

Luzhou Laojiao Co., Ltd.

2022 Interim Report



泸州老窖

August 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.

All the directors attended the board meeting to deliberate this report by themselves.

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 this 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 Company has no interim dividend plan, either in the form of cash or stock.

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

Section I Important Statements, Contents and Definitions	2
Section II Company Profile and Key Financial Results	6
Section III Management Discussion and Analysis	9
Section IV Corporate Governance.....	28
Section V Environmental and Social Responsibility	30
Section VI Significant Events	34
Section VII Changes in Shares and Information about Shareholders.....	41
Section VIII Preferred Shares.....	49
Section IX Information about Bond.....	50
Section X Financial Report	53

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 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.
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
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 (if any)	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		

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
Fax	(0830) 2398864	(0830) 2398864
E-mail	dsb@lzlj.com	dsb@lzlj.com

3. Other Information

3.1. Contact Information of the Company

Whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the reporting period.

Applicable N/A

No change occurred to the said information in the reporting period, which can be found in the 2021 Annual Report.

3.2. Information disclosure and place where the interim report is kept

Whether any change occurred to the information disclosure and place where the interim report is kept.

Applicable N/A

No change occurred to the newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the interim report and the place where the interim is kept in the reporting period. The said information can be found in the 2021 Annual Report.

3.3. Other information

Whether any change occurred to other information in the reporting period.

Applicable N/A

4. Key accounting data and financial indicators

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

Yes No

	H1 2022	H1 2021	Change
Operating revenues (CNY)	11,664,377,552.94	9,317,097,027.05	25.19%
Net profits attributable to shareholders of the Company (CNY)	5,531,926,340.44	4,226,316,722.25	30.89%
Net profits attributable to shareholders of the Company before non-recurring gains and losses (CNY)	5,496,265,842.50	4,208,650,132.88	30.59%
Net cash flows from operating activities (CNY)	4,077,014,965.34	2,738,237,039.90	48.89%
Basic earnings per share (CNY/share)	3.76	2.89	30.10%
Diluted earnings per share (CNY/share)	3.76	2.89	30.10%
Weighted average ROE	17.96%	16.78%	1.18%
	30 June 2022	31 December 2021	Change
Total assets (CNY)	45,206,239,893.13	43,211,782,005.68	4.62%
Net assets attributable to shareholders of the Company (CNY)	28,982,624,244.86	28,040,247,005.94	3.36%

5. Differences in accounting data under domestic and overseas accounting standards

5.1. 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.

5.2. 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.

6. Non-recurring gains and losses

Applicable N/A

Unit: CNY

Item	Amount	Note
Gain or loss from disposal of non-current assets (including the write-off portion of the impairment provision)	19,789,402.07	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)	9,141,196.38	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)	10,690,773.61	See "Section X Note 5.41 and 5.42" for details.
Other non-operating income and expenditure except above-mentioned items	9,186,723.82	See "Section X Note 5.45 and 5.46" for details.
Less: Corporate income tax	11,930,835.44	
Minority interests (after tax)	1,216,762.50	
Total	35,660,497.94	

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. Business scope in the reporting period

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. Its primary products include baijiu series such as "National Cellar 1573" and "Luzhou Laojiao", and its main comprehensive performance indicators rank high in the baijiu industry.

In recent years, although the baijiu industry has seen a shrink in total consumption, a decrease in the number of consumers, fluctuations of the pandemic, and other impacts, opportunities such as policy support, brand concentration, and market purification have also emerged. The industry's leading enterprises have ushered in a period of great development potential.

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*.

The Company holds five food business licenses, and its production model is self-production. The Company's main business is the research and development, production and sales of baijiu series such as "National Cellar 1573" and "Luzhou Laojiao".

In the Reporting Period, the Company upheld the development theme of "improving development quality, strengthening cultural empowerment, and accelerating breakthroughs", striving for success on key tasks through solid work. The Company continuously promoted the "seven concentrations", continuously upgraded the height of the brand, firmly consolidated the foundation of quality, and comprehensively strengthened risk prevention, thus maintaining the momentum of benign and rapid development. For H1 2022, operating revenue amounted to CNY 11.664 billion, up 25.19% year on year; and the net profit attributable to the shareholders of the listed company reached CNY 5.532 billion, up 30.89% year on year. Excellent results have been achieved in a market condition full of competition and uncertainty.

A. Main operations and results in the Reporting Period

a. Adhering to promoting "seven concentrations" to steadily increase the market volume

The Company comprehensively launched the "Hundred Cities Program" to promote the nationalized market layout in-depth, and continuously improve the capacity for marketing synergy. The Company optimized and upgraded the "Wave Program" to reach core offline consumers with precision, steadily enhancing consumption innovation capabilities. The Company deepened the implementation of the "Double 124" Project, continuously strengthening the consumer cultivation capabilities. Meanwhile, it

accelerated the promotion of the "Three-network Integration, Five-flow Interconnection, and Multi-code Interrelation" project, continuously deepening the digital and intelligent transformation in marketing.

b. Continuously upgrading the height of the brand to return to the value and image of a famous baijiu brand

The Company adhered to shaping the brand's characteristic IP and enhanced the brand's cultural memory from the dimensions of culture, sports, and festivals, further strengthening the brand's presence. The Company innovated the brand concept and continuously constructed the consumption scenarios, further enriching the high-end, fashionable, and youthful brand connotation of Luzhou Laojiao. The Company made full use of the unique core assets as a "Living Dual National Treasures" brand to create a brand cultural IP of the intangible cultural heritage, further enhancing the brand value and consumer experience.

c. Making every effort to promote major projects and accelerating the layout of intelligent production

The Company accelerated the planning and construction of a series of major projects such as the brewing digital and intelligent transformation project, the technical upgrade project of intelligent brewing, and the technical upgrade project of the Intelligent Packaging Center to promote the standardization of the brewing system, the automation of production, the digitalization of the process, and the refinement of management, taking the construction of intelligent factories to a new level.

d. Firmly consolidating the foundation of quality and accelerating the application of scientific research achievements

Strengthening scientific research management and paying close attention to project implementation, the Company carried out nine key research projects of applied and prospective nature with a focus on fields such as functional microorganisms for brewing, production process innovation, and clean production, participated in the formulation or revision of four national standards and 11 group standards, applied for 47 patents, and was granted 36 patents, with breakthroughs in key achievements.

e. Comprehensively strengthening risk prevention to safeguard the development of the Company

First, the Company strengthened political supervision and fully fulfilled the responsibility for the comprehensively rigorous Party self-governance. Second, the Company prevented integrity risk with the continued implementation of the full coverage of discipline and law education. Third, the Company prevented management risk through the accurate governance of key areas and key links. Fourth, the Company carried out special supervision of hidden danger governance for safety and environmental protection and effectively strengthened the Company's closed-loop management of hidden danger governance for safety and environmental protection.

B. Priorities in the second half of the year

In the second half of 2022, the Company will focus on the following work:

a. Strengthening marketing progress and comprehensively optimizing the layout

In accordance with the marketing policy of "strategic concentration, operation upgrade, and full personnel activation", the Company will continue to promote the "seven concentrations" and make every effort to promote sales expansion. Focusing on the strategy implementation, the Company will strengthen the closed-loop operation and promote the organizational effectiveness of the sales system. The Company will focus on the front-line business, strengthen the promotion of empowerment in the front line, accelerate the digital construction, and continuously improve the marketing service and guarantee capacity.

b. Strengthening culture cultivation and boosting brand empowerment

The Company will accelerate the construction of cultural projects such as "Luzhou Laojiao Museum and renovation and upgrading of the National Cellar Square" and continue to improve the image and service level of scenic spots such as the Cellars of National Treasure, Chunyang Cave, and Qiankun Baijiu Castle, continuously enhancing the experience and participation of consumers and visitors of Luzhou Laojiao. The Company will continue to promote consumer-centric characteristic brand activities, expanding the influence and coverage of brand marketing activities such as the "Seven Star Feast".

c. Strengthening intelligent production and constantly consolidating the foundation

The Company will promote the digital management of the whole production procedure, continue to research the brewing mechanism, green brewing, and other cutting-edge key technologies, and continuously improve the resource utilization rate and production efficiency of brewing. The Company will continue to deepen the Company-university-research institute integration to boost the technology upgrade of the intelligent brewing industry. The Company will continue to intensify and accelerate the joint research of various horizontal technology projects so as to accelerate breakthroughs and achievement applications in the fields such as brewing raw grain research and brewing process research.

d. Strengthening management synergy and accelerating empowerment upgrade

The Company will further optimize, deepen, and refine the "14th Five-Year Plan", focusing on the formation of special plans and implementation plans involving the departments of human resources, finance, material, production, supply, and marketing. The Company will accelerate the process of online organization, personnel, and business in various fields through procedure and policy

optimization, build a knowledge sharing system, and continuously improve the synergy efficiency.

e. Strengthening talent efficiency gains and continuing to tap the momentum

The Company will continuously optimize the scientific and effective career position system, continue to improve the creation, implementation, evaluation, and incentive mechanisms for scientific projects, and implement talent cultivation through projects. Specifically, by encouraging the elite talent and reserve talent to lead and found projects, the Company will enrich the talent's professional knowledge, broaden the horizon of openness and innovation, and enhance the management leadership with the promotion of projects.

f. Strengthening Party building and driving the growth of the Company

The Company will continuously follow, study, publicize, and implement the spirit of the 20th National Congress of the Communist Party of China, the spirit of the 12th Provincial Congress of the Communist Party of China, and the spirit of the 9th Municipal Congress of the Communist Party of China to consolidate ideological consensus and achieve synergy. It will continue to deepen Party building for development, promote the foundation of grass-roots "five-type Party organizations", and boost the deep integration and mutual promotion of Party building work and the work of the Company, so as to test the work and combat effectiveness of the Party organization with results of reform and development.

Brand operation

The Company firmly followed the development path of "Return to the Value of a Famous Chinese Baijiu Brand" and focused on the strategy of "dual brands, three product series, and major single products". Specifically, National Cellar 1573 has been widely recognized as a high-end Chinese baijiu; Luzhou Laojiao 1952 has taken up the mission of leading the revival of the Luzhou Laojiao series brand with its price and image; Tequ and Cellar Age Baijiu focused on synergistic development and secured the key price zone; Touqu realized operational upgrade of the price, quota, and brand, and the Hey Guys launched the core city layout and tasting promotion, which laid a solid foundation for the development of Luzhou Laojiao; innovative products continuously explored new models, achieved new breakthroughs, and accelerated the opening of the core market to quickly open up the situation. With years of efforts, the Company has successfully transformed into a new leading baijiu producer that is "comprehensively consumer-centric".

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	10,837,418,201.38	1,470,222,316.16	86.43%	25.09%	25.76%	-0.08%
Emerging channel operation model	711,909,071.06	125,369,248.70	82.39%	33.88%	6.84%	4.46%

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	1,526	134	391	-19.64	
Overseas	112	6	42	3.70	

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

Total sales to top five customers (CNY)	7,761,468,899.89
Total sales to top five customers as % of the total sales	66.54%
Total sales to related parties among top five customers as % of the total sales	0.00%

The Company had no accounts receivable from the top five distributors at the end of the period.

