newly incorporated into the scope of consolidation in this period

Name of subsidiary	Reason
Luzhou Laojiao New Retail Co., Ltd.	Incorporated through investment

## (3) Liquidation and cancellation for subsidiaries in this period



Name of subsidiary	Reason
Luzhou Laojiao Whitail Innovative Electronic Commerce Co., Ltd.	Liquidation cancellation
Luzhou Laojiao Selected Electronic Commerce Co., Ltd.	Liquidation cancellation
Chengdu Tianfu Panda Whitail Liquor Industry Co., Ltd.	Liquidation cancellation
Luzhou Whitail Tongdao Uncle Constellation Wine Sales Co., Ltd.	Liquidation cancellation

Details of changes in the scope of consolidation show on “6.5. Changes in consolidated scope for other reasons”.

## 4. Basis of preparation of financial statements

### 4.1. Basis of preparation of financial statements

The Company has prepared its financial statements on a going concern basis, and the preparation is based on actual transactions and events in compliance with Accounting Standards for Business Enterprises and relevant guidance and explanation (the following called the ASBE) issued by Ministry of Finance, and Rules on Company Information Disclosure and Preparation of Publicly Issued Securities No.15- General Rules on Financial Reporting Rules (2014 Revision) issued by CSRC.

### 4.2. Going concern

The Company’s business activities have adequate financial support. Based on the current information obtained by the Company, comprehensively considering factors such as macro-policy risk, market operation risk, current or long-term profitability, debt repayment ability of the Company, as well as its resource of financial support, the Company believes that it is reasonable to prepare the financial statements on a going concern basis and there are no events or situations resulting in significant doubts over going concern for at least 12 months.

## 5. Significant accounting policies and accounting estimates

The disclosure requirements for related food and wine manufacturing business in the *Self-regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange - Industry Information Disclosure* shall be observed.

### 5.1 The declaration about compliance with ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the financial position and the Company’s and results of operations, changes in shareholders’ equity and cash flows. In addition, in all material respects, the financial statements of the Company comply with disclosure requirements of the financial statements and their notes in accordance with Rules on Company Information Disclosure and Preparation of Publicly Issued Securities No.15- General Rules on Financial Reporting Rules revised by CSRC in 2014.

## 5.2 Accounting period

The Company adopts the calendar year as its accounting year, i.e. from 1st January to 31st December.

## 5.3 Business Cycle

The Company's business cycle is 12 months.

## 5.4 Functional currency

The Company has adopted China Yuan (CNY) as functional currency.

## 5.5 The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

### (1) Business combination under common control

Assets and liabilities obtained by the Company from the combine through business combination under common control shall be measured at the book value as stated in the consolidated financial statements of ultimate controlling party at the combination date. The share of the book value of the merged party's owner's equity in the consolidated financial statements is taken as the initial investment cost of long-term equity investments in individual financial statements. The capital reserve (stock premium or capital premium) is adjusted according to the difference between the book value of net asset acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the capital reserve (stock premium or capital premium) is insufficient to offset, the retained earnings shall be adjusted.

### (2) Business combination not under common control

Assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination shall be measured based on fair value on the acquisition date, the difference between fair value and its book value shall be included in current profit and loss. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill. After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit and loss.

Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.

## 5.6 Preparation of consolidated financial statements

### (1) Consolidated Financial Statement Scope

The scope of the Company's consolidated financial statements is based on control, and all subsidiaries controlled are included in the consolidation scope of the consolidated financial statements.

### (2) Consolidation procedures

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company with other relevant information. When preparing

consolidated financial statement, the Company considers the Group as an accounting entity, adopts unified accounting policies, and applies the requirements of ASBE related to recognition, measurement and presentation to reflect the Group's financial position, operating results and cash flows.

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be made necessary adjustment based on its own accounting policies and accounting periods of the Company. For subsidiaries acquired from the business combination not under common control, the financial statements shall be adjusted on the basis of the fair value of identifiable net assets on the date of purchase. For the subsidiary acquired from the business combination under common control, its assets and liabilities (including the goodwill formed by the acquisition of the subsidiary by the ultimate controlling party) shall be adjusted on the basis of the book value in the consolidated statements of the ultimate controlling party.

The portion of a subsidiary's equity, the current net profit and loss of subsidiaries, and the current comprehensive income attributable to non-controlling interests shall be separately presented as non-controlling interests in consolidated balance sheet within owners' equity, below the net profit line item and below the total comprehensive income line item in the consolidated income statement respectively. When the amount of current loss attributable to non-controlling shareholders of a subsidiary exceeds the balance of the non-controlling shareholders' portion in the opening balance of owner's equity of the subsidiary, the excess shall be allocated against the non-controlling interests.

#### **Acquisition of subsidiaries or business**

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the opening balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows. At the same time, the relevant items of the comparative information shall be adjusted as the combined entity existed since the control point of the ultimate controlling party.

If the Company can control the investee from the business combination under common control due to additional investment or other reasons, the parties involved in the combine shall be deemed to adjust in the current state when the ultimate controlling party starts to control them. For the equity investment before obtaining control of the investee, the recognized relevant profit or loss and other comprehensive income and other changes in net assets between the later of acquisition date of previous equity and the date on which both the investor and the investee are under common control and the combination date shall respectively write-down the beginning retained earnings or current profits and losses during the period of comparative information.

During the reporting period, if the Company acquires subsidiaries from the business combination not

under common control, the opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

When the Company becomes capable of exercising control over an investee not under common control due to additional investment or other reasons, the Company shall re-measure the previously held equity interests to its fair value on the acquisition date, and the difference shall be recognized as investment income. When the previously held equity investment is accounted for under equity method, any other comprehensive income previously recognized and other equity changes (excluding other comprehensive, net profit and loss and profit distribution ) in relation to the acquiree's equity changes shall be transferred to profit and loss for the current period when acquisition took place, except for other comprehensive income resulting from changes in net liabilities or net assets due to re-measurement of defined benefit plan by investee.

### **Disposal of subsidiaries and business**

#### **General treatments**

During the reporting period, if the Company disposes subsidiaries, the income, expenses and profits of the newly disposed subsidiaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

In case of loss of control over the investee due to partial disposal of the equity investment or other reasons, the Company shall re-measure the remaining equity investment at its fair value at the date of loss of control. The amount of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the net asset shares calculated continuously from the acquisition date based on the previous shareholding proportion and the goodwill, the difference shall be included in the investment income of the period when the control is lost. Other comprehensive income related to the former subsidiary's equity investment of or other changes in owners' equity excluding net profit and loss, other comprehensive income and profit distribution shall be transferred to investment income for the current period when control is lost. Other comprehensive income resulting from changes in net liabilities or net assets due to re-measurement of defined benefit plan by investee is excluded.

#### **Disposal of subsidiaries by step**

If the Company loses control of a subsidiary is through multiple transactions by steps, the terms, conditions and economic impact of the disposal transaction shall be considered. When one or more of the following conditions may indicate that multiple transactions should be treated as a package of transactions for accounting treatment:

- a. These arrangements were entered into at the same time or in contemplation of each other;
- b. These arrangements work together to achieve an overall commercial effect;
- c. The occurrence of one arrangement depends on the occurrence of at least one other arrangement;

d. One arrangement alone is not economically justified, but it is economically justified when considered together with other arrangements

If the transactions of the disposal of the equity investment of the subsidiary until the loss of control belong to a package transaction, the Company shall account for as a transaction; However, the difference between each disposal consideration received and the corresponding proportion of the subsidiary's net assets before the loss of control shall be recognized as other comprehensive income in the consolidated financial statements and transferred into the profit and loss of the current period when the control is lost.

If the transactions from the disposal of the equity investment of the subsidiary to the loss of control are not considered as a package transactions, the accounting treatment shall be conducted according to the relevant policies on the partial disposal of the equity investment of the subsidiary where control is retained before the loss of control. When the control is lost, the disposal shall be accounted for according to the general treatment.

#### **Purchase of non-controlling interests**

The difference between the increase in the cost of long-term equity investment result from acquisition of non-controlling shareholders and the share of net assets of the subsidiary calculated continuously from the acquisition date or combination date based on newly shareholding proportion shall be adjusted to equity (share) premium of capital reserves in the consolidated balance sheet. If the capital reserve is insufficient, any excess shall be adjusted against retained earnings.

#### **Partial disposals of equity investment in subsidiaries without loss of control**

When the Company disposes of a portion of a long-term equity investment in a subsidiary without loss of control, the difference between disposal consideration and net assets of the subsidiary calculated continuously since the acquisition date or the combination date related to the disposal of long-term equity investment shall be adjusted to equity (share) premium of capital reserves in the consolidated balance sheet. If the capital reserve is insufficient, any excess shall be adjusted against retained earnings.

### **5.7 Classification of joint venture arrangements and the accounting treatment method of common operation**

#### **(1) Classification of joint venture arrangements**

A joint arrangement is classified as either a joint operation or a joint venture according to the structure, legal form, agreed terms and other facts and conditions of a joint arrangement. A joint arrangement that is structured through a separate vehicle is usually classified as a joint venture. However, when a joint arrangement provides clear evidence that it meets any of the following requirements and complies with applicable laws and regulations as a joint operation:

- a. The legal form of the joint arrangement indicates that the parties that have joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- b. The terms of the joint arrangement specify that the parties that have joint control have the rights to the assets, and the obligations for the liabilities, relating to the arrangement.

c. Other facts and circumstances indicate that the parties that have joint control have rights to the assets, and the obligations for the liabilities, relating to the arrangement.

The parties that have joint control have rights to substantially all of the output of the arrangement, and the arrangement depends on the parties that have joint control on a continuous basis for settling the liabilities of the arrangement.

#### (2) Accounting by parties of a joint operator

A joint operator shall recognize the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- a. Its solely-held assets, and its share of any assets held jointly;
- b. Its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- c. Its revenue from the sale of its share of the output arising from the joint operation;
- d. Its share of the revenue from sale of the output by the joint operation; and
- e. Its solely-incurred expenses and its share of any expenses incurred jointly.

The Company shall only recognize the portion of the profit and loss attributable to other participants in the joint venture, resulting from investment or sale of assets to the joint venture by the Company (excluding those assets constituting the business), prior to the sale of such assets to a third party. The Company shall fully recognize impairment loss when there are any impairment loss of invested or sold assets occurring in accordance with the ASBE No.8-Asset Impairment. The Company shall only recognize the part of the profit and loss attributable to other participants in the joint venture before selling the assets and other assets purchased from the joint venture (excluding those assets constituting the business) to a third party. When the impairment loss of the purchased assets is in accordance with the ASBE No.8-Asset Impairment, the Company shall recognize such losses according to its share. When the Company does not have common control over the joint venture, if the Company enjoys the assets related to the joint venture and assumes the liabilities related to the joint venture, the accounting treatment shall be conducted according to the above principles. Otherwise, the accounting treatment shall be conducted in accordance with the relevant accounting standards.

### **5.8 Cash and cash equivalents**

When preparing the cash flow statement, the Company recognizes cash on hand and deposits that can be readily withdrawn on demand as cash. Cash equivalents are the Company's short-term (due within 3 months from purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted bank deposits are not recognized as cash and cash equivalents in the cash flow statement.

### **5.9 Foreign currency transactions and translation of foreign currency statements**

#### (1) Foreign currency transactions

At the time of initial recognition of a foreign currency transaction of the Company, the amount in the foreign currency shall be translated into the amount in CNY currency at the spot exchange rate of the transaction date. For the monetary items of foreign currencies, the translation is done according to spot rate of the balance sheet date. The exchange difference generated from the difference of spot rate of the current balance sheet date and the time of initial recognition of a foreign currency or the previous

balance sheet date is charged to the profit or loss of the current period except that the exchange difference generated from foreign currency borrowings relating to assets of which the acquisition or production satisfies the capitalization conditions is capitalized.

Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. Difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit and loss. If there is a non-monetary item of available-for-sale financial assets, the differences are recorded into other comprehensive income.

## (2) Translation of foreign currency statements

Assets and liabilities in the balance sheets shall be translated at the spot exchange rates on balance sheet date. Shareholders' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur. Revenue and expense items in the income statement are translated at the spot exchange rates on the dates when the transactions occur or at the exchange rate determined in a systematical and reasonable method and similar to the spot exchange rate on the day when the transactions occur. Differences arising from the above translations of foreign currency financial statements are separately listed under other comprehensive income in the consolidated balance sheet. If the overseas business is partly disposed of, the foreign currency financial statements exchange difference shall be calculated in proportion to the percentage of disposal and transferred to gain or loss on disposal for the current period.

Foreign currency cash flow and cash flow of foreign subsidiaries shall be translated at approximate exchange rate of spot rate on the date of cash flow.

## 5.10 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. When the Company becomes a party to a financial instrument contract, the related financial asset or financial liability should be recognized.

### (1) Classification, recognition and measurement of financial assets

Based on the business model of financial asset management and the contract cash flow characteristics of financial assets, the Company classifies financial assets into: financial assets measured at amortized cost; financial assets measured at fair value with their changes included into other comprehensive income; and financial assets measured at fair value with their changes included into current profits/losses.

At the initial recognition, financial assets are measured at fair value. For financial assets measured at fair value with their changes included into current profits/losses, the expenses involved in the transaction are directly recorded into current profits/losses; for other financial liabilities, the expenses involved in the transaction are recorded into the initially recognized amount.

#### 1) Financial assets measured at amortized cost

The business model in which the Company manages financial assets measured at amortized cost aims to receive contract cash flow. Furthermore, the characteristics of the contract cash flow of such financial assets are consistent with basic borrowing and lending arrangements, which means that cash flow generated on a specific date serves only as payment for principal and interests based on the amount of unpaid principal. The Company adopts the effective interest method for such financial interests, performs subsequent measurement of them at amortized cost, and includes the gains or losses from derecognition, changes or impairment of them into current profits/losses.

2) Financial assets measured at fair value with their changes included into other comprehensive income  
The business model in which the Company manages such financial assets both aims to receive contract cash flow and for the purpose of sale. Furthermore, the characteristics of the contract cash flow of such financial assets are consistent with basic borrowing and lending arrangements. The Company measure such financial assets at fair value and include their changes into other comprehensive income, but record impairment losses or gains, exchange gains or losses and interest income calculated in the effective interest method into current profits/losses.

At the initial recognition, the Company may specify non-trading equity instrument investment as a financial asset measured at fair value with its changes included into other comprehensive income and should recognize the dividend income according to regulations; the specification is irrevocable once made. When the financial asset is derecognized, the cumulative gains or losses previously included into other comprehensive income should be transferred into retained earnings.

3) Financial assets measured at fair value with their changes included into current profits/losses  
For financial assets other than the above financial assets measured at amortized cost and financial assets measured at fair value with their changes included into other comprehensive income, the Company classifies them as financial assets measured at fair value with their changes included into current profits/losses. In addition, at the initial recognition, the Company specifies partial financial assets as financial assets measured at fair value with their changes included into current profits/losses, in order to eliminate or substantially reduce accounting mismatch. For such financial assets, the Company performs subsequent measurement using fair value and records changes in the fair value into current profits/losses.

## (2) Classification, recognition and measurement of financial liabilities

At their initial recognition, financial liabilities are divided into financial liabilities measured at fair value with their changes included into current profits/losses and other financial liabilities. For financial liabilities measured at fair value with their changes included into current profits/losses, the expenses involved in the transaction are directly recorded into the current profits/losses. For other financial liabilities, the expenses involved in the transaction are recorded into the initially recognized value.

1) Financial liabilities measured at fair value with their changes included into current profits/losses  
Financial liabilities measured at fair value with their changes included into current profits/losses include trading financial liabilities (including derivatives classified as financial liabilities) and the financial liabilities specified to be measured at fair value with their changes included into current profits/losses at



the initial recognition.

Trading financial liabilities (including derivatives classified as financial liabilities) are subsequently measured at fair value, with changes in fair value recorded into current profits/losses, except for those related to hedge accounting.

For those specified as financial liabilities measured at fair value with their changes included into current profits/losses, changes in the fair value of such liabilities caused by changes in the Company's own credit risk should be included into other comprehensive income. In derecognition of such liabilities, cumulative changes in their value caused by the Company's own credit risk that have been recorded into other comprehensive income should be transferred into retained earnings. Other changes in their fair value should be recorded into current profits/losses. If treatment of the impact of the Company's own credit risk changes of such financial liabilities in the above manner causes or expands accounting mismatch in profits/losses, the Company will include all gains or losses of such financial liabilities (including the amount of the impact of the Company's own credit risk changes) into current profits/losses.

## 2) Other financial liabilities

Financial liabilities other than those formed from the transfer of financial assets not meeting derecognition conditions or continuous involvement into transferred financial assets and those outside financial guarantee contracts are classified as financial liabilities measured at amortized cost. Such financial liabilities should be subsequently measured at amortized cost and the gains or losses from derecognition or amortization should be included into current profits/losses.

## (3) Recognition basis and measurement method of transfer of financial assets

If a financial asset meets any of the following conditions, it shall be derecognized: 1)The contractual right for collecting the cash flow of the financial asset has been terminated; 2)The financial asset has been transferred and almost all the risks and remunerations in respect of the ownership of the financial asset has been transferred to the transferee; 3)The financial asset has been transferred, and although the enterprise neither transfers nor retains almost all the risks and remunerations in respect of the ownership of the financial asset, it has abandoned its control over the asset.

If the enterprise neither transfers nor retains almost all the risks and remunerations in respect of the ownership of the financial asset and does not abandon its control over the asset, the involved financial asset shall be recognized according to the level of continuous involvement of the transferred financial asset and the relevant liabilities shall be recognized accordingly. The level of continuous involvement of the transferred financial asset refers to the level of risk faced by the enterprise due to changes in the value of the financial asset.

If the overall transfer of the financial asset meets the recognition conditions, the difference between the carrying value of the transferred financial asset as well as the consideration received from the transfer and the cumulative amount of fair value changes originally-recorded into other comprehensive incomes shall be recorded into the current profits/losses.

If partial transfer of the financial asset meets the recognition conditions, the carrying value of the transferred financial asset shall be apportioned at the relative fair value between the derecognition and underecognition part. The difference between the summation of the consideration received from the transfer and the cumulative amount of fair value changes originally-recorded into other comprehensive incomes that should be apportioned to the derecognition part and the apportioned aforementioned carrying value shall be recorded into the current profits/losses.

For a financial asset sold with the right of recourse or with the transfer of the financial asset endorsement, the Company shall decide whether almost all the risks and remunerations in respect of the ownership of the financial asset should be transferred. If they are transferred, the financial asset shall be derecognized; if they are retained, the financial asset shall not be derecognized; if they are neither transferred nor retained, the Company will continue to decide whether the enterprise should retain control over the asset and perform the accounting treatment according to the principles stated in previous paragraphs.

#### (4) Derecognition of financial liabilities

When the current obligation of a financial liability (or a part of it) is relieved, the Company will derecognize the financial liability (or the part of it). When the Company (borrower) signs an agreement with a lender to replace an original financial liability in the form of bearing a new financial liability and the contract terms for the new financial liability differ from those for the original in substance, the original financial liability should be derecognized and the new one should be recognized. When the Company makes substantial changes to the contract terms of an original financial liability (or a part of it), the original financial liability should be derecognized and a new financial liability should be recognized according to the amended contract terms.

When a financial liability (or a part of it) is derecognized, the Company will include the difference between its carrying value and the consideration paid (including non-cash assets or liabilities borne that are transferred out) into current profits/losses.

#### (5) Offsetting of financial assets and financial liabilities

When the Company has the legal right to offset recognized financial assets and financial liabilities and may execute the legal right currently and simultaneously, the Company plans to settle or simultaneously encash the financial assets in net amounts and pay off the financial liabilities, the financial assets and the financial liabilities which are presented in the net amount after the mutual offset in the balance sheet. Other than that, they shall be presented separately in the balance sheet without the mutual offset.

#### (6) Method of determining the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can receive for selling an asset or transferring a liability in an orderly transaction on the measurement date. For an existing financial instrument in an active market, the Company adopts the quotations in the active market to determine its fair value. Quotations in the active market refer to prices that can be easily obtained from exchanges, brokers, industrial associations and pricing service institutions and represent the actual prices in the market

transactions happening in a fair trade. For a non-existing financial instrument in an active market, the Company adopts the valuation technique to determine its fair value. The valuation technique includes references to familiar situations and the prices used by the parties voluntarily participating in the recent market transactions, as well as references to the present fair value of other financial instruments of the same nature, discounted cash flow method and options pricing model. In the valuation, the Company uses a valuation technique that is applicable in the current situation with sufficient data available and other information support, chooses input values that are consistent with the asset or liability characteristics considered by market players in related asset or liability transactions, and make maximum effort to use related observable input values on a preferential basis. When it is unable or unfeasible to obtain related observable input values, unobservable will be used.

#### (7) Equity instruments

Equity instruments refer to the contracts that can prove the Company's residual equity of assets after the deduction of all liabilities. The Company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments serve as the change treatment of equity. Transaction expenses related to the equity transactions are deducted from the equity. The Company does not recognize changes in the fair value of equity instruments.

Dividends from the Company's equity instruments distributed during the validity (including the "interests" from instruments classified as equity instruments) are treated as profit distribution.

#### (8) Impairment of financial instruments

Based on the expected credit loss, the Company treats financial assets measured at amortized cost and debt instrument investment measured at fair value with its changes included into other comprehensive income by impairment and recognizes the provision for loss.

Credit loss means the difference between all contract cash flow discounted at the original effective interest rate to be received according to contracts and all contract cash flow expected to be received, namely, the present value of all cash shortage. For a financial asset with credit impairment purchased by or originated from the Company, it should be discounted by the effective interest rate after credit adjustment to the financial asset.

For accounts receivable that do not contain significant financing components, the Company adopts simplified measurement to measure loss provisions according to the amount equivalent to the expected credit loss for the entire duration.

For a financial asset other than those using the above simplified measurement, the Company assesses on each balance sheet date whether its credit risk has substantially increased since the initial recognition. If it has not and is in the first stage, the Company will measure the loss provision at the amount equivalent to the expected credit loss for the next 12 months and calculate the interest income according to the book balance and the effective interest rate; if it has substantially increased since the initial recognition without credit impairment and is in the second stage, the Company will measure the loss provision at the amount equivalent to the expected credit loss for the entire duration and calculate the

interest income according to the book balance and the effective interest rate; if credit impairment has occurred since the initial recognition and is in the third stage, the Company will measure the loss provision by the amount equivalent to the expected credit loss for the entire duration and calculate the interest income according to the amortization cost and the effective interest rate. For financial instruments with low credit risks on balance sheet dates, the Company assumes that their credit risks have not substantially increased since the initial recognition.

The Company assesses expected credit losses of financial instruments based on individual and group assessment. The Company considers the credit risk characteristics of different customers and assesses the expected credit losses of accounts receivable and other receivables based on account age portfolio. When assessing expected credit losses, the Company considers reasonable and well-founded information on past matters, present conditions and forecast of future economic conditions.

When it no longer reasonably expects to recover all or part of the contract cash flow of financial assets, the Company will directly write down the book balance of such financial assets.

### 5.11 Notes receivable

The method of determining the expected credit loss of notes receivables and accounting treatment method:

Divide notes receivables into various portfolios according to common risk characteristics based on the credit risk characteristics of acceptors and determine the accounting estimate policies of expected credit loss:

Portfolio name	Provision method
Bank acceptance bill portfolio	The management evaluates that this type has low credit risk and its fixed bad debt provision ratio is 0%.
Trade acceptance portfolio	The provision for impairment is made according to the expected loss rate with the same portfolio classification of accounts receivables

### 5.12 Accounts receivables

The method of determining the expected credit loss of accounts receivables and accounting treatment method:

As for accounts receivables, regardless of whether there is a significant financing component, the Company always measures the provision for loss based on the amount equivalent to the expected credit loss over the entire life, and the resulting increase or reversal of provision for loss shall be included in the current profit or loss as gains or losses on impairment. The accrual method is as follows:

(1) When there is objective evidence showing that an account receivable has incurred credit impairment, the Company shall make bad debt provision for the account receivable and recognize the expected credit loss.

(2) When the information about the expected credit loss of a single financial asset cannot be evaluated at a reasonable cost, the Company shall divide the accounts receivables portfolio according to credit risk characteristics and measure the expected credit loss based on portfolios.

Portfolio name	Provision method
Risk portfolio	Expected credit loss
Other portfolio	No bad debt provision

Other portfolio refers to the normal intercourse funds among the Company and businesses under the same control, the recovery of which are controllable with no risks. Thus, no bad debt provision was made.

The Company combines the accounts receivables classified as risk portfolio in accordance with similar credit risk characteristics (aging), and calculates the expected credit loss through the exposure at default and expected credit loss rate over the entire life based on the current situation and prediction of future economic situation consulting historical credit loss experience. The comparative table of the credit loss rate is as follows:

Aging	Expected loss provision rate %
Within 1 year	5
1-2 years	10
2-3 years	20
3-4 years	40
4-5 years	80
Over 5 years	100

### 5.13 Accounts receivables financing

The accounts receivables financing of the Company refer to the notes receivables measured at fair value through other comprehensive income on the balance sheet date. For more details, see Note 5.10 Financial instruments.

### 5.14 Other receivables

The method of determining the expected credit loss of other receivables and accounting treatment method:

As for other receivables, regardless of whether there is a significant financing component, the Company always calculates the expected credit loss through the exposure at default and expected credit loss rate in the next 12 months or over the entire life based on the current situation and prediction of future economic situation consulting historical credit loss experience, and the resulting increase or reversal of provision for loss shall be included in the current profit or loss as gains or losses on impairment. The accrual method is as follows:

(1) When there is objective evidence showing that the other receivable has incurred credit impairment, the Company shall make bad debt provision for the other receivable and recognize the expected credit loss.

(2) When the information about the expected credit loss of a single financial asset cannot be evaluated at a reasonable cost, the Company shall divide the other receivables portfolio according to credit risk characteristics and measure the expected credit loss based on portfolios.

Portfolio name	Provision method
Risk portfolio	Expected credit loss
Other portfolio	No bad debt provision

Other portfolio refers to the normal intercourse funds among the Company and businesses under the same control, the recovery of which are controllable with no risks. Thus, no bad debt provision was made.

The Company combines the other receivables classified as risk portfolio in accordance with similar credit risk characteristics (aging), and calculates the expected credit loss through the exposure at default and expected credit loss rate in the next 12 months or over the entire life based on the current situation and prediction of future economic situation consulting historical credit loss experience. The comparative table of the credit loss rate is as follows:

Aging	Expected loss provision rate %
Within 1 year	5
1-2 years	10
2-3 years	20
3-4 years	40
4-5 years	80
Over 5 years	100

## 5.15 Inventory

### (1) Classification of inventory

Inventories are classified as: raw materials, goods in progress (including semi-finished goods), stock commodities, dispatched inventories, revolving materials (including packing materials and low-cost consumables).

### (2) Measurement method of dispatched inventories

The standard cost is used for daily accounting of raw materials, and the difference of material cost should be carried forward on a monthly basis to adjust the standard cost into the actual cost; The goods in progress (including semi-finished goods) shall be accounted according to the actual cost, and the weighted average method shall be used when they are received and delivered. The actual cost of the inventory at the end of the month above shall be taken as the standard cost, and the delivery shall be priced according to the standard cost. At the end of the month, the standard cost of the inventory at the end of the month shall be adjusted into the actual cost through the cost-sharing difference.

### (3) Basis to determine net realizable values of inventories and method of provision for stock obsolescence

At the end of the period, inventory is measured according to the lower of cost and net realizable value. The difference between inventory cost and net realizable value is higher than the provision for stock obsolescence, which is recorded into current profit and loss. For inventories that are related to product

ranges produced and sold in the same district or used for the same or similar ultimate purpose and are difficult to be measured separately from other inventories, the Company provides for stock obsolescence as a whole. For inventories that have large quantities but low value, the Company provides for stock obsolescence on a category basis.

The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

#### (4) Inventory system

The Company adopts perpetual inventory system.

#### (5) Amortization method of packing materials and low-cost consumables

It is amortized in full at once.

### 5.16 Contract assets

The Company presents contract assets or contract liabilities on the balance sheet according to the relationship between the fulfillment of its contract performance obligations and its customers' payment.

Considerations that the Company has the right to collect for commodities transferred or services provided to customers (and such right depends on other factors than time lapses) are presented as contract assets. The Company presents the right possessed to collect consideration from customers unconditionally (only depending on the passing of time) as accounts receivable. Refer to "The method of determining the expected credit loss of accounts receivables and accounting treatment method" for the detail on the Company's method of determining the expected credit loss of contract assets and accounting treatment method.

### 5.17 Contract costs

Contract costs comprise incremental costs incurred as the Company obtains a contract, and costs for contract performance. Incremental costs incurred as the Company obtains a contract refer to those costs which will not incur without entering into a contract (such as sales commission). If it is expected that the costs are recoverable, the Company will recognize the costs incurred to obtain a contract as one form of assets. In case that the term of asset amortization is shorter than one year or one normal operating cycle, the costs will be recognized as profit and loss of the current period after occurrence.

If the costs incurred from contract performance fall outside the inventory or the scope of other enterprise accounting standards and satisfy all of the following conditions, the Company will recognize the costs for contract performance as assets: a) The costs are directly related to one existing contract or contract that is expected to be obtained; b) The costs enrich the Company's resources for future contract performance (including continual fulfillment); c) The costs are estimated to be recovered.

Assets recognized from costs incurred to obtain a contract and costs for contract performance

(hereinafter referred to as "assets related to contract costs") will be amortized based on the basis the same with the income from commodities or services related to the assets, and will be recognized as profit and loss of the current period. In case that the book value of assets related to contract costs is higher than the difference of the two items below, the Company will set aside provisions for assets impairment to deal with the extra part, and recognize that part as impairment losses: a) Estimated residual consideration to be obtained from transfer of commodities or services related to the assets; b) Estimated costs incurred from transfer of the relevant commodities or services.

## 5.18 Assets held for sale

### (1) Classification of non-current assets held for sale or disposal groups

The Company shall classify the non-current assets or disposal group meeting the following conditions into the held-for-sale category: The assets (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); Its sale must be highly probable.; The Company has already made a decision to dispose the component and has a commitment from the purchaser, the transfer will be completed within one year.

The non-current assets or disposal group acquired by the Company for resale shall be divided into the held-for-sale category on the acquisition date if it meets the condition that "the sale is expected to be completed within one year" and if it is likely to meet other conditions for the held-for-sale category within a short period (usually three months).

Due to one of the following reasons that the Company is unable to control, leading to the transactions uncompleted with non-related party within one year, and the Company still commits to sale non-current assets or disposal groups, it can continue to account for non-current assets or disposal groups as held-for-sale: the buyer or any other party accidentally set sale extension condition. The Company has to take action in time according to these conditions and the extension problem is expected to be solved within one year; In rare cases, the Company has taken the necessary steps and re-satisfy the hold for sale category condition within the first year for the new circumstances which caused it unable to complete the sale of the non-current assets or disposal group within one year.

### (2) Measurement of non-current assets or disposal groups held for sale

#### a. Initial measurement and subsequent measurement

When the Company measure a non-current asset or disposal group held for sale initially or re-measure at balance sheet date subsequently, the impairment loss should be recognized if the book value is higher than fair value less costs to sell at the amount of the difference of these two in profit and loss, the provision for assets held for sale need to be recognized at the same time.

For the non-current assets or disposal groups divided into held-for-sale category on the acquisition date, they shall be measured as the lower of the initial measurement amount and the net amount after deducting the selling expenses from the fair value under the assumption that it is not divided into held-for-sale categories at the initial measurement. Except for the non-current assets or the disposal



groups obtained in the enterprise merger, the difference caused by the non-current assets or the disposal groups taking the net amount after the fair value minus the selling expenses as the initial measurement amount shall be recorded into the current profit and loss.

For the impairment of disposal group, it should write off goodwill if existing, and then write down the related assets proportionally.

Depreciation or amortization should cease for the non-current asset held for sale. Interest and other charges on liabilities in the disposal groups held for sale continue to be recognized.

b. Accounting treatment of reversal of impairment loss

If the net amount of the non-current assets held for sale on the subsequent balance sheet date increases after the fair value minus the selling expenses, the amount previously written down shall be reversed, and the amount of the impairment loss recognized after being classified as the held-for-sale shall be reversed, and the reversed amount shall be included in the current profit and loss. The impairment loss recognized before the classification of the held-for-sale shall not be reversed.

If the net amount of the disposal groups held for sale on the subsequent balance sheet date increases after the fair value deducting the selling expenses, the amount previously written down shall be reversed, and the amount of the impairment loss recognized as non-current assets after being classified as the held-for-sale shall be reversed, and the reversed amount shall be included in the current profit and loss. The book value of the goodwill that has been written down and the impairment losses recognized before the classification of the held-for-sale shall not be reversed.

The subsequent reversed amount of the impairment loss recognized by the disposal groups held for sale shall be increased in proportion to the book value of non-current assets except goodwill in the disposal groups.

c. The accounting treatment that does not continue to be classified as held-for-sale and the termination of recognition

Non-current assets or disposal groups that are no longer divided into held-for-sale category or non-current assets are removed from disposal groups held for sale because of no longer meeting the condition of classification of held-for-sale, they are measured at lower of the following two: book value before being classified as the held-for-sale considering depreciation, amortization or impairment that should have been recognized under the assumption that it is not divided into held-for-sale categories; and recoverable amount.

When terminating the recognition of the non-current assets held for sale or the disposal groups, the unrecognized gains or losses shall be recorded into the current profit and loss.

## 5.19 Long-term receivables

For more details, see Note 5.10 Financial instruments.

## 5.20 Long-term equity investment

### (1) Judgment criteria of common control and significant influence

Common control on an agreement with other participants refers to the Company share control with other participants on an arrangement according to relevant conventions, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. This arrangement belongs to joint venture. Where the joint venture arrangement is made by a separate entity and the Company is judged to have rights to the net assets of such a separate entity according to the relevant conventions. Such a separate entity shall be regarded as a joint venture and accounted by the equity method. If the Company is judged to be not entitled to the net assets of the separate entity according to relevant conventions, the separate entity shall be regarded as a joint venture and the Company shall recognize the items related to the shares of the joint venture and perform accounting treatment in accordance with relevant accounting standards.

The term 'significant influence' refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. The Company judges that it has a significant impact on the invested entity through one or more of the following situations and taking all the facts and circumstances into consideration:

- a. Dispatch representatives to the board of directors or similar authorities of the investee.
- b. To participate in the financial and business policy making process of the investee.
- c. Significant transactions with the investee.
- d. Dispatch management personnel to the investee.
- e. To provide key technical data to the investee.

### (2) Determination of the initial investment cost

#### a. Long-term equity investment resulting from combination

Business combination under common control:

For the long-term equity investments obtained by cash paid, non-monetary assets paid or assumed liabilities and the equity securities issued by the acquirer, on the merger date, the initial investment cost of long-term equity investment shall be taken as the share of the owner's equity of the investee in the book value of the final control party's consolidated financial statements. If the investee under business combination under common control can be controlled due to additional investment or other reasons, the initial investment cost of long-term equity investment shall be determined on the merger date according to the share of the net assets of the investee in the book value of the final control party's consolidated financial statements. The difference between the initial investment cost of the long-term equity investment on the merger date and sum of the book value of the long-term equity investment before the merger and the new consideration of acquiring shares on the merger date shall be recorded to adjust the equity premium. If the equity premium is insufficient to be written down, the retained earnings shall be written down.

Business combination not under common control: The Company takes the initial investment cost of long-term equity investment as the merger cost determined on the purchase date. If the investee can be controlled under business combination not under common control due to additional investment or other reasons, the previous book value of the equity investment held plus the sum of the newly added investment cost shall be taken as the initial investment cost calculated according to the cost method.

b. Long-term equity investment obtained by other means

For the long-term equity investments obtained by cash paid, the Company recognizes their fair value as the initial investment costs.

For the long-term equity investments acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of shares of debt-for-equity swap as the initial investment costs.

(3) Subsequent measurement and recognition of profit and loss

a. Long-term equity investments measured under the cost method

Long-term equity investments that can control the investee are measured under the cost method. For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.

b. Long-term equity investments measured under the equity method

For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit and loss.

The Company shall, according to the shares of net profits and other comprehensive income realized by the investee that shall be enjoyed or borne by the Company, recognize the profit and loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses and other comprehensive income of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments. When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit and loss on investments on such basis. Where the losses on internal transactions between the Company and the investee are impairment of related assets, full amounts of such losses shall be recognized. Profit and loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit and loss on investments thereafter shall be recognized on such basis.

When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in reverse order against that described above after deducting unrecognized share of loss: i.e. write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

## **5.21 Investment property**

Measurement model of investment property

Cost model

Method of depreciation or amortization

Investment property is the property that is held to earn rent or capital appreciation or both and can be measured and sold separately. The Company's investment property includes land use right already rent, land use right held for appreciation and then sold, and buildings already rent.

Initial Recognition

When the Company can obtain the rental income or value-added income related to the investment

property and the cost of the investment property that can be measured reliably, the Company will initially measure it according to the actual expenditure of purchase or construction:

The cost of the purchased investment property includes the purchase price and related taxes directly attributable to the asset;

The cost of self-built investment property consists of the necessary expenses incurred before the asset reaches the intended use condition;

The cost of the investment property obtained by other means shall be recognized in accordance with relevant accounting standards.

#### Subsequent measurement

In general, the Company adopts the cost model to measure the follow-up expenditure of investment property. The depreciation or amortization of investment property shall be carried out in accordance with the accounting policies for the Company's fixed assets or intangible assets.

If there is solid evidence suggests that the investment property acquired can be measured at fair value continuously and reliably, the Company can use fair value model for subsequent measurement. For the investment property measured at fair value model, the Company does not provide depreciation or amortization and adjusts its book value based on the fair value of investment property at the balance sheet date. The difference between the fair value and book value is recorded into current profit or loss.

(3) When the Company changes the use of investment property, the relevant investment property will be transferred to other assets.

## 5.22. Fixed assets

### (1) Recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously: It is probable that the economic benefits relating to the fixed assets will flow into the Company; the cost of the fixed assets can be measured reliably.

### (2) Depreciation of fixed assets

Category	Depreciation method	Estimated useful life (Year)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings and Constructions	Straight-line method	10—45	5%	9.50%—2.11%
Special equipment	Straight-line method	5—35	5%	19.00%—2.71%

Universal equipment	Straight-line method	4—25	5%	23.75%—3.80%
Transportation equipment	Straight-line method	6	5%	15.83%
Other equipment	Straight-line method	4—16	5%	23.75—5.94%

Except for fixed assets still in use after full depreciation, the Company depreciates all fixed assets and calculates the depreciation in the straight-line depreciation method.

Based on the nature and use of fixed assets, the Company determines their service life and estimated net salvage value and reviews their service life, estimated net salvage value and depreciation method at the end of the year. Changes in the service life, estimated net salvage value and depreciation method of the same type of assets are treated as changes in accounting estimation.

### **(3) Recognition standard, valuation method and depreciation method for fixed assets acquired under financing lease**

A finance lease refers to a lease where almost all the risks and rewards, related to the ownership of the leased asset, are substantially transferred, regardless of whether the ownership is eventually transferred or not. The policy for the accrual of the depreciation of the leasehold property for the fixed assets acquired under the finance lease was consistent with that adopted for the Company's fixed assets. If there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; if there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term or the useful life of the leased assets.

## **5. 23. Construction in progress**

(1) Construction in progress refers to various construction and installation works carried out for the construction or repair of fixed assets, including the actual expenditure incurred in new construction, reconstruction and expansion, and the net value of fixed assets transferred from the reconstruction and expansion projects.

(2) Construction in progress is accounted on an individual project basis with actual cost valuation method. The borrowing costs incurred before the projects reach the intended use condition shall be included in the project cost. The fixed assets shall be carried forward in the month when the project is qualified for acceptance and delivery for use. For those that have reached the intended use condition but have not yet completed the final account, from the date of reaching the intended use condition, according to the project budget, construction cost or the actual cost of the project, the cost transferred to the fixed assets shall be determined according to the estimated value, and the depreciation shall be recognized; After the completion of the final account, the original provisional value shall be adjusted according to the actual cost, but the amount of depreciation accrued shall not be adjusted.

(3) The loan interest and related expenses incurred during the construction period shall be capitalized into the cost of the construction in Progress.

(4) On the balance sheet date, the construction in progress is recognized at the lower of book value and

recoverable amount.

## 5. 24. Borrowing costs

### (1) Scope of borrowing costs and its capitalization conditions

The Company's borrowing costs capitalized during period of capitalization are relevant loan expenses directly attributable to the assets eligible for capitalization, including interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency loan, etc.

Borrowing costs are capitalized when the following three conditions are met simultaneously: ① the asset expenditure has occurred, ② the borrowing costs have occurred, ③ the purchase and construction activities necessary to make the assets reach the intended use condition have started.

### (2) Recognition of capitalized amounts

The capitalized amount of borrowing expenses is calculated as follows: As for special loan borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special loan actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs. As for general loans used for acquiring and constructing or producing assets eligible for capitalization, the interest of general loans to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special loans by the capitalization rate of used general loans. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant loans. Where there are discounts or premiums on loans, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method. Auxiliary expenses incurred from special loans before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.

### (3) Recognition of capitalization rate

For a special loan for the purchase and construction of fixed assets, the capitalization rate is the interest rate of the loan;

For more than one special loan for the acquisition and construction of fixed assets, the capitalization rate is a weighted average interest rate of these loans.

### (4) Capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the

acquisition and construction or production activities of the asset resume.

#### (5) Capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit and loss when they incur. If parts of the acquired and constructed or produced assets are completed separately but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

### 5. 25. Right-of-use assets

Refer to Note 5.42 Lease for the detail.

### 5. 26. Intangible assets

#### (1) Measurement method, useful life, impairment test

Measurement method

- a. Costs of intangible assets purchased include purchase price, related tax and expenses and other expenditure that can be distributed to the asset directly to reach its expected use.
- b. Intangible assets invested by investors shall be valued at the value agreed upon in the investment contract or agreement;
- c. Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit and loss when they incur; The expenditures incurred in the development stage of the internal research and development projects shall be recognized as intangible assets when the following conditions are met; otherwise, they shall be recorded into the current profit and loss when they incur.
  - i. It is technically feasible to finish intangible assets for use or sale;
  - ii. It is intended to finish and use or sell the intangible assets;
  - iii. The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;
  - iv. It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources.
  - v. The expenditure attributable to the intangible asset during its development phase can be measured reliably.
- d. If payment of the purchase price of intangible assets can be deferred and exceeds normal credit conditions, the purchase has the nature of finance in fact and cost of the intangible asset shall be determined on the basis of present value of the purchase price. The difference between the amount actually paid and the present value of the purchase price should be recorded into current profit or loss



other than those should be capitalized during the credit period.

#### Useful life and amortization method

For intangible assets with limited useful life, amortization shall be carried out according to the straight-line method within the period that brings economic benefits to the enterprise. At the end of each period, the useful life and amortization method of intangible assets with limited service life shall be reviewed. If there are differences with the original estimates, corresponding adjustments shall be made. Intangible assets whose useful life is uncertain shall be regarded as intangible assets if it is impossible to foresee the term in which intangible assets bring economic benefits to the enterprise. Intangible assets with uncertain useful life shall not be amortized during the holding period, and the life of intangible assets shall be reviewed at the end of each period. If it is still uncertain after the review at the end of the period, the impairment test shall continue during each accounting period. At the end of each period, the useful life of intangible assets with uncertain service life shall be reviewed.

#### Impairment test

On the balance sheet date, intangible assets are valued at the lower of book value and recoverable amount.

### **(2) Internal research and development expenditure accounting policy**

The expenditures incurred in the development stage of the internal research and development projects shall be recognized as intangible assets when the following conditions are met; otherwise, they shall be recorded into the current profit and loss when they occur.

- a. It is technically feasible to finish intangible assets for use or sale;
- b. It is intended to finish and use or sell the intangible assets;
- c. The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;
- d. It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources.
- e. The expenditure attributable to the intangible asset during its development phase can be measured reliably.

Development expenditures that have been recorded into profit and loss in previous periods are not recognized as assets in subsequent periods. The capitalized expenditure in the development stage is listed as development expenditure in the balance sheet, and it will be recorded into intangible assets from the date when the project reaches its intended purpose.

### **5. 27. Long-term assets impairment**

On the balance sheet date, the Company makes a judgment on whether there are signs of possible impairment of long-term assets. If there are impairment indicators of non-current assets, the Company estimates the recoverable amount based on individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to.

The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset.

If the measurement result of recoverable amount shows that recoverable amount of the non-current assets is less than its book value, the book value shall be written down to the recoverable amount, and the amount written down shall be recognized as the impairment loss of assets, recorded into the current profit and loss, and the corresponding impairment provision of assets shall be made at the same time. Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

After the recognition of the impairment loss, the depreciation or amortization expense of the impairment asset shall be adjusted accordingly in the future period so as to systematically apportion the adjusted book value of the asset (deducting the expected net salvage value) within the remaining service life of the asset.

The Company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

Goodwill shall be combined with its related asset group or asset group portfolio so as to perform an impairment test. When the Company performs an impairment test on relevant asset group or asset group portfolio including goodwill, if there are signs of impairment, the Company shall firstly perform an impairment test on asset group or asset group portfolio excluding goodwill and calculate the recoverable amount, and compare with the related book value, recognize the corresponding impairment loss. Then, the Company performs an impairment test on relevant asset group or asset group portfolio including goodwill, and compares the book value of the relevant asset groups or asset group portfolio (including proportional book value of goodwill) with its recoverable amount. If the recoverable amount of relevant asset group or asset group portfolio is less than its book value, the Company shall recognize impairment loss of goodwill.