5. Information on top five distributors

No.	Customer	Sales amount (CNY)	As % of the total sales for the reporting period
1	Customer A	5,457,865,851.83	46.79%
2	Customer B	993,270,897.91	8.52%
3	Customer C	535,236,995.88	4.59%
4	Customer D	440,125,552.78	3.77%

5	Customer E	334,970,601.49	2.87%
Total	--	7,761,469,889.89	66.54%

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 the contents under the heading "Business segment, products or geographical segments contributing over 10% of the operating revenues or profits" in "3. Analysis of main business" of Section III. The Company's main products are sold online. Its main cooperation platforms include 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	2,613,369,460.39
Purchase based on the unified pricing of the Development and Reform Commission of Luzhou and the Price Bureau of Luzhou, and purchase through bid invitation	Fuels and energies	87,266,233.44
Purchase through bid invitation	Low-value consumables	29,289,051.04

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	Item	H1 2022	H1 2021	YoY Change
-------------	------	---------	---------	------------

segment		Amount	As % of cost of sales	Amount	As % of cost of sales	
Baijiu	Raw materials	1,362,639,995.08	85.40%	1,118,577,468.66	86.95%	21.82%
Baijiu	Labor costs	97,048,667.74	6.08%	69,632,827.38	5.41%	39.37%
Baijiu	Manufacturing overhead	135,902,902.04	8.52%	98,238,245.45	7.64%	38.34%

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	21,572.12	17,454.26	43,294.91	9.10	22.47	55.73	Inventory increased year-on-year mainly due to the Company's adjustment of production plans.
Other baijiu	22,758.29	21,852.34	14,581.45	-7.87	-11.28	6.84	

2. Inventory at the end of the reporting period

Unit: Ton

Finished baijiu	Semi-finished baijiu (including base baijiu)
57,876.36	421,454.38

3. Capacity

Unit: Ton

Main products	Design capacity	Actual capacity	Capacity in progress
Baijiu	170,000	170,000	80,000

2. 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, 5 masters of Chinese brewing, 3 masters of Chinese baijiu, 1 master of Chinese baijiu technique, 2 Chinese liquor connoisseurs, 8 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.

3. Analysis of main business

Overview

See contents under the heading “1. Business scope in the reporting period” above.

Year-on-year changes in key financial data

Unit: CNY

	H1 2022	H1 2021	YoY Change	Reason for any significant change
Operating revenues	11,664,377,552.94	9,317,097,027.05	25.19%	
Cost of sales	1,642,310,550.61	1,335,154,943.46	23.01%	
Selling and distribution expenses	1,213,861,984.66	1,183,247,931.92	2.59%	
General and administrative expenses	542,666,754.49	439,561,779.70	23.46%	
Finance expenses	-126,988,421.10	-128,007,967.42		
Corporate income tax	1,800,020,542.39	1,346,062,434.86	33.72%	Mainly due to the increased sales revenue from baijiu, resulting in the increased deferred corporate income tax
R&D investments	93,892,252.85	51,984,969.33	80.61%	Mainly due to the increased comprehensive research and development investments
Net cash flows from operating activities	4,077,014,965.34	2,738,237,039.90	48.89%	Mainly due to the increased cash received from sale of goods and rendering of services in the current period
Net cash flows from investing activities	-1,158,401,612.09	-732,184,328.54		Mainly due to the purchase of wealth management product (collective asset management plan) from securities firm in the current period
Net cash flows from financing activities	579,368,826.99	-48,460,474.66		Mainly due to the receipt of payments from the awardees under the restricted share incentive plan for subscription for

				such shares
Net increase in cash and cash equivalents	3,512,307,170.67	1,956,159,445.84	79.55%	Mainly due to the increased net cash flows from operating and financing activities in the current period

Significant changes to the profit structure or sources of the Company in the reporting period

No such changes in the Reporting Period.

Breakdown of operating revenues

Unit: CNY

	H1 2022		H1 2021		YoY Change
	Amount	As % of operating revenues	Amount	As % of operating revenues	
Total	11,664,377,552.94	100%	9,317,097,027.05	100%	25.19%
By business segment					
Baijiu	11,549,327,272.44	99.01%	9,195,242,633.92	98.69%	25.60%
Other revenues	115,050,280.50	0.99%	121,854,393.13	1.31%	-5.58%
By product					
Mid- and high-end baijiu	10,372,408,380.45	88.92%	8,218,296,465.61	88.21%	26.21%
Other baijiu	1,176,918,891.99	10.09%	976,946,168.31	10.48%	20.47%
Other revenues	115,050,280.50	0.99%	121,854,393.13	1.31%	-5.58%
By geographical segment					
Domestic	11,570,386,785.08	99.19%	9,264,547,206.51	99.44%	24.89%
Overseas	93,990,767.86	0.81%	52,549,820.54	0.56%	78.86%

Business segment, products or geographical segments 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	11,549,327,272.44	1,595,591,564.86	86.18%	25.60%	24.03%	0.17%
By product						
Mid- and high-end baijiu	10,372,408,380.45	999,050,394.79	90.37%	26.21%	29.31%	-0.23%
Other baijiu	1,176,918,891.99	596,541,170.07	49.31%	20.47%	16.10%	1.90%
By geographical segment						
Domestic	11,570,386,785.08	1,596,761,668.91	86.20%	24.89%	20.34%	0.52%

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 period is calculated based on adjusted statistical standards at the end of the reporting period

Applicable N/A

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

Applicable N/A

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*.

A. Breakdown of selling and distribution expenses

Unit: CNY

Selling and distribution expenses	H1 2022	H1 2021	YoY Change	Reason for any significant change
Advertising expenses	691,914,456.49	407,510,592.52	69.79%	Increased advertising activities
Sales promotion expenses	142,494,942.50	482,468,677.16	-70.47%	Decreased sales promotion expenses in the current period
Warehousing and logistics expenses	63,874,054.36	48,338,332.97	32.14%	Increased sales revenue from baijiu, leading to a corresponding increase in logistics expenses
Labor costs	204,443,388.51	183,923,965.82	11.16%	
Other	111,135,142.80	61,006,363.45	82.17%	Increased travel expenses, etc.

B. Breakdown of advertising expenses

Unit: CNY

Advertising	Expenses
Online advertising (exclusive of TV advertising)	122,126,397.73
Offline advertising	178,363,754.97
TV advertising	240,116,375.42
Other (inclusive of branding ideas, exhibitions & showcases, advertising materials, activity planning, etc.)	151,307,928.37

4. Analysis of non-core business

Applicable N/A

5. Assets and liabilities

5.1. Significant change of asset items

Unit: CNY

	30 June 2022	31 December 2021	Change in	Explanation
--	--------------	------------------	-----------	-------------

	Amount	As % of total assets	Amount	As % of total assets	percentage	about any material change
Cash and cash equivalents	17,046,109,916.36	37.71%	13,513,494,580.56	31.27%	6.44%	
Accounts receivable	1,403,341.54	0.00%	1,628,248.55	0.00%	0.00%	
Inventories	8,713,280,634.28	19.27%	7,277,573,166.80	16.84%	2.43%	
Long-term equity investments	2,657,050,723.78	5.88%	2,626,744,236.25	6.08%	-0.20%	
Fixed assets	8,557,024,850.52	18.93%	8,089,487,274.39	18.72%	0.21%	
Construction in progress	724,127,630.54	1.60%	1,259,845,487.50	2.92%	-1.32%	
Right-of-use assets	48,376,749.33	0.11%	52,714,810.04	0.12%	-0.01%	
Contract liabilities	2,329,543,604.94	5.15%	3,510,110,701.25	8.12%	-2.97%	
Lease liabilities	39,336,140.81	0.09%	40,667,668.08	0.09%	0.00%	

5.2. Main assets overseas

Applicable N/A

5.3. 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)	706,352,241.79	5,862,846.29			1,400,000.00	809,303,216.80		1,302,911,871.28
4. Investments in other equity instruments	363,312,120.43	-25,218,844.78	232,988,066.65			25,000.00		338,068,275.65
Accounts receivables financing	4,757,631,778.64						-3,086,025,812.88	1,671,605,965.76
Subtotal of financial assets	5,827,296,140.86	-19,355,998.49	232,988,066.65		1,400,000.00	809,328,216.80	3,086,025,812.88	3,312,586,112.69
Total	5,827,296,140.86	-19,355,998.49	232,988,066.65		1,400,000.00	809,328,216.80	3,086,025,812.88	3,312,586,112.69
Financial liability	0.00							0.00

Information about other changes

N/A

Whether measurement attribution of main assets changes significantly in the reporting period

Yes No

5.4. Restricted asset rights as of the end of this reporting period

Item	Closing Balance	Reason
Bank deposits (CNY)	119,786,289.43	Accrued interest on term deposits
Other cash and cash equivalents (CNY)	11,487,514.43	Restricted security deposits for travel service and bank guarantees
Total	131,273,803.86	

6. Investment

6.1. Total investment

 Applicable N/A

Investment made in the reporting period (CNY)	Investment made in the same period of last year (CNY)	YoY change
1,669,795,904.73	536,408,910.19	211.29% ¹

Note 1: Mainly due to the purchase of collective asset management plan product from securities firm in the current period.

6.2. Significant equity investment made in the reporting period

 Applicable N/A

6.3. Significant ongoing non-equity investment in the reporting period

 Applicable N/A

6.4. Financial assets investment

6.4.1. 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 record	Amount of purchase	Amount of sale	Profit and loss during the reporting period	Closing book balance	Accounting item	Capital source
------------------------	------------	----------------------------	-------------------------	------------------------------	------------------------	--	---	--------------------	----------------	---	----------------------	-----------------	----------------

							ed into equity						
Dome stic and foreign stock	60121 1.SH	GTJA	12,719 ,156.7 6	Fair value measu rement	210,69 0,476. 31	- 31,680 ,121.9 3	166,29 1,197. 62			8,008, 357.96	179,01 0,354. 38	Invest ments in other equity instru ments	Own fund
Dome stic and foreign stock	00224 6.SZ	SNC	1,030, 000.00	Fair value measu rement	15,963 ,896.5 4	- 2,689, 314.60	12,244 ,581.9 4			70,359 .98	13,274 ,581.9 4	Invest ments in other equity instru ments	Own fund
Dome stic and foreign stock	01983. HK	LZBA NK	51,120 ,000.0 0	Fair value measu rement	102,17 4,621. 71	9,150, 591.75	60,205 ,213.4 6				111,32 5,213. 46	Invest ments in other equity instru ments	Own fund
Total			64,869 ,156.7 6	--	328,82 8,994. 56	- 25,218 ,844.7 8	238,74 0,993. 02	0.00	0.00	8,078, 717.94	303,61 0,149. 78	--	--

6.4.2. Derivative investment

Applicable N/A

No such cases in the reporting period

6.5. Use of funds raised

Applicable N/A

6.5.1. 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 reporting period	Accumulate d amount of raised funds used	Total amount of re-purposed funds raised in the reporting period	Total amount of accumula ted re-purposed funds raised	Accumula ted re-purposed funds raised as % of total funds raised	Total amount of unused funds raised	Purpose and direction of unused funds raised	Amount of funds raised idle for more than two years
2019	Public offering of corporate bond	249,000	0	253,081.84	0	0	0.00%	0	N/A	0
2020	Public offering of	149,400	24,694.14	60,354.6	0	0	0.00%	97,185.49	Deposited in special	0

	corporate bond								account for raised funds	
Total	--	398,400	24,694.14	313,436.44	0	0	0.00%	97,185.49	--	0
Notes for general use of funds raised										
The total amounts of used and unused funds raised include interest on the funds.										