## **5. 28. Long-term deferred expenses**

Long-term deferred expenses shall be initially measured according to the actual costs incurred. It is amortized using the straight-line method over the beneficial period. If it cannot benefit the following accounting period, the amortized value of the item that has not been amortized will be transferred to the current profit and loss.

## **5. 29. Contract liabilities**

The recognition method of contract liabilities: The Company presents contract assets or contract liabilities on the balance sheet according to the relationship between the fulfillment of its contract performance obligations and its customers' payment. Obligations to be fulfilled by the Company of transferring commodities or providing services to customers, as the Company has received or should receive customers' considerations, are presented as contract liabilities.

## 5. 30. Employee benefits

### (1) Accounting treatment method of short-term benefits

Short-term benefits are the benefits that the Company expects to pay in full within 12 months after the reporting period in which the employee provided relevant services, excluding the compensation for employment termination. Accrued short term benefits will be recognized as liability during the accounting period in which the employee is providing the relevant service to the Company. The liability will be included in the current profit and loss or the relevant assets cost.

### (2) Accounting treatment method of post-employment benefits

#### a. Defined contribution plan

The defined contribution plan of the Company includes payments of basic pension and unemployment insurance calculated according to the local payment base and proportion. The amount shall be included into the profit and loss or the relevant assets cost for the accounting period in which the employee provides the service to the Company.

#### b. Defined benefit plan

According to the formula determined by the expected accumulative projected unit credit method, the Company will record the benefit obligation generated by the defined benefit plan belonging to the period during in which the employee provides the service into the current profit and loss or the relevant assets cost.

The deficit or surplus resulting from the present value minus the fair value of the assets of a defined benefit plan is recognized as a net liability or net asset of a defined benefit plan. If there is surplus in the defined benefit plan, the net assets of the defined benefit plan shall be measured at the lower of the surplus and the upper limit of assets of the defined benefit plan.

All defined benefit plan obligations, including those expected to be paid within the twelve months following the end of the annual reporting period in which the employee provides the service, are discounted based on the market yield and high quality corporate bonds in an active market that match the duration and currency of defined benefit plan obligations on the balance sheet date.

The service costs generated by the defined benefit plan and the net interest on net liabilities or net assets of the defined benefit plan are included in the current profit and loss or relevant assets cost; Changes in net liabilities or net assets generated by the re-measurement of the defined benefit plan are included in other comprehensive income and are not reversed to profit and loss in subsequent accounting periods.

At the time of settlement of the defined benefit plan, the settlement gains or losses shall be recognized according to the difference between the present value of the obligations of the defined benefit plan and the settlement price determined on the settlement date.

### (3) Accounting treatment method of termination benefits

Employee benefits liabilities shall be recognized and included into profit or loss for the current period on the earlier date of the two following circumstances:

a. When the Company is not able to withdraw the benefits from termination of employment or resignation

persuasion unilaterally;

b. When the Company recognizes costs and fees relevant to reforming the termination benefits payment. As for the termination benefits that cannot be fully paid within 12 months after the end of the annual report period, the Company shall choose an appropriate discount rate and record it into current profit and loss based on it.

#### **(4) Accounting treatment method of other long-term employee benefits**

Other long-term employee benefits are all employee benefits other than short-term benefits, post-employment benefits and termination benefits.

Other long-term employee benefits provided by the Company to the employee that meet the conditions of the defined contribution plan shall be treated in accordance with the same principles of the defined contribution plan; If the conditions for defined benefits are met, net liabilities or net assets of other long-term employee benefits shall be recognized and measured in accordance with the relevant principles of the defined benefits plan.

### **5. 31. Lease liabilities**

Refer to the Note 5.42 Lease for details.

### **5. 32. Estimated liabilities**

#### **(1) Recognition criteria of estimated liabilities**

If the contingent obligations meet the following conditions simultaneously, the Company shall recognize it as an estimated liability:

This obligation is the Company's current obligation; the performance of this obligation is highly likely to result in an outflow of economic benefits from the Company; The amount of the obligation can be measured reliably.

#### **(2) Measurement method of estimated liabilities**

The Company's estimated liabilities are initially measured in terms of the best estimate of the expenditure of fulfilling the relevant current obligations.

For determining the best estimate, the Company takes various factors into account such as the risk, uncertainty and time value of money related to contingencies. If the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

The best estimate is processed as follows:

Where there is a continuous range (or range) of required expenditures and the probability of the occurrence of various results within the range is same, the best estimate is determined according to the mean of the middle value of the range, namely the mean value of the upper and lower limits.

Where there is no continuous range (or range) of required expenditures, or where there is a continuous range but the possibility of various outcomes within the range is different, if the contingencies involve a single item, the best estimate is determined according to the most likely amount; If the contingencies involve more than one item, the best estimate is calculated and determined according to various

possible results and relevant probabilities.

Where all or part of the expenses required for the liquidation of the estimated liabilities of the Company are expected to be compensated by a third party, the amount of compensation shall be recognized as an asset when it is basically confirmed that it can be received, and the confirmed amount of compensation shall not exceed the book value of the estimated liabilities.

### **5. 33. Share-based payment**

#### **(1) The type of share-based payment**

Share-based payment is classified as equity-settled share-based payment and cash-settled share-based payment.

#### **(2) The method of determining the fair value of equity instruments**

For equity-settled share-based payment related with employees, the equity instrument is measured at fair value. The cash-settled share-based payment shall be measured according to the fair value of the liabilities calculated and determined on the basis of shares or other equity instruments undertaken by the Company.

For the fair value of the stock option granted, the fair value is determined by using the stock option pricing model, and the following factors are taken into account: the current price of the underlying shares, the exercise price of the option, the risk-free interest rate within the period of the option, the option life, and the expected volatility of the stock price.

#### **(3) Recognition of the best estimate basis of instrument that can be exercised**

For the equity-settled share-based payment settled immediately after the grant, the fair value of the equity instrument shall be included in the relevant costs or expenses on the grant date, and the capital reserve shall be increased accordingly. Grant date means the date on which the share-payment agreement is approved.

For the equity-settled share-based payment, in which the services during waiting period are completed and the performance conditions are met, in return for services of employees, on each balance sheet date during waiting period, the current obtained service shall be included in the relevant costs or expenses and the capital reserves in accordance with the fair value of the equity instruments on the grant date, based on best estimate of the number of vested equity instruments, and the subsequent changes in fair value shall not be recognized. On each balance sheet date during waiting period, the Company makes the best estimate based on the latest available employee number change and other subsequent information, and modifies the number of equity instruments for the estimated vesting. On the vesting date, the final expected number of vesting instruments is the same as the actual number of vesting instruments.

#### **(4) Relevant accounting treatment of implement, modification and termination of share-based payment plan**

For equity-settled share-based payment, no adjustments will be made to the recognized costs and total owners' equity after the vesting date. On the vesting date, the Company shall recognize the share capital and the equity premium according to the exercise situation, and carry forward the capital reserve recognized in the waiting period.

No matter how it modifies the terms and conditions of the granted equity instruments or it cancels the granted equity instruments or its settlement, the equity instruments granted by the Company shall be recognized at fair value on the grant date and it measures obtained the corresponding services, unless it cannot be vested because it cannot meet the vesting conditions of equity instruments (except market conditions).

## 5. 34. Revenue

### Accounting policies for recognition and measurement of revenue

#### (1) Basic principles of revenue identification

The Company recognizes revenue when it has fulfilled the performance obligations under the contract, that is, when the customers obtain the control of relevant goods or services, at the transaction price allocated to the performance obligations.

Performance obligations refer to the Company's promise that it will transfer clearly distinguishable goods or services to customers under the contract.

Obtaining control of related goods refers to that customers can control the use of the goods and obtain almost all the economic benefits from the goods.

The Company will evaluate the contract on the contract start date, identify each individual performance obligation contained in the contract, and judge whether each individual performance obligation will be performed within a certain period of time or at a certain point in time. If one of the following conditions is met, and the performance obligation are performed within a certain period of time, the Company will identify revenue within a period of time according to the performance progress: a. The customers obtain and consume the economic profits while the Company performs the contract. b. The customers can control the products under construction during the performance of the Company; c. The products produced during the performance of the Company cannot be replaced, and the Company has the right to collect payment for the completed performance accumulated during the entire contract period. Otherwise, the Company will identify revenue when the customers obtain control rights of the relevant goods or services.

For the performance obligations performed within a certain period of time, the Company will apply the input-output method to identify the appropriate performance progress based on the nature of the goods and services. The input-output method is to identify the performance progress based on the value of the goods that have been transferred to the customers to the customers. When the performance progress cannot be reasonably identified and the Company's incurred costs are expected to be compensated, the Company will identify the revenue according to the amount of the incurred costs until the performance progress can be reasonably identified.

#### (2) The methods of revenue identification

The Company mainly sells alcoholic products, which is a performance obligation performed at a certain point in time. The revenue identification of domestic products must meet the following requirements: a. The Company has delivered the products to the purchasers according to the contract and the purchasers have signed and confirmed the receipts. b. The amount of sales revenue has been identified. c. The payment has been received; the receipt of the document of title has been obtained and the relevant economic benefits are likely to flow in. d. The product-related costs can be reliably calculated. The following requirements must be met to confirm the revenue of export products: a. The Company has

declared the products in accordance with the contract, obtained the bills of lading, received the payment or obtained the receipt of payment and related economic benefits that are likely to flow in. b. The main risks and rewards of the product ownership have been transferred. c. The legal ownership of the goods has been transferred.

Differences in accounting policies for the recognition of revenue caused by different business models for the same type of business

## 5. 35. Government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government like fiscal subsidies.

### (1) Judgment basis and accounting treatment method of government grants related to assets

Government grants related to assets are government grants that are acquired by the Company and used for forming long-term assets through purchasing and constructing or other ways. If the government documents do not clearly specify the target of the subsidy, the Company shall separately explain judgment basis of classifying the government grants into the government grants related to assets or income.

Accounting method: it shall be recognized as deferred income allocated evenly over the useful lives (the period of depreciation and amortization) of the relevant assets from the month of commence of depreciation or amortization when the relevant assets reaching the intended use condition, and included in the current profit or loss. However, government grants measured at the nominal amount shall be directly included in current profit and loss.

### (2) Judgment basis and accounting treatment method of government grants related to income

Government grants related to income are government grants other than government grants related to assets;

Accounting method:

a. If it is used to compensate the Company's relevant expenses or losses in future periods, it should be recognized as deferred income and included into the current profit and loss or written off of the related costs when the relevant expenses, losses are recognized.

b. If it is used to compensate the Company's relevant expenses or losses incurred, it is directly included into the current profit and loss on acquisition or written off of the related costs.

#### c. Recognition time-point of government grants

Government grants are recognized when the Company can meet the attached conditions for the government grants and the Company can receive the grants.

#### d. Measurement of government grants

If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount. If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount.

## 5. 36. Deferred tax assets or deferred tax liabilities

The Company adopts the balance sheet liability method to account for income tax.

The Company recognizes deferred tax assets when the following conditions are met simultaneously:

- i. Temporary differences are highly likely to be reversed in the foreseeable future;
- ii. Taxable income that may be used to offset the deductible temporary difference is likely to be obtained in the future and is limited to the amount of taxable income that is likely to be obtained.

On each balance sheet date, the current income tax liabilities (or assets) incurred in the current period or prior periods shall be measured by the Company in light of the expected payable (refundable) amount of income taxes according to the tax law; The deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The Company shall review the carrying amount of deferred income tax assets on each balance sheet date. The current income tax and deferred income tax shall be recorded into the current profit and loss as income tax expense or income, except for the income tax generated from the enterprise merger, transactions or events directly recognized in the owner's equity.

## 5. 37. Lease

### (1) Accounting treatment of operating lease

The Company implemented the New Lease Standards from 1 January 2021.

From the effectiveness date of a contract, the Company assessed whether the contract was a lease or includes any lease. If a party to the contract transferred the right allowing the control over the use of one or more assets that had been identified within a certain period, in exchange for a consideration, such contract was a lease or includes a lease.

#### ① Accounting treatment with the Company as lessee

On the commencement date of the lease term, the Company recognizes the right-of-use assets and lease liabilities for the lease, unless it is a simplified short-term lease or a low-value asset lease.

Right-of-use assets are initially measured at costs, including: A. The initial measurement amount of lease liabilities; B. If there is a lease incentive for the lease payment paid on or before the start date of the lease term, the relevant amount of the lease incentive already enjoyed shall be deducted; C. Initial direct expenses incurred by the Company; D. The expected cost to be borne by the Company in order to dismantle and remove the assets leased, restore original state of the place where the assets leased are in, or restore the assets leased to the state stipulated in the lease terms.

The Company initially measures the lease obligation at the present value of the lease payments outstanding at the commencement date of the lease term. When calculating the present value of lease payments, the Company uses the interest rate implicit in lease as the rate of discount. If the interest rate implicit in lease cannot be determined, the Company's incremental lending rate is used as the rate of discount.

After the commencement of the lease term, the Company uses the cost model for subsequent measurement of right-of-use assets, depreciates right-of-use assets on a straight-line basis, calculates the interest expense on the lease liability within the lease term and includes it in the current profit or loss, unless such interest charge is stipulated to be included in the underlying asset cost. Variable lease payments that are not included in the measurement of the lease obligation should be included in the



current profit or loss when they are actually incurred, unless such payments are stipulated to be included in the underlying asset cost.

After the commencement of the lease term, the Company remeasures the lease liability and adjusts the corresponding right-of-use asset, and if the carrying value of the right-of-use asset has been reduced to zero but the lease liability is subject to further reduction, the difference is recorded in current profit or loss: (1) When there is a change in the valuation of the purchase option, renewal option or termination option, or actual exercise, the Company remeasures the lease liabilities at the present value of the lease payments after the change and the revised discount rate; (2) When there is a change in the actual fixed payment, the estimated payable of the residual value of the guarantee, the index or rate used to confirm the lease payment, the Company calculated the present value based on the changed lease payment amount and the original discount rate to remeasure the lease liabilities. However, where changes in lease payments arise from changes in floating interest rates, a revised discount rate was used to calculate the present value.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, which are included in the profit or loss for the current period or the cost of relevant assets on a straight-line basis during each period of the lease term.

## ② Accounting treatment with the Company as lessor

The Company recognizes the lease payments receivable of the operating lease as rental earnings in each period within the lease term on a straight-line basis or according to other systematic and reasonable methods. The initial direct costs related to the operating lease are capitalized, amortized within the lease term on the same basis as the recognition of rental earnings, and included in profit or loss for the current period. The received variable lease payments related to the operating lease that are not included in the lease payments receivable are included in profit or loss for the current period when they are actually incurred.

## **(2) Accounting treatment of finance lease**

### ① Lease classification

The Company classifies leases into finance leases and operating leases at the inception of leases. A finance lease refers to a lease where almost all the risks and rewards, related to the ownership of the leased asset, are substantially transferred, regardless of whether the ownership is eventually transferred or not. All leases other than finance leases are classified as operating leases.

### ② Accounting treatment of finance leases

Accounting treatment with the Company as lessor

On the commencement date of the lease term, the Company recognizes the finance lease receivables for the finance lease and derecognizes the leased asset of the finance lease. In the initial measurement of finance lease receivables, the sum of the unsecured residual value and the present value of the lease payments receivable not yet received on the commencement date of the lease term discounted at the interest rate implicit in lease is the entry value of the finance lease receivables. The Company calculates and recognizes the interest income in each period within the lease term at a fixed interest rate implicit in the lease. The received variable lease payments that are not included in the measurement of the net investment in the lease are included in profit or loss for the current period when they are actually

incurred.

## 5.38 Changes in significant accounting policies and accounting estimates

### 5.38.1. Changes in significant accounting policies

√Applicable □N/A

Content and reason of changes	Approval procedures	Note
<p>On 7 December 2018, the Ministry of Finance issued the revised <i>Accounting Standards for Business Enterprises No. 21 -- Leases</i>" (CK[2018]No.35) (hereinafter referred to as the "New Lease Standards"). According to the requirements of the Ministry of Finance, companies that are listed both domestically and abroad and companies that are listed abroad and prepare financial statements under the Accounting Standards for Business Enterprises shall implement the New Lease Standards from 1 January 2019; other companies that implement the Accounting Standards for Business Enterprises shall implement the New Lease Standards from 1 January 2021. Due to the above-mentioned revision of accounting standards, the Company has made corresponding adjustments to the lease accounting policy previously adopted.</p>	N/A	<p>According to the Company's existing leased assets, if a lease meets the criteria for short-term leases, the lease payment shall continue to be included in the expenses according to the current model; for a lease with a lease term of more than one year, it is required to recognize the right-of-use assets and lease liabilities and accrue depreciation. At the same time, in accordance with the regulations on the transition from old to new standards, the Company does not have any lease that needs to be adjusted retrospectively. This change in accounting policies does not affect the Company's shareholders' equity, net profit and other related financial indicators in 2020.</p>

For the date of initial adoption, the Company made the following adjustments as a result of implementing the New Lease Standards: For operational leasing prior to the date of initial adoption, the Company will measure the lease liabilities according to the present value discounted at the incremental borrowing rate of 3.85% on the date of initial adoption based on the remaining lease payments, and measure the right-of-use asset at an amount equal to the lease liability based on each lease option, and make necessary adjustments based on the advance rental.

There was no other change in significant accounting policies in the reporting period other than the above changes.

**5.38.2. Changes in significant accounting estimates**

Applicable  N/A

**5.38.3. Adjustments to the financial statements at the beginning of the execution year of any new standard governing leases from 2021**

Applicable  N/A

Whether items of balance sheets at the beginning of the year need to be adjusted

Yes  No

Consolidated balance sheet

Monetary Unit: CNY

Item	31 December 2020	1 January 2021	Adjusted
Current assets:			
Cash and cash equivalents	11,624,870,340.60	11,624,870,340.60	
Settlement reserves			
Lending funds			
Trading financial assets			
Derivative financial assets			
Notes receivables			
Accounts receivables	1,507,852.43	1,507,852.43	
Accounts receivables financing	3,209,371,766.35	3,209,371,766.35	
Prepayment	74,685,537.38	74,685,537.38	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve			
Other receivables	127,032,931.42	127,032,931.42	
Including: Interests receivable			
Dividends receivable	1,407,900.00	1,407,900.00	
Buying back the sale of financial assets			
Inventories	4,695,663,431.25	4,695,663,431.25	
Contract assets			

Assets held for sale			
Non-current assets due within one year			
Other current assets	156,565,424.18	156,565,424.18	
Total current assets	19,889,697,283.61	19,889,697,283.61	
Non-current assets:			
Disbursement of loans and advances			
Investment in debt obligations			
Investment in other debt obligations			
Long-term receivables			
Long-term equity investments	2,477,667,171.27	2,477,667,171.27	
Other equity instrument investment	347,160,399.42	347,160,399.42	
Other non-current financial assets			
Investment property			
Fixed assets	6,887,108,174.72	6,887,108,174.72	
Construction in progress	2,012,129,880.15	2,012,129,880.15	
Productive biological assets			
Oil and gas assets			
Right-to-use assets		50,201,409.36	50,201,409.36
Intangible assets	2,657,118,025.37	2,657,118,025.37	
Development expenses			
Goodwill			
Long-term deferred expenses	2,305,902.21	2,305,902.21	
Deferred tax assets	725,210,660.84		
Other non-current assets	10,806,325.86	10,806,325.86	
Total non-current assets	15,119,506,539.84	15,169,707,949.20	50,201,409.36
Total assets	35,009,203,823.45	35,059,405,232.81	50,201,409.36
Current liabilities:			
Short-term loans			

Borrowings from the central bank			
Loans from other banks			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	121,285,117.60	121,285,117.60	
Accounts payable	2,604,289,199.77	2,604,289,199.77	
Advance from customer			
Contract liabilities	1,678,837,166.94	1,678,837,166.94	
Financial assets sold for repurchase			
Customers deposits and deposits from banks and other financial institutions			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Employee benefits payable	505,022,627.19	505,022,627.19	
Taxes payable	2,046,027,211.13	2,046,027,211.13	
Other payable	501,623,924.54	501,623,924.54	
Including: Interests payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	72,219,178.08	82,207,133.16	9,987,955.08
Other current liabilities	218,267,353.36	218,267,353.36	
Total current liabilities	7,747,571,778.61	7,757,559,733.69	9,987,955.08
Non-current liabilities:			
Insurance contract			

reserves			
Long-term loans			
Bonds payable	3,987,872,100.02	3,987,872,100.02	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		40,213,454.28	40,213,454.28
Long-term payables			
Long-term payroll payables			
Accrued liabilities			
Deferred income	29,739,000.00	29,739,000.00	
Deferred tax liabilities	62,151,071.11		
Other non-current liabilities			
Total non-current liabilities	4,079,762,171.13	4,119,975,625.41	40,213,454.28
Total liabilities	11,827,333,949.74	11,877,535,359.10	50,201,409.36
Owners' equity:			
Share capital	1,464,752,476.00	1,464,752,476.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	3,722,777,063.13	3,722,777,063.13	
Less: Treasury stock			
Other comprehensive income	186,063,325.03	186,063,325.03	
Special reserves			
Surplus reserves	1,464,752,476.00	1,464,752,476.00	
General risk reserve			
Undistributed profits	16,236,513,212.43	16,236,513,212.43	
Total equity attributable to owners of the parent company	23,074,858,552.59		
Non-controlling interests	107,011,321.12	107,011,321.12	
Total owners' equity	23,181,869,873.71	23,181,869,873.71	
Total liabilities and owners' equity	35,009,203,823.45	35,059,405,232.81	50,201,409.36

## Statement for adjustment

In accordance with the requirements of Accounting Standards for Business Enterprises No.21-Lease issued by the Ministry of Finance, the Company starts to implement it since 1 January 2021. For details on specific items and amounts affected, please refer to above statement.