6.5.2. 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 (Phase II)	No	398,400	398,400	24,420.52	292,640.73	78.67%		N/A	Yes	No
Project of Intelligent Upgrading and Building of the Information Management System	No			273.62	3,772.17			N/A	No	No
Project of Acquiring Sealing Equipment for the Cellar of Huangyi Brewing Base	No			0	12,043.3			N/A	Yes	No
Project of Acquiring Accessory Equipment for Leaven Making for Huangyi Brewing Base	No			0	4,980.25			N/A	Yes	No
Subtotal of committed investment projects	--	398,400 ¹	398,400	24,694.14	313,436.45	--	--	N/A	--	--
Use of over-raised funds										
None										

Total	--	398,400	398,400	24,694.1 4	313,436. 45	--	--	N/A	--	--
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									
	<p>On 14 May 2019, the Company held the First Extraordinary General Meeting of Shareholders of 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 30 June 2022, 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	N/A									
Purpose and whereabouts of unused funds raised	<p>The idle raised funds 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., the special account No. 631395395 for raised funds in the Chengdu Branch of China Minsheng Banking Corp., Ltd., and the special account No. 028900140410888 for raised funds in the Chengdu Branch of China Merchants Bank Co., Ltd.</p>									

Problems and other situation when raised funds are used and disclosed	N/A
---	-----

Note 1: The subtotal of funds raised 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.

Note 2: 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 raised funds investment projects according to the actual needs, provided that the capital funds for each project is no less than 20% of the total investment.

Note 3: As of December 2020, construction was completed for the Technical Renovation Project of Brewing (Phase II), with the project image progress reaching 100%. Quality inspection and acceptance of the relevant sub-projects was finished. Other inspection and acceptance, as well as settlement were finished in June 2021.

Note 4: As of 30 June 2022, the Project of Intelligent Upgrading and Building of the Information Management System was in the process.

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.

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.

Note 7: These raised funds investment projects have helped further expand the Company's production and sales, and increase its comprehensive competitiveness. The economic benefits of these projects cannot be measured separately.

6.5.3. Re-purposed funds raised

Applicable N/A

No such cases in the reporting period

7. Sale of major assets and equity interests

7.1. Sale of major assets

Applicable N/A

No such cases in the reporting period.

7.2. Sale of major equity interests

Applicable N/A

8. 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	10,623,090,857.06	5,903,661,256.04	11,007,308,240.21	5,129,170,763.61	3,854,305,540.46

Acquisition and disposal of subsidiaries during the reporting period

Applicable N/A

9. Structured entities controlled by the Company

Applicable N/A

10. Risks facing the Company and countermeasures

A. Pandemic-related risk: Although overall the domestic pandemic has gradually eased, there are still local multi-point occurrences and frequent occurrences of mutated strains, and the pandemic is still severe in many international regions, which continues to affect the total demand for baijiu and consumption scenarios. The Company will pay close attention to the domestic and overseas pandemic, strictly follow the requirements for pandemic prevention and control, actively carry out normalized

prevention and control, and ensure the normal and orderly production and operation of the Company.

B. Macroeconomic risk: Despite the growth recovery in the first half of the year, as China's economy is continuously impacted by the epidemic, inflation, the Russia-Ukraine war, and other unfavorable factors, the basis for growth is still not solid, and the macroeconomic operational risk cannot be ignored. The Company will strengthen the research and judgment of macroeconomic and industry situations, uphold the development theme of "improving development quality, strengthening cultural empowerment, and accelerating breakthroughs", and continuously promote the benign and healthy development of the Company.

C. Environmental risk: As the national awareness of environmental protection continues to grow, the requirements of production pollutant emissions for the baijiu industry are also increasingly high. The Company will continue to adhere to environmental protection and management, solidly practice the environmental management concept of "happy life from green production", strictly regulate the prevention and control of the "three wastes" pollution, and continuously explore the key technology of green brewing, so as to continuously promote energy saving, consumption reduction, and green cycle in baijiu brewing.

D. Risk of food safety: Food safety is a major concern of the society. Baijiu production involves processes such as processing of raw materials, and fine control of these processes is required for product quality. Therefore, the Company will further practice the idea of "making the quality visible", enhance and extend the quality regulation system, and build an intelligent, standardized and visible quality tracing system with higher level.

E. Public opinion risk: Since the baijiu industry is often affected by public opinion on industrial policies, social responsibility, and industry competition, and leading enterprises receive high market attention and are subject to public opinion risk. The Company will actively shoulder social responsibility while pursuing development and uphold the industry rules of "shared culture, shared standards, shared market, shared rules, and shared crises" to develop hand in hand with more outstanding Chinese enterprises and brands and establish a good market image.

Section IV Corporate Governance

1. Annual and extraordinary general meeting convened during the reporting period

1.1 General meeting convened during the reporting period

Meeting	Type	Investor participation ratio	Date of the meeting	Date of disclosure	Resolution of the meeting
The 2021 Annual General Meeting	Annual General Meeting	63.73%	29 June 2022	30 June 2022	Announcement No.: 2022-22 of Luzhou Laojiao Co., Ltd. on Resolutions of the 2021 Annual General Meeting (http://www.cninfo.com.cn/)

1.2 Extraordinary general meetings convened at the request of preference shareholders with resumed voting rights

Applicable N/A

2. Changes in directors, supervisors, and senior management

Applicable N/A

Name	Title	Type	Date	Reason
Li Guowang	Independent director	Elected	29 June 2022	
Gong Zhengying	Director	Elected	29 June 2022	
Tang Shijun	Supervisor	Elected	29 June 2022	
Ou Fei	Supervisor	Elected	29 June 2022	
Sun Dongsheng	Independent director	Resignation	29 June 2022	Voluntary resignation
Shen Caihong	Director	Resignation	31 May 2022	Voluntary resignation
Lian Jin	Supervisor	Resignation	28 May 2022	Voluntary resignation
Guo Shihua	Supervisor	Resignation	28 May 2022	Voluntary resignation

3. Profit distribution and converting capital reserves into share capital for the reporting period

Applicable N/A

The Company has no interim dividend plan, either in the form of cash or stock.

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

Applicable N/A

4.1. 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 10th 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 12th Meeting of the 10th 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 22 February 2022, as the shares granted under the restricted share incentive plan were listed, the total shares of the Company increased from 1,464,752,476 shares to 1,471,615,076 shares.

4.2. Implementation of employee stock ownership plans

Applicable N/A

4.3. Other incentive measures for employees

Applicable N/A

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	21.173 mg/L	50 mg/L	5.4842 t/a	25 t/a	No
Luzhou Laojiao Co., Ltd.	Ammonia nitrogen	Direct discharge	1	Luohan Brewery Eco-Park	0.162 mg/L	5 mg/L	0.0417 t/a	2.5 t/a	No
Luzhou Laojiao Co., Ltd.	Total nitrogen	Direct discharge	1	Luohan Brewery Eco-Park	5.156 mg/L	15 mg/L	1.332 t/a	7.5 t/a	No
Luzhou Laojiao Co., Ltd.	Total phosphorus	Direct discharge	1	Luohan Brewery Eco-Park	0.110 mg/L	0.5 mg/L	0.0284 t/a	0.25 t/a	No
Luzhou Laojiao Co., Ltd.	PM	Organized discharge	2	Luohan Brewery Eco-Park	4.336 mg/m ³	20 mg/m ³	0.3071 t/a	3.9 t/a	No
Luzhou Laojiao Co., Ltd.	Sulfur dioxide	Organized discharge	2	Luohan Brewery Eco-Park	0.117 mg/m ³	50 mg/m ³	0.0092 t/a	11.5 t/a	No
Luzhou Laojiao Co., Ltd.	Oxynitride	Organized discharge	2	Luohan Brewery Eco-Park	25.185 mg/m ³	150 mg/m ³	2.0337 t/a	45.4 t/a	No
Luzhou Laojiao Co., Ltd.	COD	Indirect discharge	1	Huangyi Brewery Eco-Park	25.905 mg/L	400 mg/L	7.7711 t/a	400 t/a	No
Luzhou Laojiao Co., Ltd.	Ammonia nitrogen	Indirect discharge	1	Huangyi Brewery Eco-Park	0.156 mg/L	30 mg/L	0.0421 t/a	30 t/a	No
Luzhou Laojiao Co., Ltd.	Total nitrogen	Indirect discharge	1	Huangyi Brewery Eco-Park	11.028 mg/L	50 mg/L	3.3289 t/a	50 t/a	No
Luzhou Laojiao Co., Ltd.	Total phosphorus	Indirect discharge	1	Huangyi Brewery Eco-Park	0.576 mg/L	3 mg/L	0.1719 t/a	3 t/a	No
Luzhou Laojiao Brewing Co., Ltd.	PM	Organized discharge	2	Energy Center of Sichuan Luzhou Baijiu Industrial Park	0.854 mg/m ³	5 mg/m ³	0.3052 t/a	5.64t/a	No
Luzhou Laojiao Brewing Co., Ltd.	PM	Organized discharge	1	Energy Center of Sichuan Luzhou Baijiu Industrial Park	0.952 mg/m ³	20 mg/m ³	0.0127 t/a	3t/a	No
Luzhou Laojiao Brewing Co., Ltd.	Sulfur dioxide	Organized discharge	2	Energy Center of Sichuan Luzhou Baijiu Industrial Park	0.644 mg/m ³	35 mg/m ³	0.2125 t/a	16.68 t/a	No
Luzhou Laojiao Brewing Co., Ltd.	Sulfur dioxide	Organized discharge	1	Energy Center of Sichuan	0.384 mg/m ³	50 mg/m ³	0.0054 t/a	2.2 t/a	No

Co., Ltd.				Luzhou Baijiu Industrial Park					
Luzhou Laojiao Brewing Co., Ltd.	Oxynitride	Organized discharge	2	Energy Center of Sichuan Luzhou Baijiu Industrial Park	37.592 mg/m ³	100 mg/m ³	13.3981 t/a	113.4 t/a	No
Luzhou Laojiao Brewing Co., Ltd.	Oxynitride	Organized discharge	1	Energy Center of Sichuan Luzhou Baijiu Industrial Park	45.478 mg/m ³	150 mg/m ³	0.6055 t/a	22.68 t/a	No

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, natural gas boilers are used, while in Xiaoshi Base and Zaojiaoxiang Base, 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_x 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 to be started in 2022 will go 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

During the reporting period, the Company reduced its carbon dioxide emissions by more than 1,400 tons through innovative electricity consumption models, electricity alternative trading programs, and utilization of renewable energy such as hydropower.

Other information about environment protection

N/A

2. Social responsibility

The Company effectively enhanced its political and social responsibilities and thoroughly implemented the arrangements and deployments by the Party committees at all levels for rural revitalization. In the first half of 2022, the Company carried out the 2022 Chinese New Year consolation activities in Xiangtian Village, Longshan Town, Gulin County and Guntang Village, Maiwa Town, Hongyuan County to distribute consolation money and gifts to 652 households, including households that have been lifted out of poverty, difficult households, and ordinary farmers. Also, the Company helped Guntang Village carry out the 2022 village cultural festival activities, Party building, and household electrical wiring renovation. The Company continued to implement "purchase instead of donation" and bought designated supported agricultural products from Hongyuan County and Gulin County. The case study of rural revitalization, "Shouldering the Mission of Youth and Contributing to

Rural Revitalization", was published and publicized in the Sichuan Party Building magazine and "Xuexi Qiangguo". While consolidating and expanding the achievements of poverty eradication and effectively incorporating rural revitalization, the Company was awarded the 2021 "Advanced Group of Designated Support" in Sichuan Province by the Rural Work Leading Group of the Sichuan Provincial Committee of the Communist Party of China.

Section VI Significant Events

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.

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. Engagement and disengagement of CPAs firm

Are the interim financial statements audited?

Yes No

The interim financial statements are not audited.

5. Explanation of the board of directors and the supervisory committee regarding the "Non-standard audit opinion" for the reporting period

Applicable N/A

6. Explanations of the board of directors regarding the "Non-standard audit opinion" of Last Year

Applicable N/A

7. Bankruptcy and reorganization

Applicable N/A

No such cases in the reporting period.

8. Litigation

Material litigation and arbitration

Applicable N/A

Profile of litigation (arbitration)	Amount involved in the case (CNY 10,000)	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 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.	14,942.5	No	The second trial has been concluded, and the case is now at the stage of enforcement.	For the losses that the Company 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.	The Company applied to Hunan 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.	15 October 2014	See Section VI "Other significant events"
The Company filed a lawsuit with ICBC Nanyang Zhongzhou Branch over a deposit dispute, and the case	15,000	No	The second trial has been concluded, and the case	ICBC Nanyang Zhongzhou Branch, ICBC Nanyang Branch, and Sanya Rural Commercial	The banks have paid part of the compensations. As there was a dispute over the	10 January 2015	See Section VI "Other significant events"

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.			is now at the stage of enforcement.	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.	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.		
--	--	--	-------------------------------------	---	--	--	--

Other litigation

Applicable N/A

Profile of litigation (arbitration)	Amount involved in the case (CNY 10,000)	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
Other litigations that do not meet the standard of a material litigation which is required to be disclosed	1,076.88	No	Pending	No significant impact	Pending		

9. Punishments and rectifications

Applicable N/A

10. Credit conditions of the Company as well as its controlling shareholder and actual controller

Applicable N/A

11. Significant related party transactions

11.1. Related party transactions arising from routine operation

Applicable N/A

No such cases in the reporting period.

11.2. Related party transactions regarding purchase or sales of assets or equity interests

Applicable N/A

No such cases in the reporting period.

11.3. Related party transitions arising from joint investments in external parties

Applicable N/A

No such cases in the reporting period.

11.4. Credits and liabilities with related parties

Applicable N/A

No such cases in the reporting period.

11.5. 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.

11.6. 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.

11.7. Other significant related party transactions Applicable N/A

No such cases in the reporting period.

12. Significant contracts and their execution**12.1. Trusteeship, contracting and leasing****12.1.1. Trusteeship** Applicable N/A

No such cases in the reporting period.

12.1.2. Contracting Applicable N/A

No such cases in the reporting period.

12.1.3. Leasing Applicable N/A

No such cases in the reporting period.

12.2. Major guarantees Applicable N/A

No such cases in the reporting period.

12.3. Entrust assets management Applicable N/A

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	80,000	80,000	0	0

Wealth management product of trust company	Own funds	30,000	30,000	0	0
Others	Own funds	20,000	20,000	0	0
Total		130,000	130,000	0	0

Particulars of high risk wealth management products with a significant single amount, low security, poor liquidity or no principal protection

Applicable N/A

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

Applicable N/A

12.4. Other significant contracts

Applicable N/A

No such cases in the reporting period.

13. Other significant events

Applicable N/A

The Company disclosed in October 2014 and January 2015 respectively the contract disputes involving three savings deposits of CNY 500 million in total with banks including ABC Changsha Yingxin Branch and ICBC Nanyang Zhongzhou Branch. Upon criminal booty recovery, criminal and civil enforcement, as of the date of this Report, the Company had recovered a total amount of CNY 370.9505 million for the three disputes.

See details in the Company's announcements:

Date of announcement	No.	Catalogue	Official website
15 October 2014	2014-35	Announcement of significant litigation	http://www.cninfo.com.cn/
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	

14. Significant events of subsidiaries

Applicable N/A

The Company invested in the technical upgrade program of intelligent brewing (Phase I) with the wholly-owned subsidiary, Brewing Company, as the implementer. The total investment amount approximated CNY 4,782.5090 million. The program has been approved at the First Extraordinary General Meeting of 2022 on 16 August 2022. For further information, see Announcement No. 2022-24 on the Implementation of Luzhou Laojiao's Technical Upgrade Program of Intelligent Brewing (Phase I) by Subsidiary.

Section VII Changes in Shares and Information about Shareholders

1. Changes in shares

1.1 Changes in shares

Unit: Share

	Before		Changes in this period (+, -)					After	
	Number	Proportion	Issuance of new shares	Bonus shares	Capitalization of capital reserves	Other	Subtotal	Number	Proportion
I. Restricted shares	247,921	0.02%	6,862,600				6,862,600	7,110,521	0.48%
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Shares held by other domestic investors	247,921	0.02%	6,862,600				6,862,600	7,110,521	0.48%
Of which: shares held by domestic corporations									
Shares held by domestic individuals	247,921	0.02%	6,862,600				6,862,600	7,110,521	0.48%
4. Shares held by foreign corporations									
Of which: shares held by foreign corporations									
Shares held by foreign individuals									
II. Non-restricted shares	1,464,504,555	99.98%						1,464,504,555	99.52%
1. CNY common shares	1,464,504,555	99.98%						1,464,504,555	99.52%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Other									
III. Total shares	1,464,752,476	100.00%	6,862,600				6,862,600	1,471,615,076	100.00%

Reasons for the change in shares

 Applicable N/A

On 22 February 2022, as the shares granted under the restricted share incentive plan were listed, the total shares of the Company increased from 1,464,752,476 shares to 1,471,615,076 shares.

Approval of share changes

 Applicable N/A

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 10th Board of Directors. On 2 December 2021, the Company received the Reply of State-owned Assets Supervision and Administration Commission of Luzhou on the Second Equity Incentive Plan of Luzhou Laojiao Co., Ltd. (LGZKP [2021] No. 62). As such, the Company was agreed, in principle, to implement the restricted share incentive plan. 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 12th Meeting of the 10th Board of Directors.

Transfer of share ownership

 Applicable N/A

Implementation progress of shares repurchases

 Applicable N/A

Implementation progress of share buyback reduction through centralized bidding

 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	Decrease in restricted shares during the reporting period	Increase 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
Liu Miao	144,140	0	95,900	240,040	Locked-up shares of senior	For locked-up shares of senior management, 25% of

						management, and shares granted under restricted share incentive plan	such shares are unlocked and become transferable on a yearly basis as legally allowed. For restricted shares, see Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares for the unlocking dates.
Lin Feng	0	0	95,900	95,900		Shares granted under restricted share incentive plan	For restricted shares, see Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares for the unlocking dates.
Wang Hongbo	0	0	76,700	76,700		Shares granted under restricted share incentive plan	For restricted shares, see Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares for the unlocking dates.
Shen Caihong	103,781	0	76,700	180,481		Locked-up shares of senior management, and shares granted under restricted share incentive plan	For locked-up shares of senior management, 25% of such shares are unlocked and become transferable on a yearly basis as legally allowed. For restricted shares, see Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares for the unlocking dates.
Xie Hong	0	0	76,700	76,700		Shares granted under restricted share incentive plan	For restricted shares, see Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares for the unlocking dates.
He Cheng	0	0	76,700	76,700		Shares granted under restricted share incentive plan	For restricted shares, see Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares for the unlocking dates.
Zhang Suyi	0	0	76,700	76,700		Shares granted under restricted	For restricted shares, see Announcement No. 2022-1 on the

						share incentive plan	Completion of the Grant of Restricted Shares for the unlocking dates.
Xiong Pingting	0	0	62,800	62,800		Shares granted under restricted share incentive plan	For restricted shares, see Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares for the unlocking dates.
Li Yong	0	0	62,800	62,800		Shares granted under restricted share incentive plan	For restricted shares, see Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares for the unlocking dates.
Total of the other restricted share awardees	0	0	6,161,700	6,161,700		Shares granted under restricted share incentive plan	For restricted shares, see Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares for the unlocking dates.
Total	247,921	0	6,862,600	7,110,521		--	--

2. Issuance and listing of securities

Applicable N/A

Name of stock and derivative securities	Date of offering	Offering price (or interest rate)	Number offered	Date of listing	Number approved for public trading	Date of termination of trading	Index to disclosed information	Date of disclosure
Stocks								
Restricted shares		CNY 92.71	6,862,600	22 February 2022	6,862,600		Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares	21 February 2022
Convertible corporate bonds, convertible corporate bonds with warrants, or corporate debt								
Other derivative securities								

Notes to the offering of securities during the reporting period

See “4. Implementation of any equity incentive plan, employee stock ownership plan or other incentive measures for employees” in “Section IV Corporate Governance”.