## Balance sheet of parent company

Monetary Unit: CNY

Item	31 December 2020	1 January 2021	Adjusted
Current assets:			
Cash and cash equivalents	11,100,327,211.33	11,100,327,211.33	
Trading financial assets			
Derivative financial assets			
Notes receivables			
Accounts receivables	3,927.50	3,927.50	
Accounts receivables financing			
Prepayment	1,431,698.57	1,431,698.57	
Other receivables	7,052,749,694.83	7,052,749,694.83	
Including: Interests receivable			
Dividends receivable	1,407,900.00	1,407,900.00	
Inventories	850,076.30	850,076.30	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	78,509.44	78,509.44	
Total current assets	18,155,441,117.97	18,155,441,117.97	
Non-current assets:			
Investment in debt obligations			
Investment in other debt obligations			
Long-term receivables			
Long-term equity investments	5,884,091,712.47	5,884,091,712.47	

Other equity instrument investment	346,831,477.79	346,831,477.79	
Other non-current financial assets			
Investment property			
Fixed assets	640,254,574.76	640,254,574.76	
Construction in progress	550,932,404.00	550,932,404.00	
Productive biological assets			
Oil and gas assets			
Right-to-use assets		730,727.38	730,727.38
Intangible assets	684,010,106.13	684,010,106.13	
Development expenses			
Goodwill			
Long-term deferred expenses	2,180,811.89	2,180,811.89	
Deferred tax assets	89,484,552.65	89,484,552.65	
Other non-current assets	1,526,325.86	1,526,325.86	
Total non-current assets	8,199,311,965.55	8,200,042,692.93	730,727.38
Total assets	26,354,753,083.52	26,355,483,810.90	730,727.38
Current liabilities:			
Short-term loans			
Trading financial liabilities			
Derivative financial liabilities			
Notes payables			
Accounts payable	80,663,835.54	80,663,835.54	
Advance from customer			
Contract liabilities	753,349.81	753,349.81	
Employee benefits payable	168,254,646.38	168,254,646.38	
Taxes payable	153,437,992.21	153,437,992.21	
Other payables	699,733,563.56	699,733,563.56	
Including: Interests payable			
Dividends payable			



Liabilities held for sale			
Non-current liabilities due within one year	72,219,178.08	72,613,678.08	394,500.00
Other current liabilities	116,457.13	116,457.13	
Total current liabilities	1,175,179,022.71	1,175,573,522.71	394,500.00
Non-current liabilities:			
Long-term loans			
Bonds payable	3,987,872,100.02	3,987,872,100.02	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		336,227.38	336,227.38
Long-term payables			
Long-term payroll payables			
Accrued liabilities			
Deferred income	1,904,000.00	1,904,000.00	
Deferred tax liabilities	62,151,071.11	62,151,071.11	
Other non-current liabilities			
Total non-current liabilities	4,051,927,171.13	4,052,263,398.51	336,227.38
Total liabilities	5,227,106,193.84	5,227,836,921.22	730,727.38
Owners' equity			
Share capital	1,464,752,476.00	1,464,752,476.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	3,706,816,950.12	3,706,816,950.12	
Less: Treasury stock			
Other comprehensive income	185,441,302.55	185,441,302.55	
Special reserves			
Surplus reserves	1,464,752,476.00	1,464,752,476.00	
Undistributed profits	14,305,883,685.01	14,305,883,685.01	
Total owners' equity	21,127,646,889.68	21,127,646,889.68	

Total liabilities and owners' equity	26,354,753,083.52	26,355,483,810.90	730,727.38
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#### Statement for adjustment

In accordance with the requirements of Accounting Standards for Business Enterprises No.21-Lease issued by the Ministry of Finance, the Company starts to implement it since 1 January 2021. For details on specific items and amounts affected, please refer to above statement.

#### 5.38.4. Retrospective restatement of previous comparative data due to the execution of any new standard governing lease from 2021

Applicable  N/A

## 6. Taxes

### 6.1. Major tax types and rates

Tax type	Tax base	Tax rate
Value-added tax	Taxable sales income	13 %, 9%, 6%
Urban maintenance and construction tax	Taxable turnover tax	7%
Corporate income tax	Taxable income	25%, 15%, 16.5%, 9%, 0%
Consumption tax (based on price)	Baijiu tax price or ex-factory price	20%
Consumption tax (based on quantity)	Quantity of baijiu	CNY 1.00/kg
Education surcharge	Taxable turnover tax	3%
Local education surcharge	Taxable turnover tax	2%
Property tax	Original value of the property*70%; house rent	1.2%, 12%
Land use tax	Land area	CNY 5-18.00/m <sup>2</sup>
Others	According to national regulation	

Tax payment subject using different corporate income tax rates, the corporate income tax rates are as follows:

Company name	Corporate income tax rate
Luzhou Pinchuang Technology Co., Ltd.	15%
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	16.5%
Luzhou Laojiao Commercial Development (North America) Co., Ltd.	21%-40%

Mingjiang Co., Ltd.	21%-40%
Luzhou Red Sorghum Modern Agricultural Development Co., Ltd.	Exempted from corporate income tax
Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd.	9%

## 6.2. Tax preferences

(1) According to *Announcement of the Ministry of Finance, State Taxation Administration and National Development and Reform Commission on Continuing the Corporate Income Tax Policies Concerning the Western Development Strategy (No. 23 in 2020, Ministry of Finance)*, from 1 January 2021 to 31 December 2030, companies are located in the western region whose primary business is listed in the *Catalogue of Encouraged Industries in the Western Region*, and the primary business income accounting for over 60% of the total enterprise income. These companies shall be subject to the corporate income tax at a reduced rate of 15%. The Company's holding subsidiary, Luzhou Pinchuang Technology Co., Ltd., whose primary business income meet the requirements of scope and standard of the *Catalogue of Encouraged Industries in the Western Region*, is paid at the rate of 15% for corporate income tax.

(2) According to Article 27 of the *Corporate Income Tax Law of the People's Republic of China* and Article 86, Item 1 of the *Implementation Regulations of the Corporate Income Tax Law*, companies are exempted from enterprise income tax when they engage in agricultural, forestry, animal husbandry and fishery industries. The holding subsidiary of the Company, Luzhou Red Sorghum Modern Agricultural Development Co., Ltd., is engaged in the cultivation and sale of organic sorghum and enjoys the reduction of corporate income tax preferences.

(3) According to the Article 15, Item 1 of the *Provisional Regulations on Value-Added Tax*, agricultural producers sell self-produced agricultural products exempt from value-added tax. The holding subsidiary of the Company, Luzhou Red Sorghum Modern Agricultural Development Co., Ltd., is engaged in the cultivation and sale of organic sorghum and enjoys the value-added tax exemption.

(4) According to the Article 3, Item 7 of the *Notice on Revise of Interim Measures of Accelerating the Development in Headquarters Economy of China-Malaysia Qinzhou Industrial Park*, till 31 December 2025, the enterprises in the Qinzhou Industrial Park that enjoy 15% of tax rate of Western Development with the half reduction in the tax period of preferential policies shall enjoy the local share of corporate income tax exemption (namely 40% of corporate income tax was exempted, and the proportion adjusted by the state shall be executed according to new proportion); Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd., the wholly-owned subsidiary of the Company, pays corporate income tax at the rate of 9% according to the tax preference policies.

## 7. Notes to the main items of the consolidated financial statements (All currency unit is CNY, except other statements)

### 7.1. Cash and cash equivalents

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Cash	26,281.86	26,978.10
Bank deposit	13,490,769,725.71	11,616,532,676.06
Other cash and cash equivalents	22,698,572.99	8,310,686.44
Total	13,513,494,580.56	11,624,870,340.60
Including: Total deposit outbound	63,993,390.31	68,247,418.50
Total amount with restriction to use due to mortgage, pledge or freeze	110,965,638.73	56,675,277.79

Other statements:

Note 1: The deposit outbound is the balance of cash and cash equivalents of the foreign holding subsidiary of the Company.

Note 2: The closing balance of other cash and cash equivalents is the travel service deposit of CNY 1,400,000.00 deposited by the subsidiary, Luzhou Laojiao Tourism Culture Co., Ltd., in the designated bank according to the regulations of the tourism bureau, the balance of CNY 10,774,833.68 deposited by the subsidiary, Luzhou Laojiao Electronic Commerce Co., Ltd. on the third-party e-commerce platform, and guaranty letter deposit of CNY 10,509,017.10 by the Company and the subsidiary, Luzhou Laojiao Sales Co., Ltd., in the bank.

Note 3: There is no special benefit arrangement such as establishing a fund co-management account with related parties in the current period.

Liquor and wine manufacturing companies shall disclose in detail whether there are special interest arrangements such as establishing co-management accounts with related parties.

Applicable  N/A

### 7.2. Held-for-trading financial assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Financial assets measured at fair value with their changes included into current profits/losses	706,352,241.79	
Including:		
Financial products at fair value through	706,352,241.79	

profit or loss		
Including:		
Total	706,352,241.79	

Other statements:

The closing balance represents the wealth management products of the collective asset management plan purchased by the Company from securities-type companies and is measured at fair value based on the amount calculated on the basis of the net unit value of the underlying assets as published on the official website of the asset manager.

### 7.3. Accounts receivable

#### 7.3.1. Classification of accounts receivable

Monetary Unit: CNY

Type	Closing Balance					Opening Balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Accounts receivable tested for impairment by the portfolio	1,713,947.55	100.00%	85,699.00	5.00%	1,628,248.55	1,587,225.12	100.00%	79,372.69	5.00%	1,507,852.43
Including:										
Accounts receivable tested for impairment on the portfolio with characteristics of credit risk	1,713,947.55	100.00%	85,699.00	5.00%	1,628,248.55	1,587,225.12	100.00%	79,372.69	5.00%	1,507,852.43
Total	1,713,947.55	100.00%	85,699.00	5.00%	1,628,248.55	1,587,225.12	100.00%	79,372.69	5.00%	1,507,852.43

Accounts receivable tested for impairment on the portfolio:

Monetary Unit: CNY

Name	Closing Balance		
	Book balance	Provision for bad debt	Proportion
Risk portfolio	1,713,947.55	85,699.00	5.00%

Other portfolio			
Total	1,713,947.55	85,699.00	--

Please refer to the relevant information of disclosure of provision for bad debt of other accounts receivable if adopting the general mode of expected credit loss to withdraw provision for bad debt of accounts receivable

Applicable  N/A

#### Disclosure by aging

Monetary Unit: CNY

Aging	Closing balance
Within 1 year (including 1 year)	1,713,947.55
Total	1,713,947.55

The Company shall observe the disclosure requirements for related food and wine manufacturing business in the *Self-regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange - Industry Information Disclosure*

#### 7.3.2. Provision and recovery for bad and doubtful debt in the current period

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Provision allowance by risk portfolio	79,372.69	6,326.31				85,699.00
Total	79,372.69	6,326.31				85,699.00

Note: There is no significant provision in accounts receivable reversed or recovered in the reporting period.

#### 7.3.3. Top five entities with the largest balances of accounts receivable

Monetary Unit: CNY

Company name	Closing Balance	Proportion to total closing balance of accounts receivable	Closing balance of provision for bad debt
Sazerac Distiller LLC	927,137.53	54.09%	46,356.88
Beijing Secoo Trading Limited	263,509.80	15.37%	13,175.49
Park Street Imports,	170,916.07	9.97%	8,545.80

LLC			
Dongguan Good View Industrial Ltd.	129,062.76	7.53%	6,453.14
Shanghai Shengdayuan Information Technology Co., Ltd.	61,934.07	3.61%	3,096.70
Total	1,552,560.23	90.57%	

#### 7.4. Accounts receivable financing

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Bank acceptance bill	4,757,631,778.64	3,209,371,766.35
Total	4,757,631,778.64 <sup>1</sup>	3,209,371,766.35

Note: 1. At the end of the period, the revenue increased by CNY 1,548,260,012.29, up 48.24% compared with the beginning of the period, which was mainly due to the impact of the corresponding increase in bank acceptances received as the scale of sales expanded. 2. The business mode to manage notes receivable aims to collect contract cash flow as well as to sell the financial assets, and thus the notes receivable is presented as accounts receivable financing; since the timing and price of bills discounted may not be reliably estimated due to the short maturity of the bills all being less than one year and the endorsement of the negotiable bills being valued at book value, the face value is regarded as the fair value of accounts receivable financing by the Company. 3. There was no allowance of provision for bad debt at the end of the reporting period.

Changes in accounts receivable financing in the reporting period and fair value:

Applicable  N/A

Please refer to the relevant information of disclosure of impairment provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw impairment provision of accounts receivable financing.

Applicable  N/A

Other statements:

(1) There was no accounts receivable financing pledge at the end of year.

(2) There is CNY 8,545,542,606.78 as follows of accounts receivable financing that have been endorsed to other parties by the Company but have not expired at the end of year:

Item	Derecognition at period-end	Not derecognition at period-end
Bank acceptance bill	8,545,542,606.78	
Subtotal	<b>8,545,542,606.78</b>	

Note: The acceptor of the bank acceptance bill is a commercial bank. The probability of not being paid due is very low, and the possibility of being recourse is very low, so the confirmation has been

terminated.

(3) There are no accounts receivable financing transferred to accounts receivable due to the non-performance of the agreements by the issuers.

(4) There are no accounts receivable financing actually written off during the reporting period.

## 7.5. Prepayment

### 7.5.1. Aging analysis

Monetary Unit: CNY

Aging	Closing Balance		Opening Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	174,252,091.59	97.85%	72,436,550.81	96.99%
1-2 years	3,411,121.11	1.92%	2,042,638.57	2.73%
2-3 years	424,476.11	0.24%	206,348.00	0.28%
Total	178,087,688.81 <sup>1</sup>	--	74,685,537.38	--

Note: 1. The closing balance increased by CNY 103,402,151.43 compared with opening balance, with an increase by 138.45%, mainly due to the increase of prepayments with the rise of product promotion activities.

Reasons for significant prepayments whose aging is longer than 1 year without timely settlement:

There is no significant prepayment whose aging is longer than 1 year.

### 7.5.2. Top five entities with the largest balances of prepayment

Company Name	Closing Balance	Proportion to the total closing balance of prepayment
Shanghai Merlot Advertising Co., Ltd.	111,519,937.93	62.62%
Luzhou Western Gas Co., Ltd.	8,050,769.30	4.52%
Luzhou Power Supply Company of State Grid Sichuan Electric Power Company	6,984,742.47	3.92%
Sichuan Jiacheng Jingwei Culture Communication Co., Ltd.	4,150,312.50	2.33%
Guangzhou Degao Airport Advertising Co., Ltd.	3,091,566.00	1.74%
<b>Subtotal</b>	<b>133,797,328.20</b>	<b>75.13%</b>

## 7.6. Other receivables

Monetary Unit: CNY



Item	Closing Balance	Opening Balance
Dividend receivable		1,407,900.00
Other receivables	28,615,361.96	125,625,031.42
Total	28,615,361.96	127,032,931.42

### 7.6.1. Dividend receivable

#### 7.6.1.1. Classification of dividend receivable

Monetary Unit: CNY

Item (investee)	Closing Balance	Opening Balance
Guotai Junan Securities Co., Ltd.		1,407,900.00
Total		1,407,900.00

### 7.6.2. Other receivables

#### 7.6.2.1. Other receivables disclosed by nature

Monetary Unit: CNY

Nature	Closing book balance	Opening book balance
Intercourse funds	19,729,613.70	44,472,270.26
Petty cash	292,228.26	1,023,683.10
Saving deposits involving contract disputes	132,376,912.43	285,044,911.68
Total	152,398,754.39 <sup>1</sup>	330,540,865.04

Note 1: In the 2014 Annual Report, the Company disclosed the information about three deposits amounting to CNY 500,000,000.00 with Changsha Yingxin Sub-branch of Agricultural Bank of China and Nanyang Zhongzhou Sub-branch of Industrial and Commercial Bank of China. The deposits have lost the nature of monetary fund due to their involvement in contract disputes and have thus been transferred into "other receivables". 2. The closing book balance decreased by CNY 178,142,110.65 compared with opening book balance, with a decrease by 53.89%, mainly due to the recovery of saving deposits involving contract disputes of CNY 152,667,999.25 in the reporting period.

#### 7.6.2.2. Allowance of provision for bad debt

Monetary Unit: CNY

Provision for bad debt	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	

Balance of 1 January 2021	4,915,833.62		200,000,000.00	204,915,833.62
Balance of 1 January 2021 in the current period	—	—	—	—
Reversal of the current period	1,132,441.19		80,000,000.00	81,132,441.19
Balance of 31 December 2021	3,783,392.43		120,000,000.00	123,783,392.43

### Changes of book balance with significant amount changed of loss provision in the current period

√ Applicable □ N/A

Company Name	Closing book balance	Provision for bad debt	Aging	Proportion
Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank	132,376,912.43	120,000,000.00	Over 5 years	90.65%
<b>Subtotal</b>	<b>132,376,912.43</b>	<b>120,000,000.00</b>		<b>90.65%</b>

Note: see Note 12.2 and 14.7.1 for information about the deposits with involvement in contract disputes.

### Disclosure by aging

Monetary Unit: CNY

Aging	Book balance
Within 1 year (including 1 year)	10,275,684.35
1-2 years	4,277,630.18
2-3 years	3,153,352.80
Over 3 years	134,692,087.06
3-4 years	120,000.00
4-5 years	160,000.00
Over 5 years	134,412,087.06
<b>Total</b>	<b>152,398,754.39</b>

### 7.6.2.3. Provision and recovery for bad and doubtful other receivables in the current period

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowanc	Reversal or	Write-off	Other	

		e	recovery			
Other receivables tested for impairment individually	200,000,000.00		80,000,000.00			120,000,000.00
Other receivables tested for impairment by the portfolio	4,915,833.62		1,132,441.19			3,783,392.43
<b>Total</b>	<b>204,915,833.62</b>		<b>81,132,441.19</b>			<b>123,783,392.43</b>

Recovery for bad debt and doubtful other receivables with significant amount in the current period:

Monetary Unit: CNY

Company name	Amount	Recovery way
Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank	80,000,000.00	By litigation
<b>Total</b>	<b>80,000,000.00</b>	<b>--</b>

#### 7.6.2.4. Top five entities with the largest balances of the other receivables

Monetary Unit: CNY

Company Name	Nature	Closing Balance	Aging	Proportion in total receivables	Provisioning amount at period end
Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank	Saving deposits involving contract disputes	132,376,912.43	Over 5 years	86.86%	120,000,000.00
CTS Luzhou Laojiao Cultural Tourism	Security deposit	3,590,790.65	Within 1 year, 1-2 years	2.36%	354,539.53

Development Co., Ltd.					
Zhejiang Tmall Technology Co., Ltd.	Security deposit, etc.	2,359,905.42	Within 1 year	1.55%	117,995.27
Longmatan Power Supply Bureau of Luzhou Power Bureau	Security deposit	1,520,000.00	Over 5 years	1.00%	1,520,000.00
Housing and Urban-Rural Development Bureau of Longmatan District, Luzhou	Security deposit	1,069,800.00	2-3 years	0.70%	213,960.00
Total	--	140,917,408.50	--	92.47%	122,206,494.80

## 7.7. Inventories

Whether the Company needs to comply with the disclosure requirements of real estate industry

No

### 7.7.1. Categories of Inventories

Monetary Unit: CNY

Category	Closing Balance			Opening Balance		
	Book Balance	Provision for stock obsolescence or impairment provision of contract performance costs	Book Value	Book Balance	Provision for stock obsolescence or impairment provision of contract performance costs	Book Value
Raw materials	123,986,924.38		123,986,924.38	92,033,654.20		92,033,654.20
Goods in progress	5,255,917,501.41		5,255,917,501.41	3,578,553,746.98		3,578,553,746.98
Finished goods	1,855,731,688.91		1,855,731,688.91	997,109,606.41		997,109,606.41

Revolving materials				79,396.01		79,396.01
Goods in transit	41,937,052.10		41,937,052.10	27,887,027.65		27,887,027.65
Total	7,277,573,166.80		7,277,573,166.80 <sup>1</sup>	4,695,663,431.25		4,695,663,431.25

Note: 1. The closing balance increased CNY 2,581,909,735.55 compared with opening balance, with an increase by 54.98%, mainly due to the remarkable increase in the output of products because some constructions of the technical renovation project of brewing were put into production successively and management requirements for shelf life of products.

The Company shall observe the disclosure requirements for related food and wine manufacturing business in the *Self-regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange - Industry Information Disclosure*

## 7.8. Other current assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Value-added tax	82,734,324.31	67,752,538.61
Corporate income tax	24,638,887.44	83,493,943.79
Other taxes	4,601,321.16	5,318,941.78
Total	111,974,532.91	156,565,424.18

Other statements:

The value-added tax expected to be deducted in the next fiscal year and corporate income tax and other taxes are disclosed in other current assets.

## 7.9. Long-term equity investments

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period								Closing Balance (book value)	Closing Balance of provision for impairment
		Increase	Decrease	Gain or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment	Other		
1. Joint Ventures											
2. Associate											
Huaxi Securities Co.,	2,383,550,372.50			169,638,351.75	-29,576,301.94		30,284,256.98			2,493,328,165.33	2,567,098.80

Ltd.											
Sichuan Development Wine Investment Co., Ltd.	6,854,471.67			-1,127,623.31						5,726,848.36	
Sichuan Tongnian g Liquor Industry Technology Research Institute Co., Ltd. Note	8,009,898.80			-122,437.28						7,887,461.52	
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	79,252,428.30	40,000,000.00		549,332.74						119,801,761.04	
Subtotal	2,477,667,171.27	40,000,000.00		168,937,623.90	-29,576,301.94		30,284,256.98			2,626,744,236.25	2,567,098.80
Total	2,477,667,171.27	40,000,000.00		168,937,623.90	-29,576,301.94		30,284,256.98			2,626,744,236.25	2,567,098.80

## 7.10. Other equity instrument investment

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Financial assets designated to be measured at fair value through other comprehensive income		
Including:		
North Chemical Industries Co.,Ltd.	15,963,896.54	11,460,858.15

Luzhou Bank Co., Ltd.	102,174,621.71	95,561,825.55
Guotai Junan Securities Co., Ltd.	210,690,476.31	206,450,757.39
Guotai Junan Investment Management Co., Ltd.	22,611,834.24	22,611,834.24
Guojiu Big Data Co., Ltd.	10,000,000.00	10,000,000.00
Sichuan China Liquor Golden Triangle Brand Operation Development Co., Ltd. and other equity instrument investments	1,871,291.63	1,075,124.09
<b>Total</b>	<b>363,312,120.43</b>	<b>347,160,399.42</b>

Categories of non-trading equity instrument investment in the current period:

Monetary Unit: CNY

Item	Recognized dividends income	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure at fair value and changes recorded into other comprehensive income	Reason of other comprehensive income transferred to retained earnings
North Chemical Industries Co.,Ltd.	62,542.20	14,933,896.54			According to the mode of managing assets by management layer	
Luzhou Bank Co., Ltd.		51,054,621.71			According to the mode of managing assets by management layer	
Guotai Junan Securities Co., Ltd.	6,595,118.32	197,971,319.55			According to the mode of managing assets by management layer	
Guotai Junan Investment					According to the mode of	

Management Co., Ltd.					managing assets by management layer	
Guoji Big Data Co., Ltd.					According to the mode of managing assets by management layer	
Shenzhen Xingangfeng Development Co., Ltd.			2,354,000.00		According to the mode of managing assets by management layer	
Sichuan Deyang Jintai Hotel			2,000,000.00		According to the mode of managing assets by management layer	
Hainan Huitong International Trust Company			1,000,000.00		According to the mode of managing assets by management layer	
Sichuan China Liquor Golden Triangle Brand Operation Development Co., Ltd. and other equity instrument investments	5,000.00		398,926.37		According to the mode of managing assets by management layer	
Subtotal	6,662,660.52	263,959,837.80	5,752,926.37			

## 7.11. Fixed assets

Monetary Unit: CNY



Item	Closing Balance	Opening Balance
Fixed assets	8,088,216,508.58	6,885,609,781.96
Disposal of fixed assets	1,270,765.81	1,498,392.76
Total	8,089,487,274.39	6,887,108,174.72

### 7.11.1. Details of fixed assets

Monetary Unit: CNY

Item	Buildings and constructions	Specialized equipment	General equipment	Transportation equipment	Other equipment	Total
I. Original cost:						
1. Opening balance	5,628,180,885.84	929,535,931.84	706,384,001.37	41,454,997.24	1,370,445,216.90	8,676,001,033.19
2. Increase in current period	1,182,622,846.56	189,006,339.97	189,949,820.23	3,734,406.38	128,410,971.39	1,693,724,384.53
(1) External purchase	238,643.82	19,889,476.69	45,980,570.95	352,429.56	1,720,007.50	68,181,128.52
(2) Transfer from construction in progress	1,162,844,723.98	138,434,675.85	128,105,504.39	39,691.73	196,211,912.67	1,625,636,508.62
(3) Increase from business combination						
(4) Transfer from intangible assets			-93,252.61			-93,252.61
(5) Adjustment to categories	19,539,478.76	30,682,187.43	15,956,997.50	3,342,285.09	-69,520,948.78	1
3. Decrease in current period	739,893.02	1,716,534.78	2,152,545.79	117,948.16	7,394,125.85	12,121,047.60
(1) Disposal or retirement	739,893.02	1,716,534.78	2,152,545.79	117,948.16	7,394,125.85	12,121,047.60
4. Closing Balance	6,810,063,839.38	1,116,825,737.03	894,181,275.81	45,071,455.46	1,491,462,062.44	10,357,604,370.12
II. Accumulated depreciation						

1. Opening Balance	607,512,483.39	256,818,697.20	249,527,593.90	27,657,360.07	648,252,176.60	1,789,768,311.16
2. Increase in current period	212,242,179.55	127,448,829.02	79,021,036.74	3,067,893.43	65,003,240.34	486,783,179.08
(1) Provision	212,119,210.65	127,325,431.99	78,988,781.66	3,045,843.67	65,376,928.16	486,856,196.13
(2) Changes of exchange rates			-73,017.05			-73,017.05
(3) Adjustment to categories	122,968.90	123,397.03	105,272.13	22,049.76	-373,687.82	
3. Decrease in current period	526,453.31	1,147,011.66	1,127,479.89	101,348.60	4,884,275.31	7,786,568.77
(1) Disposal or retirement	526,453.31	1,147,011.66	1,127,479.89	101,348.60	4,884,275.31	7,786,568.77
4. Closing Balance	819,228,209.63	383,120,514.56	327,421,150.75	30,623,904.90	708,371,141.63	2,268,764,921.47
III. Provision for impairment						
1. Opening Balance	622,940.07					622,940.07
2. Increase in current period						
(1) Provision						
3. Decrease in current period						
(1) Disposal or retirement						
4. Closing Balance	622,940.07					622,940.07
IV. Book Value						
1. Closing Book Value	5,990,212,689.68	733,705,222.47	566,760,125.06	14,447,550.56	783,090,920.81	8,088,216,508.58
2. Opening Book Value	5,020,045,462.38	672,717,234.64	456,856,407.47	13,797,637.17	722,193,040.30	6,885,609,781.96

Note: 1. The adjustment to the category means that the Company cleaned up and split all fixed assets during the current period, and adjusted the major categories of fixed assets.