3. Total number of shareholders and their shareholdings

Unit : Share

Total number of common shareholders at the end of the reporting period		112,980		Total number of preferred shareholders with resumed voting rights by the end of the reporting period (if any)(see Note 8)			0	
Shareholdings of common shareholders with a shareholding percentage over 5% or the top 10 common shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total common shares held by the end of the reporting period	Increase/decrease during the reporting period	Number of holding restricted common shares	Number of holding non-restricted common shares	Pledged, marked or frozen shares	
							Status of shares	Number of shares
Luzhou Laojiao Group Co., Ltd.	State-owned corporation	25.90%	381,088,389	0	0	381,088,389		
Luzhou XingLu Investment Group Co., Ltd.	State-owned corporation	24.87%	365,971,142	0	0	365,971,142		
Bank of China Co., Ltd. – Baijiu index classification securities investment fund by China Merchants Fund	Other	2.99%	43,958,452	-3,136,882	0	43,958,452		
Hong Kong Securities Clearing Company Limited	Outbound corporation	2.90%	42,667,574	7,227,486	0	42,667,574		
China Securities Finance Corporation Limited	Other	2.30%	33,842,059	0	0	33,842,059		
Bank of China Co., Ltd. – Blue chip selected hybrid securities investment fund by E Fund	Other	1.71%	25,180,000	-820,000	0	25,180,000		
Industrial and Commercial Bank of China Co., Ltd.-Newly growth hybrid securities investment fund by Invesco Great Wall	Other	1.25%	18,352,276	-847,724	0	18,352,276		
Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.92%	13,539,862	0	0	13,539,862		
Agricultural Bank of China Co., Ltd. - Consumption industry	Other	0.72%	10,573,293	0	0	10,573,293		

stock - based securities investment fund by E Fund								
Bank of China Co., Ltd. – High quality selected hybrid securities investment fund by E Fund	Other	0.54%	7,970,000	—	0	7,970,000		
Strategic investors or general corporations become the top-ten common 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 (http://www.cninfo.com.cn/). 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 (http://www.cninfo.com.cn/).</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 11)	N/A							
Shareholdings of the top 10 non-restricted common shareholders								
Name of shareholder	Number of non-restricted common shares held 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	43,958,452	CNY common shares	43,958,452					
Hong Kong Securities Clearing Company Limited	42,667,574	CNY common shares	42,667,574					
China Securities Finance Corporation Limited	33,842,059	CNY common shares	33,842,059					
Bank of China Co., Ltd. – Blue chip selected hybrid securities investment fund by E Fund	25,180,000	CNY common shares	25,180,000					
Industrial and Commercial Bank of China Co., Ltd.- Newly growth hybrid securities investment fund by Invesco Great Wall	18,352,276	CNY common shares	18,352,276					
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. – High quality selected hybrid securities investment fund by E Fund	7,970,000	CNY common shares	7,970,000					
The statement of association or acting-in-concert between	See above in this table							

the top 10 shareholders of unrestricted common shares and between the top 10 shareholders of common unrestricted shares and top 10 common shareholders	
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.

4. Changes in shares held by directors, supervisors, and senior management

Applicable N/A

Name	Office title	Incumbent/former	Opening shareholding (share)	Increase in shareholding in the current period (share)	Decrease in shareholding in the current period (share)	Closing shareholding (share)	Opening restricted shares held (share)	Restricted shares granted in the current period (share)	Closing restricted shares held (share)
Liu Miao	Chairman of the board	Incumbent	192,187	95,900	0	288,087	95,900	0	95,900
Lin Feng	Director, General manager	Incumbent	0	95,900	0	95,900	95,900	0	95,900
Wang Hongbo	Director, Deputy general manager, Secretary of the board	Incumbent	0	76,700	0	76,700	76,700	0	76,700
Shen Caihong	Deputy general manager	Incumbent	138,375	76,700	0	215,075	76,700	0	76,700
Xie Hong	CFO	Incumbent	0	76,700	0	76,700	76,700	0	76,700
He Cheng	Deputy general manager	Incumbent	0	76,700	0	76,700	76,700	0	76,700
Zhang Suyi	Deputy general manager	Incumbent	0	76,700	0	76,700	76,700	0	76,700
Xiong Pingting	Director, Deputy general manager	Incumbent	0	62,800	0	62,800	62,800	0	62,800
Li Yong	Deputy general manager	Incumbent	0	62,800	0	62,800	62,800	0	62,800
Total	--	--	330,562	700,900	0	1,031,462	700,900	0	700,900

5. Change of controlling shareholder or actual controller

Change of the controlling shareholder during the reporting period

Applicable N/A

No such cases in the reporting period.

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.

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 for the last installment will be paid together with the principal.	Shenzhen Stock Exchange
2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	20 Lao Jiao 01	149062.SZ	17 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 trading (if any) and countermeasures	N/A

Overdue bonds

Applicable N/A

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

Applicable N/A

The term of "19 Lao Jiao 01" is five years with the issuer's option for adjustment to the stated interest rate and the investor's option for sell back at the end of the 3rd year. The said clause was not triggered in the reporting period.

2.3. Changes in credit ratings in the reporting period

Applicable N/A

2.4. 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 N/A

In order to fully and effectively safeguard the interests of bondholders, the issuer has formulated a series of work plans for the timely and full redemption of "19 Lao Jiao 01" and "20 Lao Jiao 01", including assigning special departments and personnel to participate in the management, arranging debt repayment funds, formulating management measures, hiring supervising banks and signing tripartite supervision agreements with supervising banks and bond trustees, strengthening information disclosure, and developed a set of safeguard measures to ensure the safe redemption of the bonds. During the reporting period, the above status remained unchanged.

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. 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	30 June 2022	31 December 2021	Change
Current ratio	2.42	2.43	-0.41%
Debt/asset ratio	35.57%	34.89%	0.68%
Quick ratio	1.68	1.74	-3.45%
	H1 2022	H1 2021	Change
Net profits before non-recurring gains and losses	549,626.58	420,865.01	30.59%
EBITDA/debt ratio	190.37%	145.46%	44.91%
Interest cover (times)	62.60	57.98	7.97%
EBITDA-to-interest cover (times)	65.13	60.65	7.39%

Section X Financial Report

1. Auditor's report

Are these interim financial statements audited by an independent auditor?

Yes No

The interim financial statements are not audited by an independent auditor.

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 30 June 2022

Monetary Unit: CNY

Item	Balance as at 30 June 2022	Balance as at 1 January 2022
Current assets:		
Cash and cash equivalents	17,046,109,916.36	13,513,494,580.56
Settlement reserves		
Lending funds		
Held-for-trading financial assets	1,302,911,871.28	706,352,241.79
Derivative financial assets		
Notes receivables		
Accounts receivables	1,403,341.54	1,628,248.55
Accounts receivables financing	1,671,605,965.76	4,757,631,778.64
Prepayment	146,929,974.32	178,087,688.81
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		
Other receivables	71,286,211.55	28,615,361.96
Including : Interests receivable		
Dividends receivable	35,361,832.34	
Buying back the sale of financial assets		
Inventories	8,713,280,634.28	7,277,573,166.80
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	42,689,792.53	111,974,532.91
Total current assets	28,996,217,707.62	26,575,357,600.02
Non-current assets:		
Disbursement of loans and advances		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		

Long-term equity investments	2,657,050,723.78	2,626,744,236.25
Investments in other equity instruments	338,068,275.65	363,312,120.43
Other non-current financial assets		
Investment property		
Fixed assets	8,557,024,850.52	8,089,487,274.39
Construction in progress	724,127,630.54	1,259,845,487.50
Productive biological assets		
Oil and gas assets		
Use right assets	48,376,749.33	52,714,810.04
Intangible assets	2,545,348,298.90	2,606,359,188.72
Development expenses		
Goodwill		
Long-term deferred expenses	1,042,852.71	1,463,869.21
Deferred tax assets	552,382,268.40	986,112,983.42
Other non-current assets	786,600,535.68	650,384,435.70
Total non-current assets	16,210,022,185.51	16,636,424,405.66
Total assets	45,206,239,893.13	43,211,782,005.68
Current liabilities:		
Short-term loans		
Borrowings from the central bank		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	1,728,943,332.96	2,420,354,469.53
Advance from customer		
Contract liabilities	2,329,543,604.94	3,510,110,701.25
Financial assets sold for repurchase		
Deposits from customers and inter-bank		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee benefits payable	474,542,544.93	648,103,740.96
Taxes payable	1,053,665,059.39	3,173,479,627.79
Other payable	5,970,193,535.41	652,393,292.60
Including : Interests payable		
Dividends payable	4,773,919,306.54	
Handling charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	103,015,445.84	86,202,215.03
Other current liabilities	302,840,668.64	456,314,391.17
Total current liabilities	11,962,744,192.11	10,946,958,438.33
Non-current liabilities:		
Insurance contract reserves		
Long-term loans		
Bonds payable	3,992,391,967.40	3,990,785,742.23
Including : Preferred shares		
Perpetual bonds		
Lease liabilities	39,336,140.81	40,667,668.08
Long-term payables		
Long-term payroll payables		
Accrued liabilities		
Deferred income	25,455,871.42	28,531,014.28

Deferred tax liabilities	60,413,216.08	67,578,019.93
Other non-current liabilities		
Total non-current liabilities	4,117,597,195.71	4,127,562,444.52
Total liabilities	16,080,341,387.82	15,074,520,882.85
Owners' equity		
Share capital	1,471,615,076.00	1,464,752,476.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserves	4,573,224,059.40	3,755,354,665.73
Less: treasury stock	613,969,371.60	
Other comprehensive income	141,119,108.43	167,527,152.32
Special reserves		
Surplus reserves	1,464,752,476.00	1,464,752,476.00
General risk reserve		
Undistributed profits	21,945,882,896.63	21,187,860,235.89
Total equity attributable to owners of the parent company	28,982,624,244.86	28,040,247,005.94
Non-controlling interests	143,274,260.45	97,014,116.89
Total owners' equity	29,125,898,505.31	28,137,261,122.83
Total liabilities and owners' equity	45,206,239,893.13	43,211,782,005.68

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 30 June 2022

Monetary Unit: CNY

Item	Balance as at 30 June 2022	Balance as at 1 January 2022
Current assets:		
Cash and cash equivalents	16,303,260,723.80	13,038,549,397.55
Held-for-trading financial assets	1,302,911,871.28	706,352,241.79
Derivative financial assets		
Notes receivables		
Accounts receivables	2,470,496.71	1,207,477.63
Accounts receivables financing		
Prepayment	1,867,047.31	1,464,893.09
Other receivables	12,991,445,147.03	10,033,554,898.57
Including : Interests receivable		
Dividends receivable	35,361,832.34	
Inventories	682,920,870.61	3,918,211.13
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets		
Total current assets	31,284,876,156.74	23,785,047,119.76
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	6,163,259,504.13	6,051,400,833.91
Investments in other equity instruments	337,764,354.02	362,983,198.80

Other non-current financial assets		
Investment property		
Fixed assets	1,066,168,645.05	1,087,640,695.62
Construction in progress	69,364,075.45	53,881,812.48
Productive biological assets		
Oil and gas assets		
Use right assets	304,605.68	573,800.02
Intangible assets	630,886,123.45	671,147,243.40
Development expenses		
Goodwill		
Long-term deferred expenses	956,583.53	1,364,659.65
Deferred tax assets	110,210,683.40	91,734,925.57
Other non-current assets		500,600.00
Total non-current assets	8,378,914,574.71	8,321,227,769.45
Total assets	39,663,790,731.45	32,106,274,889.21
Current liabilities:		
Short-term loans		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	732,367,925.11	83,724,151.54
Advance from customer		
Contract liabilities	2,878,108.46	2,523,947.74
Employee benefits payable	200,547,774.31	234,008,858.96
Taxes payable	73,236,181.07	285,894,625.64
Other payables	13,011,301,344.75	1,659,106,919.10
Including : Interests payable		
Dividends payable	4,773,919,306.54	
Liabilities held for sale		
Non-current liabilities due within one year	90,470,476.43	72,625,138.08
Other current liabilities	374,154.10	328,113.21
Total current liabilities	14,111,175,964.23	2,338,211,754.27
Non-current liabilities:		
Long-term loans		
Bonds payable	3,992,391,967.40	3,990,785,742.23
Including : Preferred shares		
Perpetual bonds		
Lease liabilities	5,593.91	163,523.64
Long-term payables		
Long-term payroll payables		
Accrued liabilities		
Deferred income		
Deferred tax liabilities	60,413,216.08	67,578,019.93
Other non-current liabilities		
Total non-current liabilities	4,052,810,777.39	4,058,527,285.80
Total liabilities	18,163,986,741.62	6,396,739,040.07
Owners' equity		
Share capital	1,471,615,076.00	1,464,752,476.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserves	4,559,618,625.79	3,739,666,108.27
Less: treasury stock	613,969,371.60	
Other comprehensive income	139,591,347.02	167,572,013.86
Special reserves		
Surplus reserves	1,464,752,476.00	1,464,752,476.00

Undistributed profits	14,478,195,836.62	18,872,792,775.01
Total owners' equity	21,499,803,989.83	25,709,535,849.14
Total liabilities and owners' equity	39,663,790,731.45	32,106,274,889.21

Consolidated income statement

Monetary Unit: CNY

Item	H1 2022	H1 2021
1. Total operating revenue	11,664,377,552.94	9,317,097,027.05
Including: Operating revenue	11,664,377,552.94	9,317,097,027.05
Interest income		
Earned premium		
Fee and commission income		
2. Total operating costs	4,392,197,692.56	3,859,318,360.86
Including: Cost of sales	1,642,310,550.61	1,335,154,943.46
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	1,045,859,768.74	992,673,552.12
Selling and distribution expenses	1,213,861,984.66	1,183,247,931.92
General and administrative expenses	542,666,754.49	439,561,779.70
Research and Development expenses	74,487,055.16	36,688,121.08
Financial expenses	-126,988,421.10	-128,007,967.42
Including : Interest expenses	119,589,682.10	75,787,443.01
Interest income	237,072,806.72	206,402,358.25
Plus: Other income	10,744,728.17	9,041,045.01
Investment income ("-" for losses)	57,499,481.86	128,006,644.21
Including: income from investment in associates and joint ventures	37,796,914.64	121,343,983.69
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)	5,862,846.29	
Credit impairment losses ("-" for losses)	-584,263.98	-218,830.33
Impairment losses("-" for losses)		
Gains from disposal of assets("-" for losses)	19,789,402.07	180,849.31
3. Operating profits ("-" for losses)	7,365,492,054.79	5,594,788,374.39

Plus: non-operating income	11,135,733.33	25,711,304.83
Less: non-operating expenses	1,949,009.51	8,283,409.08
4. Total profits before tax ("-" for total losses)	7,374,678,778.61	5,612,216,270.14
Less: income tax expenses	1,800,020,542.39	1,346,062,434.86
5. Net profit ("-" for net loss)	5,574,658,236.22	4,266,153,835.28
5.1 By operating continuity		
5.1.1 Net profit from continuing operation ("-" for losses)	5,574,658,236.22	4,266,153,835.28
5.1.2 Net profit from discontinued operation ("-" for losses)		
5.2 By ownership		
1) Attributable to owners of the parent company	5,531,926,340.44	4,226,316,722.25
2) Attributable to non-controlling interests	42,731,895.78	39,837,113.03
6. Net of tax from other comprehensive income	-25,120,502.64	9,246,453.08
Net of tax from other comprehensive income to the owner of the parent company	-26,408,043.89	10,138,274.15
6.1 Other comprehensive income cannot reclassified into the profit and loss:	-18,914,133.57	7,593,799.86
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	-18,914,133.57	7,593,799.86
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	-7,493,910.32	2,544,474.29
1) Share in other comprehensive income that will be classified into profit and loss under equity method	-9,066,533.27	3,634,687.85
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	1,572,622.95	-1,090,213.56
7) Others		
Net of tax from other comprehensive income to non-controlling interests	1,287,541.25	-891,821.07
7. Total comprehensive income	5,549,537,733.58	4,275,400,288.36
Total comprehensive income attributable to owners of the parent company	5,505,518,296.55	4,236,454,996.40
Total comprehensive income attributable to non-controlling interests	44,019,437.03	38,945,291.96
8. Earnings per share		

(1) Basic earnings per share	3.76	2.89
(2) Diluted earnings per share	3.76	2.89

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	H1 2022	H1 2021
1. Operating revenue	2,067,048,989.06	2,677,491,673.30
Less: Cost of sales	1,385,687,450.52	1,928,926,973.89
Taxes and surcharges	21,846,321.17	21,482,412.01
Selling and distribution expenses		
General and administrative expenses	471,587,969.18	337,596,961.15
Research and Development expenses	21,774,399.61	11,217,192.99
Financial expenses	-213,866,445.14	-174,298,477.59
Including : Interest expenses	22,117,787.32	30,742,980.11
Interest income	236,000,565.63	205,130,761.41
Plus: Other income	2,964,466.60	4,047,195.83
Investment income ("-" for losses)	52,812,442.16	111,792,244.20
Including: income from investment in associates and joint ventures	25,579,283.02	105,134,583.68
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)	5,862,846.29	
Credit impairment losses ("-" for losses)	-103,576.90	-228,556.69
Asset impairment losses ("-" for losses)		
Gains from disposal of assets("-" for losses)	19,786,813.38	180,849.31
2. Operating profits ("-" for losses)	461,342,285.25	668,358,343.50
Plus: non-operating income	5,439,905.79	16,653,311.55
Less: non-operating expenses	1,671,093.97	4,338,960.68
3. Total profits before tax ("-" for total losses)	465,111,097.07	680,672,694.37
Less: income tax expenses	85,788,728.92	140,409,892.00
4. Net profit ("-" for net loss)	379,322,368.15	540,262,802.37
4.1 Net profit from continuing operation ("-" for losses)	379,322,368.15	540,262,802.37
4.2 Net profit from discontinued operation ("-" for losses)		
5. Net of tax from other comprehensive income	-27,980,666.84	11,228,487.71
5.1 Other comprehensive income cannot reclassified into the profit and loss:	-18,914,133.57	7,593,799.86
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	-18,914,133.57	7,593,799.86
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	-9,066,533.27	3,634,687.85
1) Share in other comprehensive income that will be classified into profit and loss under equity method	-9,066,533.27	3,634,687.85
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		
6. Total comprehensive income	351,341,701.31	551,491,290.08
7. Earnings per share		
(1) Basic earnings per share	0.24	0.37
(2) Diluted earnings per share	0.24	0.37

Consolidated statement of cash flows

Monetary Unit: CNY

Item	H1 2022	H1 2021
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	15,086,273,014.66	10,852,935,107.83
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	89,261,122.49	743,477.96
Cash received from other operating activities	287,930,011.44	496,103,267.09
Subtotal of cash inflows from operating activities	15,463,464,148.59	11,349,781,852.88
Cash paid for goods purchased and services received	3,622,026,296.99	2,612,739,333.51
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	699,560,416.16	609,928,620.07
Cash paid for taxes and surcharges	5,713,535,332.59	4,320,563,608.28
Cash paid for other operating activities	1,351,327,137.51	1,068,313,251.12
Subtotal of cash outflows from operating activities	11,386,449,183.25	8,611,544,812.98
Net cash flows from operating activities	4,077,014,965.34	2,738,237,039.90
2. Cash flows from investing activities		
Cash received from disposal of investments	814,171,770.96	
Cash received from returns on investments	6,795,921.96	1,412,900.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	47,943,500.00	275,836.47
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	868,911,192.92	1,688,736.47
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	587,312,805.01	733,873,065.01
Cash paid for investments	1,440,000,000.00	
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	2,027,312,805.01	733,873,065.01
Net cash flows from investing activities	-1,158,401,612.09	-732,184,328.54
3. Cash flows from financing activities		
Cash received from investors	636,231,646.00	5,886,464.02
Including: cash received by subsidiaries from investments by minority shareholders		5,886,464.02
Cash received from borrowings		
Cash received from other financing		

activities		
Subtotal of cash inflows from financing activities	636,231,646.00	5,886,464.02
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest	52,502,625.00	52,502,625.00
Including: dividends and profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	4,360,194.01	1,844,313.68
Subtotal of cash outflows from financing activities	56,862,819.01	54,346,938.68
Net cash flows from financing activities	579,368,826.99	-48,460,474.66
4. Effect of fluctuation in exchange rate on cash and cash equivalents	14,324,990.43	-1,432,790.86
5. Net increase in cash and cash equivalents	3,512,307,170.67	1,956,159,445.84
Plus: balance of cash and cash equivalents at the beginning of the period	13,402,528,941.83	11,568,195,062.81
6. Balance of cash and cash equivalents at the end of the period	16,914,836,112.50	13,524,354,508.65

Cash flow statements of parent company

Monetary Unit: CNY

Item	H1 2022	H1 2021
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	2,334,856,499.28	3,026,181,734.93
Refunds of taxes and surcharges		
Cash received from other operating activities	3,758,977,124.59	2,396,719,536.21
Subtotal of cash inflows from operating activities	6,093,833,623.87	5,422,901,271.14
Cash paid for goods purchased and services received	1,596,587,859.22	2,191,470,150.06
Cash paid to and on behalf of employees	639,918,889.87	562,431,917.32
Cash paid for taxes and surcharges	451,760,425.43	350,499,714.09
Cash paid for other operating activities	120,449,483.46	95,820,090.04
Subtotal of cash outflows from operating activities	2,808,716,657.98	3,200,221,871.51
Net cash flows from operating activities	3,285,116,965.89	2,222,679,399.63
2. Cash flows from investing activities		
Cash received from disposal of investments	814,131,144.12	
Cash received from returns on investments	6,795,921.96	1,407,900.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	47,943,500.00	275,836.47
Net cash received from disposal of		

subsidiaries and other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	868,870,566.08	1,683,736.47
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	53,052,249.25	41,220,364.85
Cash paid for investments	1,440,000,000.00	
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	1,493,052,249.25	41,220,364.85
Net cash flows from investing activities	-624,181,683.17	-39,536,628.38
3. Cash flows from financing activities		
Cash received from investors	636,231,646.00	
Cash received from loans		
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	636,231,646.00	
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest	52,502,625.00	52,502,625.00
Cash paid for other financing activities	261,142.60	149,580.00
Subtotal of cash outflows from financing activities	52,763,767.60	52,652,205.00
Net cash flows from financing activities	583,467,878.40	-52,652,205.00
4. Effect of fluctuation in exchange rate on cash and cash equivalents		
5. Net increase in cash and cash equivalents	3,244,403,161.12	2,130,490,566.25
Plus: balance of cash and cash equivalents at the beginning of the period	12,938,983,758.82	11,045,051,933.54
6. Balance of cash and cash equivalents at the end of the period	16,183,386,919.94	13,175,542,499.79

Consolidated statement of changes in owners' equity
For the six months ended 30 June 2022