**7.11.2. Fixed assets leased out through operating lease**

Monetary Unit: CNY

Item	Closing book value
Buildings and constructions	183,093,952.28
Subtotal	183,093,952.28

**7.11.3. Fixed assets without certification of right**

Monetary Unit: CNY

Item	Book value	Reason for not having the certification of right
Buildings of parent company	25,791,127.68	The property ownership certificate has not been processed yet for the historical reasons, and it plans to be processed after gradually improving procedures.
Buildings of brewing company	303,282,510.11	In procedure
Buildings of the subsidiary-brewing company	3,921,371,158.08	In procedure
Subtotal	4,250,444,795.87	

**7.11.4. Disposal of fixed assets**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Disposal and retirement of assets	1,270,765.81	1,498,392.76
Total	1,270,765.81	1,498,392.76

**7.12. Construction in progress**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Construction in progress	1,259,845,487.50	2,012,129,880.15
Total	1,259,845,487.50	2,012,129,880.15

**7.12.1. Details of the construction in progress**

Monetary Unit: CNY

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Technical renovation project of brewing of Luzhou Laojiao				968,634,809.01		968,634,809.01
Improvement and technical renovation project of Luzhou Laojiao production supporting	563,063,821.82		563,063,821.82	242,719,982.63		242,719,982.63
Marketing network command center office area reconstruction and expansion project				5,473,631.57		5,473,631.57
New model application project of intelligent production workshop of solid state liquor				16,862,599.30		16,862,599.30
Technical renovation of Luzhou Laojiao Intelligent packaging center	301,985,162.65		301,985,162.65	206,167,904.88		206,167,904.88
Guojiao Culture Park Qiankun Wine Castle Cultural Tourism project				305,548,667.25		305,548,667.25

Landscape improvement project of Luzhou Laojiao Huangyi Brewing Ecological Park	149,089,445.94		149,089,445.94	1,883,254.38		1,883,254.38
Other projects	245,707,057.09		245,707,057.09	264,839,031.13		264,839,031.13
<b>Total</b>	<b>1,259,845,487.50</b>		<b>1,259,845,487.50<sup>1</sup></b>	<b>2,012,129,880.15</b>		<b>2,012,129,880.15</b>

Note: 1. The closing balance decreased CNY 752,284,392.65 compared with the opening balance, with a decrease by 37.39%, because of the carry forward of the technical renovation project of brewing for completion in the current period.

### 7.12.2. Significant changes in construction in progress

Monetary Unit: CNY

Item	Budget	Opening Balance	Increase in current period	Transfer into fixed assets	Other decreases	Closing Balance	Proportion of accumulative project input in budget	Progress (%)	Accumulative capitalized interest	Including: Capitalized interest for the period	Capitalization rate for the period (%)	Source of funds
Technical renovation project of brewing of Luzhou Laojiao	8,877,276,500.00	968,634,809.01	124,187,567.03	1,086,474,905.09	6,347,470.95		94.05%	100.00%	109,424,753.82	22,310,774.20	3.67%	Capital raised and self-raised
Improvement and technical renovation project of	888,544,100.00	242,719,982.63	320,343,839.19			563,063,821.82	64.20%	98.00%				Other

Luzhou Laojiao production supporting												
Marketing network command center office area reconstruction and expansion project	299,600,000.00	5,473,631.57	16,447,932.75	21,921,564.32			93.62%	100.00%				Other
New model application project of intelligent production workshop of solid state liquor	245,100,000.00	16,862,599.30		16,702,400.18	160,199.12		95.98%	100.00%				Other
Technical renovation of Luzhou Laojiao Intelligent	1,577,913,400.00	206,167,904.88	95,817,257.77			301,985,162.65	19.57%	20.00%				Other

packaging center												
Guojiao Culture Park Qiankun Wine Castle Cultural Tourism project	337,885,813.44	305,548,667.25	10,694,317.63	289,900,020.76	26,342,964.12		93.76%	100.00%				Other
Landscape improvement project of Luzhou Laojiao Huangyi Brewing Ecological Park	200,065,400.00	1,883,254.38	147,206,191.56			149,089,445.94	79.47%	90.00%				Other
Total	12,426,385,213.44	1,747,290,849.02	714,697,105.93	1,414,998,890.35	32,850,634.19	1,014,138,430.41	--	--	109,424,753.82	22,310,774.20	3.67%	--

Note: 1. Other decreases refer to land use rights, software and low priced and easily worn articles transferred to intangible assets.

### 7.13. Right-of-use assets

Monetary Unit: CNY

Item	Land use right	Buildings and constructions	Total
I. Original cost			
1. Opening Balance	32,680,786.33	17,520,623.03	50,201,409.36
2. Increase in current period		15,369,867.64	15,369,867.64
(1) Lease in		15,556,655.18	15,556,655.18
(2) Changes of exchange rates		-186,787.54	-186,787.54
3. Decrease in current period			

(1) Other			
4. Closing Balance	32,680,786.33	32,890,490.67	65,571,277.00
II. Accumulated amortization			
1. Opening Balance			
2. Increase in current period	3,634,912.70	9,221,554.26	12,856,466.96
(1) Provision	3,634,912.70	9,275,999.65	12,910,912.35
(2) Changes of exchange rates		-54,445.39	-54,445.39
3. Decrease in current period			
(1) Disposal			
4. Closing Balance	3,634,912.70	9,221,554.26	12,856,466.96
III. Provision for impairment			
1. Opening Balance			
2. Increase in current period			
(1) Provision			
3. Decrease in current period			
(1) Disposal			
4. Closing Balance			
IV. Book Value			
1. Closing Book Value	29,045,873.63	23,668,936.41	52,714,810.04
2. Opening Book Value	32,680,786.33	17,520,623.03	50,201,409.36

## 7.14. Intangible assets

### 7.14.1. Details of intangible assets

Monetary Unit: CNY

Item	Land use right	Patent right	No-patent right technology	Computer software	Trademark right	Total
I. Original cost						
1. Opening Balance	2,743,432,254.34	1,700,050.44		48,066,415.14	1,890,746.08	2,795,089,466.00
2. Increase in	770,063.00			12,649,335.91		13,419,398.91



current period						
(1) Acquired				3,356,835.73		3,356,835.73
(2) Internal developed						
(3) Business combination						
(4) Transferred from construction in progress	770,063.00			9,292,500.18		10,062,563.18
3. Decrease in current period						
(1) Disposal						
4. Closing Balance	2,744,202,317.34	1,700,050.44		60,715,751.05	1,890,746.08	2,808,508,864.91
II. Accumulated amortization						
1. Opening Balance	110,708,419.78	570,599.00		24,977,019.46	1,715,402.39	137,971,440.63
2. Increase in current period	60,638,766.62	130,005.04		3,326,236.56	83,227.34	64,178,235.56
(1) Provision	60,638,766.62	130,005.04		3,326,236.56	83,227.34	64,178,235.56
3. Decrease in current period						
(1) Disposal						
4. Closing Balance	171,347,186.40	700,604.04		28,303,256.02	1,798,629.73	202,149,676.19
III. Provision for impairment						
1. Opening Balance						
2. Increase in current period						
(1) Provision						

3. Decrease in current period						
(1) Disposal						
4. Closing Balance						
IV. Book Value						
1. Closing Book Value	2,572,855,130.94	999,446.40		32,412,495.03	92,116.35	2,606,359,188.72
2. Opening Book Value	2,632,723,834.56	1,129,451.44		23,089,395.68	175,343.69	2,657,118,025.37

There is no proportion of intangible assets formed by internal development to the balance of intangible assets at the period-end.

### 7.15. Long-term deferred expense

Monetary Unit: CNY

Item	Opening Balance	Increase	Amortization	Other decrease	Closing Balance
Improvement expense of rented fixed assets	2,305,902.21		842,033.00		1,463,869.21
Total	2,305,902.21		842,033.00		1,463,869.21

### 7.16. Deferred tax assets/ deferred tax liabilities

#### 7.16.1. Deferred tax assets before offset

Monetary Unit: CNY

Item	Closing Balance		Opening Balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	127,059,130.30	31,755,535.22	208,184,340.96	52,032,763.16
Unrealized profits from internal transactions	3,161,541,177.98	790,385,294.49	2,210,592,352.66	552,648,088.16
Deductible losses	5,716,197.58	1,429,049.40	11,342,715.00	2,835,678.76
Impact from salary	591,456,408.66	145,429,434.14	441,020,431.90	108,714,676.83
Impact from deferred earnings	28,531,014.28	7,132,753.57	29,739,000.00	7,434,750.00

Impact from fixed assets depreciation	529,787.16	96,441.51	260,745.17	43,022.95
Recognition costs of restricted shares for equity incentive in the lock-up period	34,895,071.18 <sup>1</sup>	8,446,243.50		
Impact from fair value changes of other equity instrument investment	5,752,926.37	1,438,231.59	6,006,723.91	1,501,680.98
<b>Total</b>	<b>3,955,481,713.51</b>	<b>986,112,983.42</b>	<b>2,907,146,309.60</b>	<b>725,210,660.84</b>

Note: 1. Deductible temporary differences of CNY 34,895,071.18 of costs and expenses recognized during the lock-up period of restricted shares for share incentives represent the estimated future pre-tax deductible amounts based on the Company's share price less the grant price at the end of the period.

### 7.16.2. Deferred tax liabilities before offset

Monetary Unit: CNY

Item	Closing Balance		Opening Balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value changes of other equity instrument investment	263,959,837.80	65,989,959.48	248,604,284.33	62,151,071.11
Fair value changes of held-for-trading financial assets	6,352,241.79	1,588,060.45		
<b>Total</b>	<b>270,312,079.59</b>	<b>67,578,019.93</b>	<b>248,604,284.33</b>	<b>62,151,071.11</b>

### 7.16.3. Details of unrecognized deferred tax assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Deductible losses	201,219,210.53	123,969,302.33
Impact from employee benefits payable	139,023.54	74,816.40
<b>Total</b>	<b>201,358,234.07</b>	<b>124,044,118.73</b>

### 7.16.4. Deductible losses from unrecognized deferred tax assets will due on the following years

Monetary Unit: CNY

Year	Closing Amount	Opening Amount	Notes
The 1 <sup>st</sup> year			
The 2 <sup>nd</sup> year	6,713,657.39	535,737.90	
The 3 <sup>rd</sup> year	14,491,365.44	11,691,604.41	
The 4 <sup>th</sup> year	108,989,982.02	111,741,960.02	
The 5 <sup>th</sup> year	71,024,205.68		
Total	201,219,210.53	123,969,302.33	--

## 7.17. Other non-current assets

Monetary Unit: CNY

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepaid equipment and land expense	650,384,435.70		650,384,435.70	10,806,325.86		10,806,325.86
Total	650,384,435.70		650,384,435.70 <sup>1</sup>	10,806,325.86		10,806,325.86

Note: 1. The closing balance increased CNY 639,578,109.84 compared with the opening balance, with an increase by 5918.55%, mainly due to the prepayment of land expense and security deposits for intended constructions of the Brewing Company, the Company's subsidiary, in the current period.

## 7.18. Notes payable

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Bank acceptance bill		121,285,117.60
Total		121,285,117.60

The total amount of notes payable due but unpaid was CNY 0.00.

## 7.19. Accounts payable

### 7.19.1. Presentation of accounts payable

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Materials and service expense	1,171,595,976.46	845,025,160.84

Engineering equipment expense	1,248,758,493.07	1,759,264,038.93
Total	2,420,354,469.53	2,604,289,199.77

### 7.19.1. Significant accounts payable whose aging is longer than 1 year

Monetary Unit: CNY

Category	Closing Balance	Reason for not payment or carrying forward
China Construction First Group Corporation Limited	350,304,244.39	Within the contract settlement period
Total	350,304,244.39	--

### 7.20. Contract liabilities

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Within 1 year	3,484,385,115.64	1,637,685,488.79
1-2 years	4,042,470.18	15,504,524.56
2-3 years	1,569,941.86	14,385,601.53
Over 3 years	20,113,173.57	11,261,552.06
Total	3,510,110,701.25 <sup>1</sup>	1,678,837,166.94

Note: 1. The closing balance increased CNY 1,831,273,534.31 compared with the opening balance, with an increase by 109.08%, mainly due to the increase of advances from customers with the expansion of sales scale. 2. There is no significant contract liability whose aging is longer than 1 year.

### 7.21. Employee benefits payable

#### 7.21.1. Employee benefits payable shown as follows

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
1. Short-term benefits	439,256,934.36	1,082,211,974.58	910,278,343.02	611,190,565.92
2. Post-employment benefits- defined contribution plans	65,756,721.30	82,898,386.32	111,750,904.11	36,904,203.51
3. Termination benefits	8,971.53	436,289.79	436,289.79	8,971.53
Total	505,022,627.19	1,165,546,650.69	1,022,465,536.92	648,103,740.96

**7.21.2. Short-term employee benefits payable shown as follows**

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
1. Wages, bonuses, allowances and grants	362,289,928.18	944,161,801.21	757,135,473.94	549,316,255.45
2. Employees' welfare		32,343,838.35	32,343,838.35	
3. Social insurance premiums	15,250,336.23	28,695,655.44	38,579,989.96	5,366,001.71
Including: Medical insurance premium	11,428,828.49	27,046,556.20	36,236,506.00	2,238,878.69
Work-related injury insurance	2,035,870.30	1,565,937.23	2,192,141.96	1,409,665.57
Maternity insurance premium	1,784,957.44	83,162.01	151,342.00	1,716,777.45
Other insurance premium	680.00			680.00
4. Housing funds	4,504,648.59	61,219,031.71	56,493,151.07	9,230,529.23
5. Labor union expenditures and employee education funds	57,212,021.36	15,791,647.87	25,725,889.70	47,277,779.53
Total	439,256,934.36	1,082,211,974.58	910,278,343.02	611,190,565.92

**7.21.3. Defined contribution plan shown as follows**

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
1. Basic endowment insurance premium	44,864,948.21	46,637,986.15	73,852,099.51	17,650,834.85
2. Unemployment insurance premium	7,388,102.26	1,286,795.26	2,681,630.93	5,993,266.59
3. Enterprise annuity	13,503,670.83	34,973,604.91	35,217,173.67	13,260,102.07
Total	65,756,721.30	82,898,386.32	111,750,904.11	36,904,203.51

**7.22. Taxes payable**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Value-added tax	421,216,223.94	244,763,614.30
Consumption tax	1,263,440,836.05	1,059,445,349.23
Enterprise income tax	1,327,750,786.20	606,140,406.79
Urban maintenance and construction tax	82,437,545.17	72,389,068.64
Education surcharge	35,234,596.27	31,023,067.68
Local education surcharge	23,651,376.27	20,682,045.08
Individual income tax	10,467,970.24	5,265,751.31
Stamp duty	8,490,523.62	5,351,912.65
Land use tax	437,619.35	616,030.55
Property tax	337,645.12	337,763.14
Others	14,505.56	12,201.76
<b>Total</b>	<b>3,173,479,627.79<sup>1</sup></b>	<b>2,046,027,211.13</b>

Note: 1. At the end of the period, the revenue increased by CNY 1,127,452,416.66, up 55.10% compared with the beginning of the period, which was mainly due to the impact of the corresponding increase in turnover and additional taxes and enterprise income tax related to the sale of products as the scale of revenue and profit increased during the period.

## 7.23. Other payables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Other payables	652,393,292.60	501,623,924.54
<b>Total</b>	<b>652,393,292.60</b>	<b>501,623,924.54</b>

### 7.23.1. Other payables

#### 7.23.1.1. Categories by nature

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Security deposit	628,174,772.12	485,228,527.19
Intercourse funds	17,757,284.78	8,599,977.98
Others	6,461,235.70	7,795,419.37
<b>Total</b>	<b>652,393,292.60</b>	<b>501,623,924.54</b>

**7.23.1.2. Significant other payables whose aging are longer than 1 year**

Other statements:

Other payables whose aging are longer than 1 year are mainly security deposits collected from dealers.

**7.24. Non-current liabilities due within one year**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Interest of bonds payable due within one year	72,219,178.08	72,219,178.08
Lease liabilities due within one year	13,983,036.95	9,987,955.08
Total	86,202,215.03	82,207,133.16

**7.25. Other current liabilities**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Output VAT to be transferred	456,314,391.17	218,267,353.36
Total	456,314,391.17	218,267,353.36

**7.26. Bonds payable****7.26.1. Bonds payable**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Corporate bonds in 2019 (Phase I)	2,494,539,629.08	2,492,799,107.31
Corporate bonds in 2020 (Phase I)	1,496,246,113.15	1,495,072,992.71
Total	3,990,785,742.23	3,987,872,100.02

**7.26.2. Increase/decrease of bonds payable (excluding other financial instrument classified as financial liabilities such as preferred shares and perpetual bonds)**

Monetary Unit: CNY

Bond name	Par value	Issuing date	Duration	Issuing amount	Opening Balance	Issued in the current period	Withdrawal of interest by par value	Amortization of premium and depreciat	Repayment in the reporting period		Closing Balance
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								ion			
Corporate bonds in 2019 (Phase I)	2,500,000.00	27 August 2019	3+2	2,490,000.00	2,492,799,107.31		89,500,000.00	1,740,521.77			2,494,539,629.08
Corporate bonds in 2020 (Phase I)	1,500,000.00	16 March 2020	5	1,494,000.00	1,495,072,992.71		52,500,000.00	1,173,120.44			1,496,246,113.15
Total	--	--	--	3,984,000.00	3,987,872,100.02		142,000,000.00	2,913,642.21			3,990,785,742.23

## 7.27. Lease liabilities

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Lease payment	61,305,700.55	57,445,299.62
Less: unrecognized financing cost	-6,654,995.52	-7,243,890.26
Lease liabilities due within one year	-13,983,036.95	-9,987,955.08
Total	40,667,668.08	40,213,454.28

## 7.28. Deferred income

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Reason
Government grants	29,739,000.00	12,175,000.00	13,382,985.72	28,531,014.28	Reception of financial allocation
Total	29,739,000.00	12,175,000.00	13,382,985.72	28,531,014.28	--

Details:

Monetary Unit: CNY

Liability Item	Opening Balance	Increase in current period	Non-operating income in current period	Other income in current period	Cost reduction in current period	Other changes	Closing Balance	Related to assets/income
Demonstration and application project of intelligent	1,904,000.00			1,904,000.00				Related to assets

production line for liquor brewing and qu-making								
New mode application project of digital workshop for solid state liquor production	3,465,000.00	3,465,000.00		859,700.00			6,070,300.00	Related to assets
Construction project of spirit room of Luzhou Laojiao brewing technical renovation	7,000,000.00			1,050,000.00			5,950,000.00	Related to assets
Luzhou Laojiao automatic wine production line technical renovation project	500,000.00			75,000.00			425,000.00	Related to assets
Construction project of pottery jars room of Luzhou Laojiao brewing technical renovation	3,870,000.00			3,870,000.00				Related to assets
Boiler reconstruction project	3,000,000.00	5,850,000.00		1,264,285.72			7,585,714.28	Related to assets

of Luohan Brewing Base of Luzhou Laojiao								
New mode application project of workshop for solid state liquor production		2,860,000.00		2,860,000.00				Related to assets
Brewing wastewater treatment project	10,000,000.00			1,500,000.00			8,500,000.00	Related to assets
Total	29,739,000.00	12,175,000.00		13,382,985.72			28,531,014.28	

## 7.29. Share capital

Monetary Unit: CNY

	Opening Balance	Increases/decreases in the current period (+, -)					Closing Balance
		Issuance of new shares	Bonds share	Conversion of reserves funds into shares	Others	Subtotal	
Total number of shares	1,464,752,476.00						1,464,752,476.00

## 7.30. Capital reserves

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
Share premium (capital premium)	3,542,967,507.48			3,542,967,507.48
Other capital reserves	179,809,555.65	32,577,602.60		212,387,158.25
Total	3,722,777,063.13	32,577,602.60		3,755,354,665.73

Other statements, including increase/decrease and reasons thereof:

During the period, the Company implemented a share incentive scheme under which a total of 6,928,600

stock options were granted to 441 core management and key personnel at CNY 92.71 per share; the increase in other capital reserves for the period was mainly due to the impact of the income tax of the costs and expenses to be recognized in the period for the issuance of restricted shares and the expected pre-tax deductible amount in future periods in excess of the recognized costs and expenses.

### 7.31. Other comprehensive income

Monetary Unit: CNY

Item	Opening Balance	Current Period						Closing Balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit and loss	Less: Previously recognized in other comprehensive income transferred to retained earnings	Less: Income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
I. Other comprehensive income that will not be reclassified into profit and loss	181,898,170.29	11,707,013.25				11,707,013.25		193,605,183.54
Fair value changes of other equity instrument investment	181,898,170.29	11,707,013.25				11,707,013.25		193,605,183.54
II. Other comprehensive income that will be reclassified into profit and loss	4,165,154.74	-30,788,571.62				-30,243,185.96	-545,385.66	-26,078,031.22
Including: Other comprehensive income that will be reclassified into profit and loss under equity method	3,193,937.48	-29,576,301.94				-29,576,301.94		-26,382,364.46
Difference from conversion of financial statements in foreign currency	971,217.26	-1,212,269.68				-666,884.02	-545,385.66	304,333.24
Total	186,063,325.03	-19,081,558.37				-18,536,172.71	-545,385.66	167,527,152.32

Other statements, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognized amount:

**7.32. Surplus reserves**

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
Statutory surplus reserves	1,464,752,476.00			1,464,752,476.00
Total	1,464,752,476.00			1,464,752,476.00

**7.33. Undistributed profits**

Monetary Unit: CNY

Item	Current Period	Previous Period
Undistributed profit before adjustment at the end of the last year	16,236,513,212.43	12,559,746,579.91
Undistributed profit after adjustment at the beginning of year	16,236,513,212.43	12,559,746,579.91
Plus: Net profit attributable to owners of the parent company for the current period	7,955,554,351.73	6,005,723,069.36
Less: Ordinary share dividends payable	3,004,207,328.27	2,328,956,436.84
Undistributed profits at the end of the period	21,187,860,235.89	16,236,513,212.43

**7.34. Operating revenue and cost of sales**

Monetary Unit: CNY

Item	Current Period		Previous Period	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary business	20,415,170,469.09	2,885,685,151.63	16,447,960,569.22	2,711,434,006.97
Other business	227,091,255.28	66,746,336.68	204,893,980.58	112,050,551.09
Total	20,642,261,724.37	2,952,431,488.31	16,652,854,549.80	2,823,484,558.06

Whether the lower of the net profit before and after deduction of non-recurring gains and losses through audit is negative

Yes  No

Details:

Monetary Unit: CNY

Contract category	Liquor sales	Total
Commodity type	20,415,170,469.09	20,415,170,469.09

Including:		
Medium and high grade liquor	18,397,360,159.99	18,397,360,159.99
Other liquor	2,017,810,309.10	2,017,810,309.10
By operating segment	20,415,170,469.09	20,415,170,469.09
Including:		
Domestic	20,331,834,106.49	20,331,834,106.49
Outbound	83,336,362.60	83,336,362.60
Contract type	20,415,170,469.09	20,415,170,469.09
Including:		
Commodity sales contract	20,415,170,469.09	20,415,170,469.09
Total	20,415,170,469.09	20,415,170,469.09

Details about performance obligations:

N/A

### 7.35. Business taxes and surcharges

Monetary Unit: CNY

Item	Current Period	Previous Period
Consumption tax	2,251,935,882.19	1,789,225,806.16
Urban maintenance and construction tax	286,067,925.02	219,027,065.80
Educational surcharge	122,600,539.31	93,865,221.95
Property tax	74,979,375.32	12,002,201.20
Land use tax	30,117,077.49	29,309,222.09
Stamp duty	17,354,822.83	17,510,277.63
Local education surcharge	81,733,692.89	62,576,814.64
Others	112,227.80	55,347.36
Total	2,864,901,542.85	2,223,571,956.83

### 7.36. Selling and distribution expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Advertising promotion expense	1,769,053,962.56	1,316,519,804.16

Promotion expense	1,139,273,684.38	1,074,611,735.49
Employee compensation	357,659,249.63	324,598,768.07
Storage and logistics costs	100,059,219.52	92,177,677.09
Others	233,165,488.47	282,747,847.44
<b>Total</b>	<b>3,599,211,604.56</b>	<b>3,090,655,832.25</b>

### 7.37. General and administrative expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Employee compensation	540,848,428.46	407,645,132.83
Depreciation and amortization	128,396,634.90	106,498,999.53
Management fee and service expense	73,918,283.32	68,388,629.63
Others	312,953,021.17	261,921,705.48
<b>Total</b>	<b>1,056,116,367.85</b>	<b>844,454,467.47</b>

### 7.38. Research and development expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Comprehensive research and development expenses	137,712,329.78	85,858,119.80
<b>Total</b>	<b>137,712,329.78</b>	<b>85,858,119.80</b>

### 7.39. Financial expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Interest expenses	195,125,786.35	190,368,213.56
Less: Interest income	419,897,541.04	333,430,076.04
Losses from currency exchange	3,646,806.44	8,940,312.77
Handling charges	2,280,061.14	1,676,346.97
Amortization of unrecognized financing costs	1,958,887.90	
<b>Total</b>	<b>-216,885,999.21</b>	<b>-132,445,202.74</b>

Other statements:

Note: The current period decreased CNY 84,440,796.47 compared with previous period with a decrease by 63.76%, mainly due to increase in interest income of capital.

**7.40. Other income**

Monetary Unit: CNY

Item	Current Period	Previous Period
Government grants	50,986,059.68	31,409,825.37
Individual income tax commission refund	1,333,171.71	635,628.11
Total	52,319,231.39	32,045,453.48
Including: details of government grants		
Projects		
Transfer from deferred income	13,382,985.72	976,000.00
Subsidy project of liquor industry development	22,711,700.00	13,967,500.00
High-value Patent Incubation Center Project of Luzhou Laojiao	800,000.00	
Demonstration project of brewing waste and thermochemical soil improvement materials coupled with green planting	150,000.00	800,100.00
Provincial industrial development fund	150,000.00	790,000.00
Special fund for central foreign economic and trade development		2,000,000.00
Other projects-related to income	13,791,373.96	12,876,225.37
Subtotal	50,986,059.68	31,409,825.37

**7.41. Investment income**

Monetary Unit: CNY

Item	Current Period	Previous Period
Investment income from long-term equity investments under the equity method	195,543,058.40	192,119,093.92
Dividend income gained during the period of holding other equity instrument investment	6,662,660.52	9,379,824.36
Total	202,205,718.92	201,498,918.28

Other statements:

Note: There is no major restriction on the repatriation of the Company's investment income.

Including: investment income from long-term equity investments under the equity method:



Item	Current Period	Previous Period
Huaxi Securities Co.,Ltd.	169,638,351.75	197,511,851.10
Sichuan Development Wine Investment Co., Ltd.	-1,127,623.31	-6,128,272.50
Sichuan Tongniang Liquor Industry Technology Research Institute Co., Ltd.	-122,437.28	9,898.80
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	27,154,767.24	725,616.52
<b>Subtotal</b>	<b>195,543,058.40</b>	<b>192,119,093.92</b>

Including: dividend income gained during the period of holding other equity instrument investment:

Item	Current Period	Previous Period
North Chemical Industries Co.,Ltd.	62,542.20	85,995.53
Luzhou Bank Co., Ltd.		4,700,800.00
Guotai Junan Securities Co.,Ltd.	6,595,118.32	4,593,028.83
Luzhou Zunchi Automobile Service Co., Ltd.	5,000.00	
<b>Subtotal</b>	<b>6,662,660.52</b>	<b>9,379,824.36</b>

#### 7.42. Gain on changes in fair value

Monetary Unit: CNY

Item	Current Period	Previous Period
Held-for-trading financial assets	6,352,241.79	
<b>Total</b>	<b>6,352,241.79</b>	

#### 7.43. Credit impairment loss

Monetary Unit: CNY

Item	Current Period	Previous Period
Bad debt loss of other receivables	81,132,441.19	-519,776.25
Bad debt loss of accounts receivable	-6,326.31	893,511.05
<b>Total</b>	<b>81,126,114.88</b>	<b>373,734.80</b>

#### 7.44. Gains from disposal of assets

Monetary Unit: CNY

Item	Current Period	Previous Period
Gains from disposal of non-current assets	-347,429.88	8,123,010.18
Including: Gains from disposal of fixed assets	-347,429.88	8,123,010.18
<b>Total</b>	<b>-347,429.88</b>	<b>8,123,010.18</b>

## 7.45. Non-operating income

Monetary Unit: CNY

Item	Current Period	Previous Period	The amount included in the extraordinary gains and losses of the current period
Government grants	770,893.47		770,893.47
Compensation for default	19,559,751.36	10,199,933.23	19,559,751.36
Gains from damage retirement of non-current assets		1,537.72	
Others	6,916,063.05	22,444,302.22	6,916,063.05
<b>Total</b>	<b>27,246,707.88</b>	<b>32,645,773.17</b>	<b>27,246,707.88</b>

Government grants included in the current gains and losses

Monetary Unit: CNY

Item	Distribution entity	Distribution reason	Nature	Whether influence the profits or losses of the year or not	Special subsidy or not	Current Period	Previous Period	Related to assets/related to income
Subsidies for the daily management of the "National Cellar Square"	Luzhou City Administration and Law Enforcement Bureau	Subsidy	Subsidies obtained from the state by undertaking the sustainability of public utilities, the supply of socially necessary products, or the function of price control	Yes	No	47,169.81	0.00	Related to income
Paycheck Protection Program	SBA	Subsidy		Yes	No	723,723.66	0.00	Related to income
Subtotal						770,893.47		

## 7.46. Non-operating costs

Monetary Unit: CNY

Item	Current Period	Previous Period	The amount included in the extraordinary gains and losses of the current period
Donation	60,835,600.00	34,512,439.19	60,835,600.00
Losses from damage retirement of non-current assets	806,635.52	4,038,052.47	806,635.52
Others	5,075,251.57	14,384,367.97	5,075,251.57
Total	66,717,487.09	52,934,859.63	66,717,487.09

## 7.47. Income tax expense

### 7.47.1. Statement of income tax expense

Monetary Unit: CNY

Item	Current Period	Previous Period
Current period income tax	2,872,508,387.20	2,029,490,921.16
Deferred income tax	-258,811,286.01	-48,978,715.23
Total	2,613,697,101.19 <sup>1</sup>	1,980,512,205.93

Note: 1. The current period increased CNY 633,184,895.26 compared with previous period with an increase by 31.97%, mainly due to the increase in corporate income tax with the increase in profits. 2. Details of income tax rates were shown on "6. Taxes".

### 7.47.2. Adjustment for accounting profit and income tax expense

Monetary Unit: CNY

Item	Current Period
Total profit	10,550,959,488.12
Income tax expenses determined by statutory/applicable tax rate	2,637,739,872.03
Impact from subsidiaries' different tax rates	-4,418,344.91
Impact from adjust for impact from income tax expense in previous period	4,951,923.72
Impact from non-taxable income	-45,503,284.40
Impact from non-deductible costs, expenses and losses	3,297,976.60
Impact from deductible temporary difference or losses due	17,802,499.56

to unrecognized deferred tax asset in current period	
Impact from research and development expense deduction	-173,541.41
Income tax expense	2,613,697,101.19

#### 7.48. Other comprehensive income

Details in Note 5.31. Other comprehensive income.

#### 7.49. Notes to the statement of cash flow

##### 7.49.1. Cash received from other operation activities

Monetary Unit: CNY

Item	Current Period	Previous Period
Recovery of saving deposits involving contract disputes	152,667,999.25	2,355,385.84
Government grants	50,548,967.43	37,303,825.37
Interest income from bank deposit	376,116,197.20	323,791,542.69
Others	390,669,424.61	173,255,839.98
Total	970,002,588.49	536,706,593.88

##### 7.49.2. Cash paid for other operating activities

Monetary Unit: CNY

Item	Current Period	Previous Period
Cash paid for expenses	3,304,969,529.27	2,830,977,073.82
Total	3,304,969,529.27	2,830,977,073.82

##### 7.49.3. Cash paid for other financing activities

Monetary Unit: CNY

Item	Current Period	Previous Period
Rating and registration fee for corporate bonds in 2020 (Phase I)		180,000.00
Cash paid for rent of right-of-use assets	11,862,090.12	
Cash deposits paid for L/G	10,509,017.10	
Total	22,371,107.22	180,000.00

## 7.50. Supplementary information to statement of cash flow

### 7.50.1. Supplementary information to statement of cash flow

Monetary Unit: CNY

Item	Current Period	Previous Period
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	7,937,262,386.93	5,958,514,642.48
Plus: Provision for asset impairment	-81,126,114.88	-373,734.80
Depreciation of fixed asset, oil and gas assets and productive biological assets	486,856,196.13	286,685,687.57
Depreciation of right-of-use assets	12,910,912.35	
Amortization of intangible assets	64,178,235.56	21,556,291.52
Amortization of long-term deferred expense	842,033.00	671,330.69
Losses from disposal of fixed assets, intangible assets and other long-term assets (Gains use "-")	347,429.88	-8,123,010.18
Losses from retirement of fixed assets (Gains use "-")	806,635.52	4,036,514.75
Losses from change in fair value (Gains use "-")	-6,352,241.79	
Financial expenses (Gains use "-")	128,173,454.89	67,528,556.11
Losses on investments (Gains use "-")	-202,205,718.92	-201,498,918.28
Decrease in deferred income tax assets (Increase uses "-")	-260,399,346.46	-48,978,715.23
Increase in deferred income tax liabilities (Decrease uses "-")	1,588,060.45	
Decrease in inventories (Increase use "-")	-2,581,909,735.55	-1,054,428,338.92
Decrease in operating receivables (Increase use "-")	-1,483,346,245.17	-742,428,686.42
Increase in operating payables (Decrease use "-")	3,681,022,162.57	632,940,832.01
Others		
Net cash flows from operating activities	7,698,648,104.51	4,916,102,451.30
2. Significant investing and financing	--	--

activities not involving cash:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under financing lease		
3.Net change in cash and cash equivalents:	--	--
Closing balance of cash	13,402,528,941.83	11,568,195,062.81
Less: Opening balance of cash	11,568,195,062.81	9,752,266,526.78
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net change in cash and cash equivalents	1,834,333,879.02	1,815,928,536.03

### 7.50.2. Composition of cash and cash equivalent

Monetary Unit: CNY

Item	Opening Balance	Closing Balance
1. Cash	13,402,528,941.83	11,568,195,062.81
Including: Cash on hand	26,281.86	26,978.10
Unrestricted bank deposit	13,391,713,104.08	11,561,257,398.27
Other unrestricted cash and cash equivalents	10,789,555.89	6,910,686.44
3. Closing balance of cash and cash equivalents	13,402,528,941.83	11,568,195,062.81
Including: Cash and cash equivalent with restriction to use of parent company and subsidiaries	110,965,638.73	56,675,277.79

Other statements:

Note: 1. The cash and cash equivalent with restriction to use are CNY 110,965,638.73, of which, CNY 1,400,000.00 is a travel service deposit with limited use rights in other cash and cash equivalents, CNY 10,509,017.10 is the bank cash deposits for L/G and CNY 99,056,621.63 is provision for fixed deposit interest on an accrual basis.

Note 2: The amount of direct payment for goods and long-term assets (not involving cash flows) by the endorsement of bank acceptances receivable in the current and previous periods was CNY 1,032,537,514.80 and CNY 187,077,553.36, respectively, which were not included in "cash received from sales of goods or rendering of services", "cash paid for goods and services" and "cash paid for the purchase of fixed assets, intangible assets and other long-term assets" of the cash flow budget.

## 7.51. Assets with restricted ownership or use rights

Monetary Unit: CNY

Item	Closing book balance	Reason for restriction
Bank deposits	99,056,621.63	Provision for fixed deposit interest on an accrual basis
Other cash and cash equivalents	11,909,017.10	Travel service deposit with limited use rights and bank cash deposits for L/G
Total	110,965,638.73	--

## 7.52. Foreign currency transactions

### 7.52.1. Foreign currency transactions

Monetary Unit: CNY

Item	Closing Balance in Foreign Currency	Exchange Rate	Closing Balance in CNY
Cash at Bank and on Hand	--	--	
Including: USD	39,412,559.35	6.3757	251,282,654.65
EUR	14,944.51	7.2197	107,894.88
HKD	3,611,517.25	0.8176	2,952,776.50
GBP	242,171.42	8.6064	2,084,224.11
AUD	8,647.10	4.6220	39,966.90
Accounts Receivable	--	--	
Including: USD	172,732.59	6.3757	1,101,291.17
EUR			
HKD			
Long-term Loans	--	--	
Including: USD			
EUR			
HKD			
Other Receivables			
Including: USD	641.70	6.3757	4,091.29
HKD	1,414,131.69	0.8176	1,156,194.07
Accounts Payable			
Including: USD	83,007.03	6.3757	529,227.92

HKD	2,471,754.99	0.8176	2,020,906.88
Other Payables			
Including: USD	64,774.59	6.3757	412,983.35
HKD	39,907,105.29	0.8176	32,628,049.29
Non-current liabilities due within one year			
Including: HKD	4,797,379.10	0.8176	3,922,337.15
Lease liabilities			
Including: HKD	6,838,115.28	0.81760	5,590,843.05

**7.52.2. Description of the foreign business entity, including the important foreign business entity, shall disclose its main foreign business place, bookkeeping standard currency and selection basis, and shall also disclose the reason for the change of the bookkeeping standard currency**

Applicable  N/A

Company	Operation site	Bookkeeping currency	Choosing Reason
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	Hong Kong, China	HKD	Currency in the registration place
Luzhou Laojiao Commercial Development (North America) Co., Ltd.	USA	USD	Currency in the registration place
Mingjiang Co., Ltd.	USA	USD	Currency in the registration place

## 7.53. Government grants

### 7.53.1. Details of government grants

Monetary Unit: CNY

Item	Amount	Presentation	Amount included in profit or loss of the current period
Related to assets	28,531,014.28	Deferred income	13,382,985.72
Related to income	37,603,073.96	Other income	37,603,073.96
Related to income	770,893.47	Non-operating income	770,893.47
Total	66,904,981.71		51,756,953.15



## 8. Changes in consolidated scope

### 8.1. Business combination not under common control

#### 8.1.1. Business combination not under common control during current period

There is no business combination not under common control during current period.

### 8.2. Business combination under common control

#### 8.2.1. Business combination under common control during current period

There is no business combination under common control during current period.

### 8.3. Reverse purchase

The basic information of the transaction, the basis of the transaction constitutes the reverse purchase, whether the assets and liabilities retained by the listed company constitute the business and its basis, the determination of the merger cost, and the adjustment of the equity amount and its calculation according to the equity transaction:

There is no reverse purchase during current period.

### 8.4. Disposing subsidiaries

Whether there is a situation of losing control after disposing the investment in the subsidiary only once

Yes  No

Whether there is a situation of disposing the investment in the subsidiary through several transactions step by step and losing control during the period

Yes  No

### 8.5. Consolidated scope changes due to other reasons

Explain other reasons for changing consolidated scope (such as establishing a new subsidiary, liquidating a subsidiary) and its related situation:

The subsidiary Luzhou Laojiao New Retail Co., Ltd. was established on 26 May 2021. The Company holds 40% shares of it and the Company's subsidiary Sales Company holds 60% shares of it.

Subsidiaries Luzhou Laojiao Whitail Innovated Electronic Commerce Co., Ltd., Luzhou Laojiao Selected Electronic Commerce Co., Ltd., Chengdu Tianfu Panda Whitail Liquor Industry Co., Ltd. and Luzhou Whitail Tongdao Uncle Constellation Wine Sales Co., Ltd. were liquidated and cancelled respectively in December, December, July and June 2021.

## 9. Interests in other entities

### 9.1. Interests in subsidiaries

#### 9.1.1. Group composition

Name of Subsidiaries	Major business location	Place of registration	Nature of business	Shareholding Proportion		Acquisition method
				Direct	Indirect	
Luzhou Laojiao Brewing Co., Ltd.	Luzhou	Luzhou	Liquor manufacture and sales	100.00%		Investment
Luzhou Red Sorghum Modern Agricultural Development Co., Ltd.	Luzhou	Luzhou	Agricultural product planting and sales		60.00%	Business combination under common control
Luzhou Laojiao Sales Co., Ltd.	Luzhou	Luzhou	Liquor sales	100.00%		Investment
Luzhou Laojiao Nostalgic Liquor Marketing Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Luzhou Laojiao Custom Liquor Co., Ltd. Note	Luzhou	Luzhou	Liquor sales		15.00%	Investment
Luzhou Laojiao Selected Supply Chain Management Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd.	Qinzhou	Qinzhou	Red wine production and sales		100.00%	Investment
Luzhou Dingli Liquor Industry Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Luzhou Dingyi	Luzhou	Luzhou	Liquor sales		100.00%	Investment

Liquor Industry Sales Co., Ltd.						
Luzhou Laojiao New Liquor Industry Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Luzhou Laojiao Import and Export Trade Co., Ltd.	Luzhou	Luzhou	Wine import and export trade		100.00%	Investment
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	Luzhou	Luzhou	Liquor sales		75.00%	Investment
Luzhou Laojiao Bosheng Hengxiang Liquor Sales Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Luzhou Laojiao Fruit Wine Industry Co., Ltd. Note	Luzhou	Luzhou	Fruit wine sales		41.00%	Investment
Mingjiang Co., Ltd.	America	America	Liquor sales		54.00%	Investment
Luzhou Laojiao New Retail Co., Ltd.	Luzhou	Luzhou	Liquor sales	40.00%	100.00%	Investment
Luzhou Pinchuang Technology Co., Ltd.	Luzhou	Luzhou	Technology development and service	100.00%		Investment
Luzhou Laojiao Tourism Culture Co., Ltd.	Luzhou	Luzhou	Liquor sales, tourism	100.00%		Investment
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Wine sales	55.00%		Investment

Luzhou Laojiao Commercial Development (North America) Co., Ltd.	America	America	Business development		100.00%	Investment
Luzhou Laojiao Electronic Commerce Co., Ltd.	Luzhou	Luzhou	Wine sales		90.00%	Investment
Luzhou Laojiao Whitail Liquor Industry Co., Ltd. Note	Luzhou	Luzhou	Wine sales		35.00%	Investment
Luzhou Baonuo Biotechnology Co., Ltd.	Luzhou	Luzhou	Fermented product manufacture		100.00%	Investment
Luzhou Laojiao Health Liquor Industry Co., Ltd.	Luzhou	Luzhou	Health care wine manufacture and sales		100.00%	Business combination under common control
Luzhou Laojiao Health Sales Co., Ltd.	Luzhou	Luzhou	Health care wine sales		100.00%	Business combination under common control

Statement for that the proportion of share-holding is different from the proportion of voting rights:

As the Note 3.6, the Company holds less than 51% shares of Luzhou Laojiao Custom Liquor Co., Ltd., Luzhou Laojiao Fruit Liquor Industry Co., Ltd., and Luzhou Laojiao Whitail Liquor Industry Co., Ltd. but in these companies' board, among the five members, the Company has sent three persons, which is in the majority. The Company has substantial control over these companies, so they are included in the consolidation scope.