Monetary Unit: CNY

Item	H1 2022													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		
1. Balance as at 31 December of last year	1,464,752,47				3,755,354,66		167,527,152.		1,464,752,47		21,187,860,2		28,040,247,0	97,014,116.8	28,137,261,1

	6.00				5.73		32		6.00		35.8 9		05.9 4	9	22.8 3
Plus: adjustments for changes in accounting policies															
Adjustments for correction of accounting errors in prior year															
Business combinations under common control															
Others															
2. Balance as at 1 January of the current year	1,46 4,75 2,47 6.00				3,75 5,35 4,66 5.73		167, 527, 152. 32		1,46 4,75 2,47 6.00		21,1 87,8 60,2 35.8 9		28,0 40,2 47,0 05.9 4	97,0 14,1 16.8 9	28,1 37,2 61,1 22.8 3
3. Increases/decreases in the current period (“-” for decreases)	6,86 2,60 0.00				817, 869, 393. 67	613, 969, 371. 60	- 26,4 08,0 43.8 9				758, 022, 660. 74		942, 377, 238. 92	46,2 60,1 43.5 6	988, 637, 382. 48
(1) Total comprehensive income							- 26,4 08,0 43.8 9				5,53 1,92 6,34 0.44		5,50 5,51 8,29 6.55	44,0 19,4 37.0 3	5,54 9,53 7,73 3.58
(2) Capital contributed or reduced by owners	6,86 2,60 0.00				817, 869, 393. 67	613, 969, 371. 60							210, 762, 622. 07	2,24 0,70 6.53	213, 003, 328. 60
Capital contributions by owners					629, 369, 046. 00	636, 231, 646. 00							- 6,86 2,60 0.00	- 6,86 2,60 0.00	- 6,86 2,60 0.00
Capital contributions by other equity instruments holders													0.00		
Amounts of share-based payments recognized in owners' equity	6,86 2,60 0.00				188, 500, 347. 67	- 22,2 62,2 74.4 0							217, 625, 222. 07	2,24 0,70 6.53	219, 865, 928. 60
Others													0.00		
(3) Profit distribution											- 4,77 3,91 9,30 6.54		- 4,77 3,91 9,30 6.54	- 4,77 3,91 9,30 6.54	- 4,77 3,91 9,30 6.54
Withdrawal of surplus reserves													0.00		
Withdrawal of general risk reserve													0.00		
Profit											-		-		-

distributed to owners (or shareholders)											4,77		4,77		4,77
											3,91		3,91		3,91
											9,30		9,30		9,30
											6.54		6.54		6.54
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											15,6		15,6		15,6
											26.8		26.8		26.8
											4		4		4
4. Balance as at 30 June of the current year	1,47				4,57	613,	141,		1,46		21,9		28,9	143,	29,1
	1,61				3,22	969,	119,		4,75		45,8		82,6	274,	25,8
	5,07				4,05	371.	108.		2,47		82,8		24,2	260.	98,5
	6.00				9.40	60	43		6.00		96.6		44.8	45	05.3
											3		6		1

For the six months ended 30 June 2021

Monetary Unit: CNY

Item	H1 2021														
	Equity attributable to owners of the parent company													Non-rolling 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												
1. Balance as at 31 December of last year	1,46				3,72		186,		1,46		16,2		23,0	107,	23,1
	4,75				2,77		063,		4,75		36,5		74,8	011,	81,8
	2,47				7,06		325.		2,47		13,2		58,5	321.	69,8
	6.00				3.13		03		6.00		12.4		52.5	12	73.7
											3		9		1
Plus:															

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															
4. Balance as at 30 June of the current year	1,46 4,75 2,47 6.00				3,72 2,77 7,06 3.13		196, 201, 599. 18		1,46 4,75 2,47 6.00		17,4 58,6 22,6 06.4 0		24,3 07,1 06,2 20.7 1	151, 843, 077. 10	24,4 58,9 49,2 97.8 1

Statement of changes in owners' equity of parent company

For the six months ended 30 June 2022

Monetary Unit: CNY

Item	H1 2022											Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Other	
		Preferred stock	Perpetual bond	Other								
1. Balance as at 31 December of last year	1,464, 752,47 6.00				3,739, 666,10 8.27		167,57 2,013. 86		1,464, 752,47 6.00	18,872 ,792,7 75.01		25,709 ,535,8 49.14
Plus: adjustments for changes in accounting policies												
Adjustments for correction of accounting errors in prior year												
Others												
2. Balance as at January 1 of the current year	1,464, 752,47 6.00				3,739, 666,10 8.27		167,57 2,013. 86		1,464, 752,47 6.00	18,872 ,792,7 75.01		25,709 ,535,8 49.14

3.Increases/d eases in the current period (“-” for decreases)	6,862, 600.00				819,95 2,517. 52	613,96 9,371. 60	- 27,980 ,666.8 4			- 4,394, 596,93 8.39		- 4,209, 731,85 9.31
(1) Other comprehensiv e income							- 27,980 ,666.8 4			379,32 2,368. 15		351,34 1,701. 31
(2) Capital contributed or reduced by owners	6,862, 600.00				819,95 2,517. 52	613,96 9,371. 60						212,84 5,745. 92
Capital contributions by owners					629,36 9,046. 00	636,23 1,646. 00						- 6,862, 600.00
Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity	6,862, 600.00				190,58 3,471. 52	- 22,262 ,274.4 0						219,70 8,345. 92
Others												
(3) Profit distribution										- 4,773, 919,30 6.54		- 4,773, 919,30 6.54
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)										- 4,773, 919,30 6.54		- 4,773, 919,30 6.54
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 comprehensiv e income												
Others												
(5) Special reserves												
Withdrawal for												

the period												
Use for the period												
(6) Others												
4. Balance as at 30 June of the current year	1,471,615,076.00				4,559,618,625.79	613,969,371.60	139,591,347.02		1,464,752,476.00	14,478,195,836.62		21,499,803,989.83

For the six months ended 30 June 2021

Monetary Unit: CNY

Item	H1 2021											
	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								
1. Balance as at 31 December of last year	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												
2. Balance as at January 1 of the current year	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. Increases/decreases in the current period ("-" for decreases)							11,228,487.71			-2,463,944.52	5.91	-2,452,716.03
(1) Other comprehensive income							11,228,487.71			540,262,802.37		551,491,290.08
(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										-3,004,207.32	8.28	-3,004,207.32
Withdrawal of surplus reserves												

Profit distributed to owners (or shareholders)										-		-
										3,004,207.32		3,004,207.32
										8.28		8.28
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												
4. Balance as at 30 June of the current year	1,464,752.47				3,706,816.95		196,669,790.26		1,464,752.47	11,841,939.1		18,674,930.851.48

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 81,088,300 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.

On 22 February 2022, the first grant of 6,862,600 shares under the 2021 Restricted Share Incentive Plan was completed and registered. As such, the total shares of the Company were changed to 1,471,615,076 shares. The said grant of restricted shares did not result in the change of the Company's controlling shareholder or 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 Cellar Age Series", "Luzhou Laojiao Tequ", "Touqu", "Hey Guys" 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 and disclosed on 25 August 2022.

3.6 Consolidated financial statement scope and their changes

(1) The 24 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.	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. Note 1	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.	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 Fruit Wine Industry Co., Ltd. Note 2	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 Laojiao Tourism Culture Co., Ltd. Note 4	Tourism company	100.00		100.00
Luzhou Pinchuang Technology Co., Ltd.	Pinchuang company	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. Note 3	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: The subsidiary Luzhou Laojiao Tourism Culture Co., Ltd. completed business and tax cancellation in June 2022. Its travel deposit of CNY 1,400,000 must be approved by the Ministry of Culture and Tourism of the People's Republic of China before the restriction can be lifted. As of June, the bank account was not canceled as the relevant procedures were not completed, so it is still included in the combination scope in this reporting period.

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

(2) Liquidation and cancellation for subsidiaries in this period

Name of subsidiary	Reason
Luzhou Laojiao Bosheng Hengxiang Liquor 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 by the Company.

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

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

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 and 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.

(4) Impairment test method and impairment provision accrued method of fixed assets

At the end of the period, the fixed assets shall be measured at the lower of the book value and the recoverable amount. If the recoverable amount of fixed assets is lower than the book value due to a continuous decline in the market value, or technological obsolescence, damage, or long-term idleness, a provision for impairment of the fixed assets shall be made for the difference between the recoverable amount and the book value of individual fixed assets. If the recoverable amount of the individual asset is difficult to estimate, the Company will determine the recoverable amount of the asset group based on the asset group to which the asset belongs. The impairment losses on fixed assets must not be reversed in subsequent accounting periods once recognized.

For fixed assets for which depreciation provision has been made, the depreciation rate and depreciation amount shall be remeasured according to the book value of the fixed assets (the original price of fixed assets minus accumulated depreciation and provision for impairment), and the remaining service life.

On the balance sheet date, the fixed assets shall be measured at the lower of the book value and the recoverable amount.

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**

Intangible assets refer to identifiable non-monetary assets that are owned or controlled by the Company without a physical form.

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

Employee benefits refer to the various forms of remuneration or compensation provided by the Company in order to obtain services offered by employees or terminate an employment relationship. Employee remuneration mainly includes short-term remuneration, post-employment benefits, dismissal benefits, and other long-term employee welfare.

(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.

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

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

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.

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.

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 quantity)	Quantity of baijiu	CNY 1.00/kg
Consumption tax (based on price)	Baijiu tax price or ex-factory price	20%
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 ²
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

Item	Monetary Unit: CNY	
	Closing Balance	Opening Balance
Cash	26,149.25	26,281.86
Bank deposit	17,016,946,921.19	13,490,769,725.71
Other cash and cash equivalents	29,136,845.92	22,698,572.99
Total	17,046,109,916.36	13,513,494,580.56
Including: Total deposit outbound	93,630,931.60	63,993,390.31
Total amount with restriction to use due to mortgage, pledge or freeze	131,273,803.86	110,965,638.73

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 17,649,331.49 deposited by the subsidiary, Luzhou Laojiao Electronic Commerce Co., Ltd. and the subsidiary, Luzhou Laojiao Custom Liquor Co., Ltd. on the third-party e-commerce platform, and guaranty letter deposit of CNY 10,087,514.43 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	1,302,911,871.28	706,352,241.79
Including:		
Including:		
Total	1,302,911,871.28	706,352,241.79

Other statements:

The closing balance of held-for-trading financial assets increased by CNY 596,559,629.49, up 84.46% compared with the beginning of the period, which was mainly due to the purchase of wealth management products of the collective asset management plan from securities-type companies in the reporting period.