### 9.1.2. Important non-wholly-owned subsidiaries

Monetary Unit: CNY

Name of subsidiary	Proportion of share holdings of non-controlling shareholders	Gains and losses attributable to non-controlling shareholders during current period	Dividends paid to non-controlling shareholders during current period	Closing balance of non-controlling shareholders interest
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	25.00%	-8,977,267.45		60,655,083.40

Total		-8,977,267.45		60,655,083.40
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### 9.1.3. Major financial information of important non-wholly-owned subsidiaries

Monetary Unit: CNY

Name of subsidiary	Closing Balance						Opening Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	384,313,678.76	664,998.84	384,978,677.60	142,358,344.01		142,358,344.01	767,387,583.35	3,501,199.33	770,888,782.68	492,359,379.30		492,359,379.30

Monetary Unit: CNY

Name of subsidiary	Current Period				Previous Period			
	Operating revenue	Net profit	Total comprehensive income	Operating cash flow	Operating revenue	Net profit	Total comprehensive income	Operating cash flow
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	789,612,097.04	-35,909,069.79	-35,909,069.79	209,462,320.40	1,724,399,647.44	-74,847,302.68	-74,847,302.68	118,338,721.44

## 9.2. Interests in joint ventures and associates

### 9.2.1. Important joint ventures and associates

Name of joint venture/associates	Major business location	Place of registration	Business nature	Shareholding proportion		Accounting Method
				Direct	Indirect	
Important joint ventures: none						
Important associates:						

Huaxi Securities Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Securities	10.39%		Equity method
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Statement for that the proportion of shareholdings in joint ventures or associates is different from the proportion of voting rights:

The Company has the substantive decision-making power, so the Company still has significant influence on Huaxi Securities.

## 9.2.2. Major financial information of important associates

Monetary Unit: CNY

	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Current assets	86,844,635,628.06	68,518,467,092.86
Non-current assets	8,950,278,369.10	8,710,176,937.94
Total assets	95,794,913,997.16	77,228,644,030.80
Current liabilities	57,157,134,622.07	42,599,988,723.12
Non-current liabilities	16,233,476,784.79	13,261,547,139.00
Total liabilities	73,390,611,406.86	55,861,535,862.12
Non-controlling shareholder interest	26,409,206.44	45,423,771.61
Shareholder interest attributable to parent company	22,377,893,383.86	21,321,684,397.07
Share of net assets calculated based on shareholding proportion	2,325,861,429.43	2,216,083,636.60
Adjusted		
--Goodwill		
--Unrealized profits of internal transactions		
--Others	167,466,735.90	167,466,735.90
Book value of equity investments in associate companies	2,493,328,165.33	2,383,550,372.50
Fair value of equity investments in associate companies that have public quote	2,687,386,768.40	3,404,932,677.12
Operating revenue	5,121,995,492.55	4,682,755,761.60
Net profit	1,632,123,985.51	1,900,327,802.56
Net profit from discontinued operation		

Other comprehensive income	-284,563,526.94	-28,530,081.19
Total comprehensive income	1,347,560,458.57	1,871,797,721.37
Dividends from associate companies this year	30,284,256.98	20,735,166.94

### 9.2.3. Financial information summarized of unimportant joint ventures and associate companies

Monetary Unit: CNY

	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Joint ventures:	--	--
Total following items calculated on the basis of shareholding proportion	--	--
Associate companies:	--	--
Total book value of investments	133,416,070.92	94,116,798.77
Total following items calculated on the basis of shareholding proportion	--	--
--Net profit	-8,112,270.24	-16,435,307.24
-- Total comprehensive income	-8,112,270.24	-16,435,307.24

Other statements:

Unimportant associate companies refer to Sichuan Development Wine Investment Co., Ltd., Sichuan Tongniang Liquor Industry Technology Research Institute Co., Ltd. and CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.

## 10. Risks related to financial instruments

The Company's primary financial instruments include monetary capital, trading financial assets, accounts receivable, receivables financing, receivables other than tax refundable, other equity instruments, bills payable, accounts payable, other payables, lease liabilities and some other current liabilities. A detailed description of each financial instrument is set out in Note V and notes to the Consolidated Financial Statement.

Risks related to these financial instruments, and risk management policies the Company has adopted to reduce these risks are described as follows. The Company management manages and monitors the risk exposure to ensure the above risks are controlled in a limited scope.

The Company adopts sensitivity analysis technology to analyze the possible impact of reasonable and possible changes of risk variables on current profits/losses or shareholders' equity. As any risk variable rarely changes in isolation, and the correlation between variables will have a significant effect on the final impact amount of the change of a risk variable, the following content is based on the assumption that the change of each variable is independent.

Risk management objective: The Company strikes an appropriate balance between risk and return, and strives to minimize the negative impact of risk on the Company's operating performance and maximize the interests of shareholders and other equity investors.

Risk management policy: The Board of Directors shall be responsible for planning and establishing a risk management framework, formulating risk management policies and related guidelines, and supervising the implementation of risk management measures. The Risk Management Committee shall carry out risk management through close collaboration (including the identification, evaluation and avoidance of relevant risks) with other business units of the Company in accordance with the policies approved by the Board of Directors. The internal audit department shall conduct regular audits on risk management controls and procedures and report the results to the Audit Committee.

The Company has formulated risk management policies to identify and analyze the risks it faces, clarifying specific risks and covering many aspects such as credit risk, liquidity risk and market risk management. On a regular basis, the Company evaluates the specific marketing environment and various changes in the Company's business operations to determine whether any risk management policy and system should be updated. The Company diversifies the risks to financial instruments through appropriately diversified investments and business portfolios, and reduces the risk of concentration in any single industry, specific geographic area or specific counterparty by formulating appropriate risk management policies.

### **10.1. Credit risk**

Credit risk refers to the risk that one party to a financial instrument cannot perform its obligations, causing financial losses to the other party. The Company only trades with recognized, reputable, and large third parties. In accordance with the Company's policy, the terms of sale with customers are based on transactions of payment before delivery, with only a small amount of credit transactions, and credit review for all customers who require credit to trade. In addition, the Company continuously monitors and controls the balance of the receivables to ensure that the Company does not face significant bad debt risks. In addition, the Company makes full provision for expected credit losses at each balance sheet date based on the collection of receivables. Therefore, the Company's management believes that the Company's credit risk has been greatly reduced.

The Company's working capital is deposited in banks with high credit rating, so the credit risk of working capital is low.

The Company's risk exposures are spread across multiple contract parties and customers in multiple geographies, with customers in the commerce industry in addition to the alcohol distribution industry (the main industry). No systemic risk has been identified in the relevant industries. Therefore, the Company has no significant credit concentration risk. As at 31 December 2021, the balance of the top five customers of the Company's accounts receivable amounted to CNY 1,552,600.00, accounting for 90.57% of the balance of the Company's accounts receivable.

### **10.2. Liquidity risk**

Liquidity risk refers to the risk unable to obtain sufficient funds in time to meet business development needs or to repay debts due and other payment obligations. The Company has sufficient working capital. The liquidity risk is extremely small. The Company's objective is to use a variety of financing instruments such as bank clearing to maintain a balance between financing sustainability and flexibility. As at 31 December 2021, the Company has been able to meet its own continuing operation requirements through



the use of cash flow from operations.

The analysis of the financial liabilities held by the Company based on the maturity period of the undiscounted remaining contractual obligations is as follows:

Item	Closing Balance					
	Book value	Contract amount not discounted	Within 1 year	1-2 years	2-3 years	Over 3 years
Notes payable						
Accounts payable	2,420,354,469.53	2,420,354,469.53	2,420,354,469.53			
Other payable	652,393,292.60	652,393,292.60	652,393,292.60			
Non-current liabilities due within one year	86,202,215.03	86,508,010.76	86,508,010.76			
Other current liabilities	456,314,391.17	456,314,391.17	456,314,391.17			
Lease liabilities	40,667,668.08	47,160,837.67		13,210,648.45	7236191.466	26,713,997.75
<b>Subtotal</b>	<b>3,655,932,036.41</b>	<b>3,662,731,001.73</b>	<b>3,615,570,164.06</b>	<b>13,210,648.45</b>	<b>7,236,191.47</b>	<b>26,713,997.75</b>

### 10.3. Market risk

#### 10.3.1. Foreign exchange risk

The foreign exchange risk refers to the risk of loss due to exchange rate changes. Apart from the three subsidiaries of the Company which make purchases and sales in USD and HKD, the other major business activities are denominated and settled in CNY. The Company closely monitors the impact of exchange rate movements on the Company's foreign exchange risk. As at 31 December 2021, the Company's assets and liabilities are mainly in CNY balance. The Company's management considers the impact of changes in foreign exchange risk on the Company's financial statements to be minimal.

#### 10.3.2. Rate risk-changes in cash flow

The Company's operating capital is sufficient and in recent years there has been no external borrowing, so interest rate risk is minimal.

#### 10.3.3. Other price risks

Other price risk refers to the risk of fluctuation caused by market price changes other than foreign exchange risk and interest rate risk, whether these changes are caused by factors related to a single financial instrument or its issuer or all similar financial instruments traded in the market. Other price risks faced by the Company mainly come from available-for-sale financial assets measured at fair value.

## 11. Fair value disclosure

### 11.1. Closing fair value of assets and liabilities measured at fair value

Monetary Unit: CNY

Item	Closing fair value			
	Level 1	Level 2	Level 3	Total
1. Continuous measurement at fair value	--	--	--	--
1.1 Held-for-trading financial assets			706,352,241.79	706,352,241.79
1.1.1 Financial assets measured at fair value with their changes included into current profits/losses			706,352,241.79	706,352,241.79
1.1.1.1 Investments in debt instruments			706,352,241.79	706,352,241.79
1.3 Investments in other equity instruments	328,828,994.56		34,483,125.87	363,312,120.43
Accounts receivable financing			4,757,631,778.64	4,757,631,778.64
Total liabilities continuously measured at fair value	328,828,994.56		5,498,467,146.30	5,827,296,140.86
2. Discontinuous measurement at fair value	--	--	--	--

### 11.2. Determination basis of the market value of items measured continuously and discontinuously within Level 1 of the fair value hierarchy

The listed companies in mainland China determine the fair value of other equity instrument investment according to the closing price on the last trading day of Shenzhen Stock Exchange or Shanghai Stock Exchange at the period-end. The companies listed in Hong Kong determine the fair value of other equity instrument investment according to the closing price of Hong Kong Dollar on the last trading day of Hong Kong Stock Exchange at the period-end and the median price of CNY exchange rate disclosed on the same day by China Foreign Exchange Trade System.

### 11.3. Valuation technique adopted and nature and amount determination of important parameters for continuously and discontinuously within Level 3 of the fair value hierarchy

Trading financial assets are wealth management products of the collective asset management plan and are measured at fair value based on the amount calculated on the basis of the net unit value of the underlying assets as published on the official website of the asset manager.

Accounts receivable financing: As the timing and price of bills discounted may not be reliably estimated due to the short maturity of the bills all being less than one year and the endorsement of the negotiable bills being valued at book value, the Company measures the bills receivable at their book value as a reasonable estimate of fair value.

Other equity instrument investment: Due to no significant changes in business environment, business condition and financial situation of invested companies, the Company shall measure the fair value according to the lower one between investment cost and the share of net assets enjoyed by invested companies on the base date as the reasonable estimation.

## 12. Related parties and related party transactions

### 12.1. The parent company of the Company

Parent company	Registration place	Business nature	Registered capital	Shareholding proportion by the parent company	Voting rights proportion by the parent company
Luzhou Laojiao Group Co., Ltd.	Luzhou, Sichuan	Investment and asset management	2,798,818,800.00	26.02%	51.01%

Statements for situation of parent company:

The nature of parent company: Limited liability company (state-owned);

Registration place: Ai Rentang Square, China Baijiu Golden Triangle Liquor Industry Park, Luzhou, Sichuan Province; Business Scope: Investment and asset management; investment in liquor, food, finance, trade, logistics, education, medical and health, cultural tourism, Internet industry; holding company services; social economic consulting, business management consulting; enterprise management services; supply chain management services; import and export business and trade agency; food production, sales (including online); planting and sales of crops (including online). (The Company cannot start business activities until projects subject to approval according to law are approved by relevant departments.)

The final control party of the Company is SASAC of Luzhou.

Other statements:

## 12.2. Subsidiaries of the Company

For details please see Note 9.1. Interests in subsidiaries

## 12.3. Joint ventures and associates of the Company

For details please see Note 9.3. Interests in joint ventures and associates.

There are no other joint ventures or associates that have related party transactions with the Company in the current period or in the previous period and result in balance.

## 12.4. Other related party of the Company

Name of Other Related Party	Relationship with the Company
Luzhou Jiachuang Wine Supply Chain Management Co., Ltd.	The same parent company
Luzhou Laojiao Zhitong Trading Co., Ltd.	The same parent company
Sichuan Hongxin Financing Guarantee Co., Ltd.	The same parent company
Sichuan Kangrun Investment Group Co., Ltd.	The same parent company
Sichuan Lianzhong Supply Chain Service Co., Ltd.	The same parent company
New Shottes Brook Private Company	The same parent company
Guangzhou Zhongying Gongyuan Energy Saving Technology Co., Ltd.	Sub-subsidiary of parent company
Sichuan Yukun Logistics Co., Ltd.	Sub-subsidiary of parent company
Sichuan Kangrun Group Construction and Installation Engineering Co., Ltd.	Sub-subsidiary of parent company
Luzhou Qingxigu Scenic Area Management Co., Ltd.	Sub-subsidiary of parent company
Luzhou COSCO Lianzhong Logistics Co., Ltd.	Sub-subsidiary of parent company
Luzhou Sanrenxuan Liquor Industry Co., Ltd.	Joint venture of parent company
Sichuan Development Wine Investment Co., Ltd.	Joint venture
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Joint venture
Luzhou XingLu Water (Group) Co., Ltd.	Subsidiary of the second largest shareholder
Luzhou China Resources Xinglu Gas Co., Ltd.	Subsidiary of the second largest shareholder
Luzhou XingLu Property Management Co., Ltd.	Subsidiary of the second largest shareholder
Sichuan Meiheshan Village Winery Industry Co.,Ltd.	Minority shareholder of the subsidiary Fruit Wine Industry
Other subsidiaries of Luzhou XingLu Investment Group Co., Ltd.	Other subsidiary of the second largest shareholder
Other subsidiaries of Luzhou Laojiao Group Co., Ltd.	Other subsidiary of parent company

Other statements:

Note: On 31 December 2015, Laojiao Group and XingLu Investment Group, the second biggest shareholder, signed a concerted action agreement that when the parties in deal with the Company's business development and make decisions by shareholders meeting and board of directors according to the company law and other relevant laws and regulations and the articles of association, the parties should adopt the consistent actions. The agreement is valid as of 13 December 2015 and ends on 1 June 2021. During the effective period of this agreement, before any party submits proposals involving the major issues of the Company's business development to the shareholders meeting or exercise the voting rights at the shareholders meeting and the board of directors, the internal coordination for relevant proposals and voting events shall be conducted by persons acting in concert. If there are different opinions, it will be subject to Laojiao Group's opinion. On 27 May 2021, Laojiao Group and XingLu Investment Group renewed the concerted action agreement. The agreement is valid as of 1 June 2021 and ends on 31 May 2024.

In view of this, the Company will disclose the transactions with XingLu Investment Group and its controlling enterprises as other related parties of the Company.

## 12.5. Related transactions

### 12.5.1. Related transactions of purchase and sales of goods / rendering and receipt of services

Table of purchase of goods / receipt of services

Monetary Unit: CNY

Name of Related Party	Transaction	Amount in current period	Approved trading amount	Whether over approved trading amount	Amount in previous period
Receipt of services:					
Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Property management fee ,etc.	13,609,282.77			4,351,746.11
Laojiao Group and its other subsidiaries	Training, accommodation, storage, transportation services, property management fee, etc.	28,428,157.86			45,395,748.17
CTS Luzhou Laojiao Cultural	Travel agency service fee, etc.	5,512,511.56			1,041,370.00

Tourism Development Co., Ltd.					
Purchase of goods:					
Laojiao Group and its other subsidiaries	Real estate				328,967,000.00
Laojiao Group and its other subsidiaries	Red wine, water, power, etc.	21,190,526.05			27,682,924.62
Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Gas	11,547,390.36			6,957,769.40
Sichuan Meiheshan Village Winery Industry Co.,Ltd.	Other wine	976,637.50			225,374.00
Total		81,264,506.10			414,621,932.30

Table of sales of goods and rendering of service

Monetary Unit: CNY

Name of Related Party	Transaction	Amount in current period	Amount in previous period
Sales of goods:			
Laojiao Group and its subsidiaries	Wine, water, power, etc.	6,885,203.34	11,692,235.06
XingLu Investment Group and its subsidiaries	Wine	2,880.00	
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Wine	84,299,013.96	4,716,024.00
Luzhou Sanrenxuan Liquor Industry Co., Ltd.	Wine	47,171,605.12	
Rendering of service:			
Laojiao Group and its subsidiaries	Rendering of service		2,786,320.00
Sichuan Development Wine Investment Co., Ltd.	Rendering of service		254,402.30
Luzhou Sanrenxuan Liquor	Rendering of service	496,500.00	

Industry Co., Ltd.			
Total		138,855,202.42	19,448,981.36

### 12.5.2. Related party leasing

The Company as lessor:

Monetary Unit: CNY

Name of lessee	Type of leased asset	Leasing income recognized during current period	Leasing income recognized during previous period
Laojiao Group and its subsidiaries	House lease	2,690,880.00	
Total		2,690,880.00	

The Company as lessee:

Monetary Unit: CNY

Name of lessor	Type of leased asset	Leasing fee recognized during current period	Leasing fee recognized during previous period
Laojiao Group and its subsidiaries	House lease	2,926,313.09	2,771,944.90
Total		2,926,313.09	2,771,944.90

### 12.5.3. Key management compensation

Monetary Unit: CNY

Item	Amount in current period	Amount in previous period
Key management	13,798,986.32	8,356,121.42

## 12.6. Receivables and payables of related parties

### 12.6.1. Receivables

Monetary Unit: CNY

Item	Related party	Closing Balance		Opening Balance	
		Book value	Provision for bad debt	Book value	Provision for bad debt
Prepayment	New Shottes Brook private company	611,542.54			
Prepayment	Luzhou XingLu Water (Group) Co., Ltd.	690,115.49		42,883.70	

Prepayment	Luzhou China Resources Xinglu Gas Co., Ltd.	19,536.30			
Prepayment	Sichuan Meiheshan Village Winery Industry Co.,Ltd.	2,961,479.50		885,834.00	
Other receivables	Sichuan Kangrun Investment Group Co., Ltd.			10,000.00	
Other receivables	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	3,590,790.65	354,539.53	3,268,472.46	163,423.62
Other receivables	Sichuan Development Wine Investment Co., Ltd.			102,670.32	5,133.52

### 12.6.2. Payables

Monetary Unit: CNY

Item	Related party	Closing Balance	Opening Balance
Accounts payable	Sichuan Lianzhong Supply Chain Service Co., Ltd.	3,679.25	
Accounts payable	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	10,838.00	
Accounts payable	Guangzhou Zhongying Gongyuan Energy Saving Technology Co., Ltd.	355,312.88	
Accounts payable	Luzhou XingLu Property Management Co., Ltd.	130,000.00	
Accounts payable	Sichuan Yukun Logistics Co., Ltd.	3,851.28	
Contractual liabilities (tax inclusive)	Sichuan Lianzhong Supply Chain Service Co., Ltd.	158,295.76	35,798.45
Contractual liabilities (tax inclusive)	Luzhou Laojiao Group Co., Ltd.	523,760.03	



Contractual liabilities (tax inclusive)	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	19,017,274.30	4,704,408.00
Contractual liabilities (tax inclusive)	Luzhou Jiachuang Wine Supply Chain Management Co., Ltd.		4,065,243.22
Contractual liabilities (tax inclusive)	Luzhou Laojiao Construction and Installation Engineering Co., Ltd.	6,144.00	
Contractual liabilities (tax inclusive)	Luzhou Laojiao Zhitong Trading Co., Ltd.	55,586.00	
Contractual liabilities (tax inclusive)	Luzhou Qingxigu Scenic Area Management Co., Ltd.	460.80	
Contractual liabilities (tax inclusive)	Luzhou Sanrenxuan Liquor Industry Co., Ltd.	14,745,240.00	
Contractual liabilities (tax inclusive)	Luzhou COSCO Lianzhong Logistics Co., Ltd.	37,762.51	
Contractual liabilities (tax inclusive)	Sichuan Hongxin Financing Guarantee Co., Ltd.	3,072.00	
Other payables	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	396,000.00	
Other payables	Luzhou Sanrenxuan Liquor Industry Co., Ltd.	150,000.00	
Other payables	Luzhou Jiachuang Wine Supply Chain Management Co., Ltd.	1,500,000.00	1,500,000.00
Other payables	Sichuan Lianzhong Supply Chain Service Co., Ltd.	1,684,148.00	2,384,148.00
Other payables	Luzhou XingLu Property Management Co., Ltd.		100,000.00
Other payables	Sichuan Kangrun Group Construction and Installation Engineering Co., Ltd.	34,175.78	34,175.78
Other payables	Luzhou COSCO Lianzhong Logistics Co., Ltd.	50,200.00	200,200.00

## 13. Stock payment

### 13.1. The overall situation of share-based payments

√ Applicable  N/A

Monetary Unit: CNY

Total equity instruments granted by the Company in the reporting period	6,928,600.00
Total equity instruments exercised by the Company in the reporting period	0.00
Total equity instruments of the Company expired in the reporting period	0.00

Other statements:

According to the *Proposal on 2021 Restricted Share Incentive Scheme (Draft) and its Summary of Luzhou Laojiao Co., Ltd., Proposal on the Performance Assessment Measures for 2021 Restricted Share Incentive Scheme of Luzhou Laojiao Co., Ltd.* and other documents deliberated and approved at the 7<sup>th</sup> Meeting of the 10<sup>th</sup> Board of Directors and the 1<sup>st</sup> Extraordinary General Meeting of Shareholders of the Company in 2021, the Company plans to grant no more than 521 incentive targets for the first time, and the number of restricted shares to be granted will not exceed 8,834,600 at CNY 92.71 per share.

According to the 12<sup>th</sup> Meeting of the 10<sup>th</sup> Board of Directors of the Company held on 29 December 2021, the Board of Directors of the Company considered that the conditions for grant under the Restricted Share Incentive Scheme of the Company had been fulfilled, and agreed to grant 6,928,600 restricted shares to the eligible 441 incentive targets for the first time at CNY 92.71 per share with 29 December 2021 as the grant date. The original plan agreed that the number of initial granting targets would not exceed 521, and the final number of initial participants was determined to be 441, which was in line with the provisions of the incentive scheme. The total number of initial grants was 6,928,600 shares, which also did not exceed the maximum number of initial grants agreed in the incentive scheme of 7,954,600 shares, and the number of reserved grants remained unchanged.

### 13.2. Equity-settled share-based payments

√ Applicable  N/A

Monetary Unit: CNY

Method of determining the fair value of equity instruments on the grant date	The closing price of restricted stocks on the grant date deducted the grant price thereof
Basis to determine number of equity instrument that can be exercised	Making the best estimate based on the latest number of persons who can exercise rights
Reason for remarkable difference between the estimate of the current period and that of previous period	N/A
Total amount of equity-settled share-based payments included	32,577,602.60

into capital reserves	
Total costs of recognizing equity-settled share-based payments in the current period	32,540,603.01

#### Other statements

Note: The difference between the cumulative amount included in capital reserve for share payments of equity settlement and the total expense recognized represents the amount included minority interest and the income tax effect of the excess of the pre-tax amount to be deductible in the future over the amount recognized as cost and expense.

## 14. Commitments and contingencies

### 14.1. Contingencies

#### 14.1.1. Significant contingencies at the balance sheet date

On 15 October 2014 and 10 January 2015, the Company disclosed three saving deposits involving contract disputes in Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank, with a total amount of CNY 500 million. The public security organization has investigated, and the investigation of related cases and the preservation of assets are under way. The Company has initiated a civil procedure to recover the loss from the responsible unit. As of the period-end, the Company has recovered the abovementioned saving deposits involving contract disputes with CNY 367,623,100.

Except for the above matters, the Company has no other significant contingencies that need to be disclosed as the end of 31 December 2021.

#### 14.1.2. Explanation shall be given even if there is no significant contingency for the Company to disclose

There was no significant contingency in the Company to disclose.

## 15. Post balance sheet event

### 15.1. Profit distribution

Monetary Unit: CNY

Profits or dividends planned to distribute	4,773,919,306.54
Reviewed and approved profits or dividends declared to distribute	4,773,919,306.54 <sup>1</sup>

Note: 1. As stated in Note 13.4.1, as of 21 February 2022, the total shares of the Company increased to 1,471,615,076 shares from 1,464,752,476 after the grant and registration of this equity incentive plan.

## 15.2. Sales return

There are no important sales returning after balance sheet date.

## 15.3. Statement for other post balance sheet events

### (1) Complete the registration of restricted share grants

At the 12<sup>th</sup> Meeting of the 10<sup>th</sup> Board of Directors of the Company held on 29 December 2021, the *Proposal on the Grant of Restricted Shares to Incentive Targets* was deliberated and approved, and the Board of Directors considered that the conditions for the grant under the Restricted Share Incentive Scheme had been fulfilled, and agreed to grant 6,928,600 restricted shares to the eligible 441 incentive targets for the first time at CNY 92.71 per share with 29 December 2021 as the grant date. In the process of payment of funds after the grant date, four incentive targets voluntarily waived the subscription of all the restricted shares totaling 66,000 shares to be granted to them for personal reasons. The actual number of incentive targets who participated in the subscription was 437 and the number of restricted shares registered for grant was 6,862,600.

As at 31 January 2022, the Company has received a total of CNY 636,231,646.00 from the above 437 incentive targets for the subscription of restricted shares in monetary capital, of which CNY 6,862,600.00 was included in share capital and CNY 629,369,046.00 was included in capital reserve. The grant date of this incentive scheme is 29 December 2021 and the listing date of the granted shares is 22 February 2022. Upon completion of the grant registration, the total number of shares of the Company increased from 1,464,752,476 to 1,471,615,076, which will not change the controlling shareholder and the actual controller of the Company.

### (2) Participate in the establishment of Luzhou Laojiao Postdoctoral Workstation Technology Co., Ltd.

At the 13<sup>th</sup> Meeting of the 10<sup>th</sup> Board of Directors of the Company on 1 March 2022, the *Proposal on Participation in the Establishment of Luzhou Laojiao Postdoctoral Workstation Technology Co., Ltd. and Related Party Transactions* was deliberated and approved. The Company decided to jointly invest with its controlling shareholder Laojiao Group and Luzhou Energy Investment Co., Ltd. (hereinafter referred to as "Energy Investment Group") to establish Luzhou Laojiao Postdoctoral Workstation Technology Co., Ltd. (hereinafter referred to as "Technology Company", provisional name, subject to actual business registration). The registered capital of the Technology Company is CNY 100 million, of which the Company contributes CNY 40 million in cash, accounting for 40% of the total share capital; Laojiao Group contributes CNY 51 million, accounting for 51% of the total share capital; and Energy Investment Group contributes CNY 9 million, accounting for 9% of the total share capital. The establishment of the Technology Company will further enhance the overall technological innovation and quality and technical strength of the Company.

### (3) Recover some savings deposits involved in contractual disputes

On 6 April 2022, the Company recovered a further portion of the saving deposits totaling CNY 2,017,700 involved in contract disputes.

Except for the above matters, the Company has no other post balance sheet events that need to be

disclosed as of 31 December 2021.

## **16. Other important information**

### **16.1. Annuity plan**

The Company carried out the enterprise annuity payment work normally during the reporting period. The enterprise annuity funds are paid by both the Company and employees. The Company's contribution shall not exceed 8% of the Company's total salary in the previous year as stipulated by the state, and the individual contribution shall be withheld by the Company according to 1% of total salary of the employee in the previous year.

### **16.2. Segment information**

#### **16.2.1. If the Company has no reporting segment or cannot disclose total assets and total liabilities of reporting segments, the reason should be disclosed.**

Except for the business on wine sales, the Company does not operate other businesses that have a significant impact on operation results. In addition, the Company operates mainly in one area, revenue mainly from China and main assets also located in China, so the Company does not need to disclose segment data.

### **16.3. Other significant events that can affect investors' decision**

#### **16.3.1. Saving deposits involving contract disputes**

As stated in Note 12.2, three saving deposits involved contract disputes in Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank, with a total amount of CNY 500 million. At present, the investigation of related cases and the preservation of assets have been under way. The Company has initiated a civil procedure to recover the loss from the responsible unit.

Taking into account the current amount of assets preserved by the public security authorities and the contents of the professional legal opinion issued by Beijing Weiheng (Chengdu) Law Firm on 4 January 2022 that "given that since the issuance of the previous legal opinion, a partial recovery has been achieved through the execution of the civil judgment in force, totaling CNY 368 million. At the same time, it is expected that over CNY 10 million may be recovered in the future, and the actual loss that may arise from the Company's abnormal deposits in the three aforementioned places is approximately CNY 120 million", the Company has made a bad debt provision of CNY 120 million for savings deposit involved in contractual disputes as at the end of the period, and the amount of the bad debt provision may be adjusted in the future based on the litigation process and recovery.

#### **16.3.2 . Impact of implementing the new accounting standards governing leases**

##### **16.3.2.1. The Company as the lessee**

##### **16.3.2.1.1. See Note 7.13 for information about right-of-use assets.**

16.3.2.1.2. See Note 5.37 for information about accounting policies of the Company governing short-term lease and low-value asset lease. The short-term lease expenses and expenses on low-value asset lease included into the current profits/losses in the reporting period are as follows:

Item	Current Period
Short-term lease expenses	10,165,629.93
Low-value asset lease expenses (except short-term lease)	
<b>Total</b>	<b>10,165,629.93</b>

16.3.2.1.3. The current profits/losses and cash flow related to leases

Item	Current Period
Interest expenses of lease liabilities	1,958,887.90
Variable lease payments included into the current profits/losses but not included into lease liabilities to measure	N/A
Income from the sublease of right-of-use assets	N/A
Total cash outflow related to leases	22,027,720.05
Profits/losses generated from sale and leaseback transactions	N/A

16.3.2.1.4. See Note 8 for information about the lease liabilities maturity analysis and corresponding liquidity risk management.

16.3.2.1.5. Nature of leases

Asset type	Quantity	Leasing period	Whether there is the renewal option
Houses and buildings	24	Y2019-Y2027	No
Land use right	2	Y2021-Y2029	The lease contract includes the renewal option clause

16.3.2.2. The Company as the lessor

16.3.2.2.1. Lease income

Item	Current Period
Lease income	4,933,708.76
Including: income related to variable lease payments not included into lease receipts to measure	N/A

16.3.2.2.2. Operating lease assets

Fixed assets leased out from operations mainly represent the non-independent portion of the Company's tenement leased, the carrying value of which is not separately identified.

16.3.2.2.3. Subject to the lease contract with the lessee, the amount of future undiscounted lease to be received under the lease is irrevocable

Residual maturity	Closing Balance
Within 1 year	6,500.00

1-2 years	1,246,952.00
<b>Total</b>	<b>1,253,452.00</b>

Except for the above matters, the Company has no other significant events that can affect investors' decision that need to be disclosed as of 31 December 2021.

## 17. Notes to the main items of the financial statements of parent company (all currency unit is CNY, except other statements)

### 17.1. Accounts receivable

#### 17.1.1. Analysis by categories

Monetary Unit: CNY

Type	Closing Balance					Opening Balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Accounts receivables tested for impairment by the portfolio	1,209,701.49	100.00%	2,223.86	0.18%	1,207,477.63	3,927.50	100.00%			3,927.50
Including:										
Accounts receivables tested for impairment on the portfolio with characteristics of credit risk	1,209,701.49	100.00%	2,223.86	0.18%	1,207,477.63	3,927.50	100.00%			3,927.50
<b>Total</b>	1,209,701.49	100.00%	2,223.86	0.18%	1,207,477.63	3,927.50	100.00%			3,927.50

Accounts receivables tested for impairment by the portfolio:

Monetary Unit: CNY

Item	Closing Balance		
	Book balance	Provision for bad debt	Proportion
Risk portfolio	44,477.18	2,223.86	5.00%

Other portfolios	1,165,224.31		
Total	1,209,701.49	2,223.86	--

Statements for determining the portfolio:

Note: Other portfolios refer to the receivable payment for goods from the subsidiary Luzhou Pinchuang Technology Co., Ltd. and Luzhou Laojiao Electronic Commerce Co., Ltd. with no risks and provision for bad and doubtful debt.

Please refer to the relevant information of disclosure of provision for bad debt of other accounts receivable if adopting the general mode of expected credit loss to withdraw provision for bad debt of accounts receivable.

Applicable  N/A

Disclosure by aging

Monetary Unit: CNY

Aging	Book balance
Within 1 year (including 1 year)	1,209,701.49
Total	1,209,701.49

### 17.1.2. Provision and recovery for bad and doubtful debt in the current period

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Accounts receivables tested for impairment by the portfolio		2,223.86				2,223.86
Total		2,223.86				2,223.86

There is no accounts receivable reversed or recovered with significant amount during the reporting period.

### 17.1.3. Top five entities with the largest balances of accounts receivable

Monetary Unit: CNY

Company Name	Closing Balance	Proportion to total closing balance of accounts receivable	Closing Balance of provision for bad debt
Luzhou Pinchuang	1,156,870.61	95.63%	



Technology Co., Ltd.			
Luzhou Laojiao National Cellar Liquor Sales Co., Ltd.	44,100.00	3.65%	2,205.00
Luzhou Laojiao Electronic Commerce Co., Ltd.	8,353.70	0.69%	
Luzhou Bo'ao Liquor Marketing Co., Ltd.	377.18	0.03%	18.86
Total	1,209,701.49	100.00%	--

## 17.2. Other receivables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Dividends receivable		1,407,900.00
Other receivables	10,033,554,898.57	7,051,341,794.83
Total	10,033,554,898.57	7,052,749,694.83

### 17.2.1. Dividend receivable

#### 17.2.1.1. Classification of dividend receivable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Guotai Junan Securities Co., Ltd.		1,407,900.00
Total		1,407,900.00

### 17.2.2. Other receivables

#### 17.2.2.1. Other receivables disclosed by nature

Monetary Unit: CNY

Nature	Closing book balance	Opening book balance
Intercourse funds of subsidiaries receivable	10,015,555,743.27	6,957,047,554.34
Intercourse funds and others	6,158,145.13	9,599,994.92
Petty cash	2,574.63	393,142.93
Saving deposits involving contract disputes	132,376,912.43	285,044,911.68
Total	10,154,093,375.46 <sup>1</sup>	7,252,085,603.87

Note: 1. The closing balance increased by CNY 2,902,007,771.59 compared with opening balance, with an increase by 40.02%, mainly due to the increase of intercourse funds by CNY 3,058,508,188.93 and recovery of saving deposits involving contract disputes of CNY 152,667,999.25 in the current period. In the 2014 Annual Report, the Company disclosed the information about three deposits amounting to CNY 500,000,000.00 with Changsha Yingxin Sub-branch of Agricultural Bank of China and Nanyang Zhongzhou Sub-branch of Industrial and Commercial Bank of China. The deposits have lost the nature of monetary fund due to their involvement in contract disputes and have thus been transferred into “other receivables”.

### 17.2.2.2. Provision for bad and doubtful other receivables in the current period

Monetary Unit: CNY

Provision for bad debt	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2021	743,809.04		200,000,000.00	200,743,809.04
Balance of 1 January 2021 in the current period	—	—	—	—
Reversal of the current period	205,332.15		80,000,000.00	80,205,332.15
Balance of 31 December 2021	538,476.89		120,000,000.00	120,538,476.89

Changes of carrying amount with significant amount changed of loss provision in the current period

Applicable  N/A

Including, changes of carrying amount with significant amount changed of loss provision in the current period:

Company Name	Closing book balance	Provision for bad debt	Aging	Proportion
Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank	132,376,912.43	120,000,000.00	Over 5 years	90.65%
<b>Subtotal</b>	<b>132,376,912.43</b>	<b>120,000,000.00</b>		<b>90.65%</b>

Note: see Note 12.2 and 14.7.1 for information about the deposits with involvement in contract disputes.

Disclosure by aging

Monetary Unit: CNY

Aging	Book balance
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Within 1 year (including 1 year)	10,018,119,588.40
1-2 years	3,511,500.00
2-3 years	32,800.00
Over 3 years	132,429,487.06
Over 5 years	132,429,487.06
Total	10,154,093,375.46

### 17.2.2.3. Provision and recovery for bad and doubtful other receivables in the current period

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Other receivables tested for impairment individually	200,000,000.00		80,000,000.00			120,000,000.00
Other receivables tested for impairment by the portfolio	743,809.04		205,332.15			538,476.89
Total	200,743,809.04		80,205,332.15			120,538,476.89

Recovery for bad debt and doubtful other receivables with significant amount in the current period:

Monetary Unit: CNY

Company name	Amount	Recovery way
Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank	80,000,000.00	By litigation
Total	80,000,000.00	--

### 17.2.2.4. Top five entities with the largest balances of the other receivables

Monetary Unit: CNY

Company Name	Nature	Closing Balance	Aging	Proportion in total receivables	Provisioning amount at period end
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Luzhou Laojiao Brewing Co., Ltd.	Internal transactions	8,810,950,083.82	Within 1 year	86.77%	
Luzhou Laojiao New Liquor Industry Co., Ltd.	Internal transactions	492,910,494.02	Within 1 year	4.85%	
Luzhou Laojiao Electronic Commerce Co., Ltd.	Internal transactions	322,638,035.43	Within 1 year	3.18%	
Luzhou Laojiao Import and Export Trade Co., Ltd.	Internal transactions	192,569,492.57	Within 1 year	1.90%	
Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank.	Saving deposits involving contract disputes	132,376,912.43	Over 5 years	1.30%	120,000,000.00
<b>Total</b>	--	<b>9,951,445,018.27</b>	--	<b>98.00%</b>	<b>120,000,000.00</b>

### 17.3. Long-term equity investments

Monetary Unit: CNY

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiary	3,429,436,240.91		3,429,436,240.91	3,413,960,128.11		3,413,960,128.11
Investment in associates and joint venture	2,624,531,691.80	2,567,098.80	2,621,964,593.00	2,472,698,683.16	2,567,098.80	2,470,131,584.36
<b>Total</b>	<b>6,053,967,932.71</b>	<b>2,567,098.80</b>	<b>6,051,400,833.91</b>	<b>5,886,658,811.27</b>	<b>2,567,098.80</b>	<b>5,884,091,712.47</b>

#### 17.3.1. Investment in subsidiary

Monetary Unit: CNY

Investee	Opening Balance	Changes in current period	Closing Balance	Closing
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	(book value)	Increase	Decrease	Provision for impairment	Other	(book value)	balance of provision for impairment
Luzhou Pinchuang Technology Co., Ltd.	57,649,100.00	1,486,931.69				59,136,031.69	
Luzhou Laojiao Sales Co., Ltd.	103,162,447.09	7,803,808.25				110,966,255.34	
Luzhou Laojiao Brewing Co., Ltd.	3,172,109,991.25	4,583,845.03				3,176,693,836.28	
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	5,433,789.77	272,400.63				5,706,190.40	
Luzhou Laojiao Electronic Commerce Co., Ltd.	51,604,800.00	920,526.26				52,525,326.26	
Luzhou Baonuo Biotechnology Co., Ltd.	20,000,000.00					20,000,000.00	
Luzhou Laojiao Tourism Culture Co., Ltd.	4,000,000.00					4,000,000.00	
Luzhou Laojiao Health Liquor Industry Co., Ltd. Note		408,600.94				408,600.94 <sup>1</sup>	
<b>Total</b>	<b>3,413,960,128.11</b>	<b>15,476,112.80</b>				<b>3,429,436,240.91</b>	

Note: 1. The Company obtained 100% of equity in Health Liquor Industry by the business combination under the same control. The net assets of Health Liquor Industry were negative on the M&A date, and

the book cost of long-term equity investment was limited to 0 by the Company. The increase in the current period is due to the Company's restricted share incentive business, where the parent company (the settlement enterprise) is an investor in the recipient subsidiary (the service enterprise) and is recognized as a long-term equity investment in the subsidiary (the recipient service enterprise) based on the fair value of the equity instruments at the date of grant, and the capital reserve (other capital reserves) is recognized at the same time.

### 17.3.2. Investment in associate and joint venture

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period								Closing Balance (book value)	Closing Balance of provision for impairment
		Increase	Decrease	Gain or loss recognized under equity method	Adjustments of other comprehensive income	Changes in other equity	Cash dividend or profit declared	Provision for impairment	Other		
1. Joint Venture											
2. Associate											
Huaxi Securities Co., Ltd.	2,383,550,372.50			169,638,351.75	-29,576,301.94		30,284,256.98			2,493,328,165.33	2,567,098.80
Sichuan Development Wine Investment Co., Ltd.	6,854,471.67			-1,127,623.31						5,726,848.36	
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	79,726,740.19	40,000,000.00		3,182,839.12						122,909,579.31	
Subtotal	2,470,131,584.36	40,000,000.00		171,693,567.56	-29,576,301.94		30,284,256.98			2,621,964,593.00	2,567,098.80
Total	2,470,131,584.36	40,000,000.00		171,693,567.56	-29,576,301.94		30,284,256.98			2,621,964,593.00	2,567,098.80

## 17.4. Operating revenue and cost of sales

Monetary Unit: CNY

Item	Current Period		Previous Period	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary business	7,558,340,885.88	5,664,019,938.24	5,455,096,585.89	4,185,106,836.28
Other business	44,286,894.17	1,137,093.20	43,748,867.59	23,164.25
Total	7,602,627,780.05	5,665,157,031.44	5,498,845,453.48	4,185,130,000.53

Details:

Monetary Unit: CNY

Contract category	Liquor sales	Total
Commodity type		
Including:		
Medium and high grade liquor	7,553,686,005.58	7,553,686,005.58
Other liquor	4,654,880.30	4,654,880.30
By operating segment		
Including:		
Domestic	7,558,340,885.88	7,558,340,885.88
Outbound		
Contract type		
Including:		
Commodity sales contract	7,558,340,885.88	7,558,340,885.88
Total	7,558,340,885.88	7,558,340,885.88

Details about performance obligations:

N/A

## 17.5. Investment income

Monetary Unit: CNY

Item	Current Period	Previous Period
Investment income from long-term equity investments under cost method	6,296,151,637.80	3,929,019,694.32
Investment income from long-term equity	171,693,567.56	191,110,318.79

investments under equity method		
Dividends income gained during the period of holding other equity instrument investment	6,657,660.52	9,379,824.36
Total	6,474,502,865.88	4,129,509,837.47

## 17.6. Other

Note: There is no major restriction on the repatriation of the Company's investment income.

Including: investment income from long-term equity investments under the cost method:

Item	Current Period	Previous Period
Luzhou Laojiao Sales Co., Ltd.	6,269,283,588.58	3,875,865,582.42
Luzhou Baonuo Biotechnology Co., Ltd.		9,897,435.68
Luzhou Pinchuang Technology Co., Ltd.	26,868,049.22	43,256,676.22
<b>Subtotal</b>	<b>6,296,151,637.80</b>	<b>3,929,019,694.32</b>

Including: investment income from long-term equity investments under the equity method:

Item	Current Period	Previous Period
Huaxi Securities Co.,Ltd.	169,638,351.75	197,511,851.10
Sichuan Development Wine Investment Co., Ltd.	-1,127,623.31	-6,128,272.50
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	3,182,839.12	-273,259.81
<b>Subtotal</b>	<b>171,693,567.56</b>	<b>191,110,318.79</b>

Including: dividend income gained during the period of holding other equity instrument investment:

Item	Current Period	Previous Period
North Chemical Industries Co.,Ltd.	62,542.20	85,995.53
Luzhou Bank Co., Ltd.		4,700,800.00
Guotai Junan Securities Co.,Ltd.	6,595,118.32	4,593,028.83
<b>Subtotal</b>	<b>6,657,660.52</b>	<b>9,379,824.36</b>

## 18. Supplementary information

### 18.1. Detailed statement of extraordinary gain and loss in the current period (+ for gain, - for loss)

√ Applicable  N/A

Monetary Unit: CNY



Item	Amount	Remark
Gains or losses on disposal non-current assets	-347,429.88	For details please see Note 5.44
Government grants included into current profits and losses (other than government grants closely related to enterprise business and granted by quota or quantity according to national unified standard)	51,756,953.15	For details please see Note 5.40 and 5.45
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	6,352,241.79	For details please see Note 5.42
Reverse of provision for impairment of accounts receivable individually conducting impairment test	80,000,000.00	For details please see Note 5.43
Other non-operating income and costs other than above items	-40,241,672.68	For details please see Note 5.45 and 5.46
Less: Impact from income tax	24,082,098.59	
Impact from non-controlling shareholders' equity	2,267,697.66	
Total	71,170,296.13	--

Other items that meet the definition of non-recurring gain/loss:

Applicable  N/A

No such cases for the reporting period.

Explain the reasons if the Company classifies any non-recurring gain/loss item mentioned in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public-Non-Recurring Gains and Losses* as a recurring gain/loss item.

Applicable  N/A

## 18.2. Return on equity and earnings per share

Profit during reporting period	Weighted average ROE	EPS(CNY/Share)	
		Basic EPS	Diluted EPS
Net profits attributable to	31.15%	5.43	5.43

ordinary shareholders of the Company			
Net profits attributable to ordinary shareholders of the Company after deduction of extraordinary gain and loss	30.87%	5.38	5.38