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	1,491,871.88	100.00%	88,530.34	5.93%	1,403,341.54	1,713,947.55	100.00%	85,699.00	5.00%	1,628,248.55
Including:										
Accounts receivable tested	1,491,871.88	100.00%	88,530.34	5.93%	1,403,341.54	1,713,947.55	100.00%	85,699.00	5.00%	1,628,248.55

for impairment on the portfolio with characteristics of credit risk										
Total	1,491,871.88	100.00%	88,530.34	5.93%	1,403,341.54	1,713,947.55	100.00%	85,699.00	5.00%	1,628,248.55

Accounts receivable tested for impairment on the portfolio:

Monetary Unit: CNY

Name	Closing Balance		
	Book balance	Provision for bad debt	Proportion
Risk portfolio	1,491,871.88	88,530.34	5.93%
Other portfolio			
Total	1,491,871.88	88,530.34	

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)	1,213,136.87
1-2 years	278,735.01
Total	1,491,871.88

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	85,699.00	2,831.34				88,530.34
Total	85,699.00	2,831.34				88,530.34

Note: There is no significant provision in accounts receivable reversed or recovered in the reporting period.

7.3.3. Accounts receivable actually verified in the current period

Verification of accounts receivable:

There is no verified accounts receivable in the reporting period.

7.3.4. 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
Tai Fung Castelmor. Ltd	483,135.87	32.39%	24,156.79
Liquor Control Board of Ontario (LCBO)	278,007.18	18.64%	13,900.36
Beijing Secoo Trading Limited	263,509.80	17.66%	26,350.98
Park Street Imports, LLC	105,840.19	7.09%	5,292.01
Beijing Jingdong Century Information Technology Co., Ltd.	25,386.86	1.70%	1,269.34
Total	1,155,879.90	77.48%	

7.3.5. Accounts receivable derecognized due to the transfer of financial assets

There was no accounts receivable derecognized due to the transfer of financial assets in the current period.

7.3.6. The amount of the assets and liabilities formed by the transfer and continued involvement of accounts receivable

The amount of the assets and liabilities formed by the transfer and continued involvement of accounts receivable in the current period is zero.

7.4. Accounts receivable financing

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Bank acceptance bill	1,671,605,965.76	4,757,631,778.64
Total	1,671,605,965.76	4,757,631,778.64

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:

Note 1: At the end of the period, the closing balance decreased by CNY 3,086,025,812.88, down 64.86% compared with the opening balance, which was mainly due to the impact of bill discount and remittance of bills for collection at maturity.

Note 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.

Note 3: There was no allowance of provision for bad debt at the end of the reporting period.

(1) There was no accounts receivable financing pledge at the end of the period.

(2) There is CNY 5,894,055,980.36 as follows of accounts receivable financing that have been endorsed to other parties by the Company but have not expired at the end of the period:

Item	Derecognition at period-end	Not derecognition at period-end
Bank acceptance bill	5,894,055,980.36	
Subtotal	5,894,055,980.36	

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	121,182,947.28	82.48%	174,252,091.59	97.85%
1-2 years	24,252,782.18	16.51%	3,411,121.11	1.92%
2-3 years	1,284,534.19	0.87%	424,476.11	0.24%
Over 3 years	209,710.67	0.14%		
Total	146,929,974.32		178,087,688.81	

Reasons for significant prepayments whose aging is longer than 1 year without timely settlement:

Note 1: 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.	63,523,133.52	43.23%
Luzhou Western Gas Co., Ltd.	8,050,769.30	5.48%
Shenzhen Airport Asiaray Media Co., Ltd.	7,408,470.99	5.04%
Luzhou Power Supply Company of State Grid Sichuan Electric Power Company	6,105,000.00	4.16%
China Railway Chengdu Bureau Group Co., Ltd.	5,300,794.54	3.61%
Subtotal	90,388,168.35	61.52%

7.6. Other receivables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Dividend receivable	35,361,832.34	
Other receivables	35,924,379.21	28,615,361.96
Total	71,286,211.55	28,615,361.96

7.6.1. Interest receivable**7.6.1.1. Allowance of provision for bad debt** Applicable N/A**7.6.2. Dividend receivable****7.6.2.1. Classification of dividend receivable**

Monetary Unit: CNY

Item (investee)	Closing Balance	Opening Balance
Guotai Junan Securities Co., Ltd.	8,008,357.96	
Huaxi Securities Co., Ltd.	27,283,114.40	
North Chemical Industries Co., Ltd.	70,359.98	
Total	35,361,832.34	

7.6.2.2. Allowance of provision for bad debt Applicable N/A

Other statements:

- (1) There is no significant dividend receivable whose aging is longer than 1 year at the end of the reporting period.
- (2) There was no allowance of provision for bad debt at the end of the reporting period.

7.6.3. Other receivables

7.6.3.1. Other receivables disclosed by nature

Monetary Unit: CNY

Nature	Closing book balance	Opening book balance
Intercourse funds and others	29,446,467.39	19,729,613.70
Petty cash	472,546.91	292,228.26
Saving deposits involving contract disputes ¹	130,158,189.98	132,376,912.43
Total	160,077,204.28	152,398,754.39

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”.

7.6.3.2. 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 2022	3,783,392.43		120,000,000.00	123,783,392.43
Balance of 1 January 2022 in the current period				
Allowance	581,432.64			581,432.64
Write-off	212,000.00			212,000.00
Balance of 30 June 2022	4,152,825.07		120,000,000.00	124,152,825.07

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	130,158,189.98	120,000,000.00	Over 5 years	92.20%
Subtotal	130,158,189.98	120,000,000.00		92.20%

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	Closing balance
Within 1 year (including 1 year)	22,458,265.66
1-2 years	3,963,179.55
2-3 years	544,969.09
Over 3 years	133,110,789.98
3-4 years	680,000.00
4-5 years	100,000.00
Over 5 years	132,330,789.98
Total	160,077,204.28

7.6.3.3. 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	120,000,000.00					120,000,000.00
Other receivables tested for impairment by the portfolio	3,783,392.43	581,432.64		212,000.00		4,152,825.07
Total	123,783,392.43	581,432.64		212,000.00		124,152,825.07

7.6.3.4. Other receivables actually verified in the current period

Monetary Unit: CNY

Item	Amount
Petty cash	212,000.00 ¹

Note: 1. There was no significant other receivables verified in the current period.

7.6.3.5. 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	130,158,189.98	Over 5 years	81.31%	120,000,000.00
Beijing Jingdong Century	Security deposit	2,602,968.52	Within 1 year	1.63%	130,148.43

Information Technology Co., Ltd.					
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Security deposit	2,506,590.68	Within 1 year, 1-2 years	1.57%	247,689.88
Zhejiang Tmall Technology Co., Ltd.	Security deposit, etc.	1,836,683.58	Within 1 year	1.15%	91,834.18
Longmatan Power Supply Bureau of Luzhou Power Bureau	Security deposit	1,520,000.00	Over 5 years	0.95%	1,520,000.00
Total		138,624,432.76		86.60%	121,989,672.49

7.6.3.6. Other receivables derecognized due to the transfer of financial assets

There were no other receivables derecognized due to the transfer of financial assets in the reporting period.

7.6.3.7. Amount of assets and liabilities due to the transfer of other receivables and continued involvement

The amount of assets and liabilities due to the transfer of other receivables and continued involvement in the reporting period was zero.

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	41,943,212.09		41,943,212.09	123,986,924.38		123,986,924.38
Goods in progress	6,659,413,775.51		6,659,413,775.51	5,255,917,501.41		5,255,917,501.41

Finished goods	1,976,584,873.55		1,976,584,873.55	1,855,731,688.91		1,855,731,688.91
Goods in transit	35,338,773.13		35,338,773.13	41,937,052.10		41,937,052.10
Total	8,713,280,634.28 ¹		8,713,280,634.28	7,277,573,166.80		7,277,573,166.80

Note: 1. The closing balance increased CNY 1,435,707,467.48 compared with opening balance, mainly due to the increase in the output of products because some constructions of the technical renovation project of brewing were put into production 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*

7.7.2. Notes to the ending balance of inventories including capitalized borrowing expense

There was no capitalized borrowing expense among the ending balance of inventories.

7.8. Other current assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Value-added tax	14,096,836.32	82,734,324.31
Corporate income tax	25,611,023.79	24,638,887.44
Other taxes	2,981,932.42	4,601,321.16
Total	42,689,792.53	111,974,532.91

Other statements:

1. The value-added tax expected to be deducted in the next tax period and corporate income tax and other taxes are disclosed in other current assets.

2. The closing balance decreased CNY 69,284,740.38 compared with opening balance, with a decrease by 61.88%, mainly due to tax rebate of excess VAT paid in the reporting period.

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 divided or profit declared	Provision for impairment	Other		
1. Joint Ventures											
2. Associate											
Huaxi Securities Co., Ltd.	2,493,328,165.33			30,289,606.80	-9,066,533.27		27,283,114.40			2,487,268,124.46	2,567,098.80
Sichuan Development	5,726,848.36			110,262.94						5,837,111.30	

Wine Invest ment Co., Ltd.										
Sichuan Tongniang Liquor Industry Technology Research Institute Co., Ltd. Note	7,887,461.52			16,954.03					7,904,415.55	
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	119,801,761.04			-3,811,895.58					115,989,865.46	
Luzhou Laojiao Postdoctoral Workstation Science and Innovation Co., Ltd.		40,000,000.00		51,207.01					40,051,207.01	
Subtotal	2,626,744,236.25	40,000,000.00		26,656,135.20	-9,066,533.27				27,283,114.40	2,657,050,723.78
Total	2,626,744,236.25	40,000,000.00		26,656,135.20	-9,066,533.27				27,283,114.40	2,657,050,723.78

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.	13,274,581.94	15,963,896.54

Luzhou Bank Co., Ltd.	111,325,213.46	102,174,621.71
Guotai Junan Securities Co., Ltd.	179,010,354.38	210,690,476.31
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	1,846,291.63	1,871,291.63
Total	338,068,275.65	363,312,120.43

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.	70,359.98	12,244,581.94			According to the mode of managing assets by management layer	
Luzhou Bank Co., Ltd.		60,205,213.46			According to the mode of managing assets by management layer	
Guotai Junan Securities Co., Ltd.	8,008,357.96	166,291,197.62			According to the mode of managing assets by management layer	
Guotai Junan Investment Management Co., Ltd.					According to the mode of managing assets by management layer	
Guojiu 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			1,000,000.00		According to	

Huitong International Trust Company					the mode of managing assets by management layer	
Sichuan China Liquor Golden Triangle Brand Operation Development Co., Ltd. and other equity instrument investments			398,926.37		According to the mode of managing assets by management layer	
Subtotal	8,078,717.94	238,740,993.02	5,752,926.37			

7.11. Fixed assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Fixed assets	8,539,274,171.78	8,088,216,508.58
Disposal of fixed assets	17,750,678.74	1,270,765.81
Total	8,557,024,850.52	8,089,487,274.39

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	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
2. Increase in current period	416,655,620.26	64,917,177.19	135,537,134.37	1,295,585.85	110,872,547.19	729,278,064.86
(1) External purchase		2,016,371.68	7,809,262.25	637,288.50	757,345.14	11,220,267.57
(2) Transfer from construction in progress	419,313,281.24	63,275,740.15	127,396,081.41	658,297.35	109,843,862.61	720,487,262.76
(3) Increase from business combination						
(4) Changes of exchange rates		264.43	83,497.48			83,761.91
(5) Adjustment for completion settlement	-2,657,660.98	-375,199.07	248,293.23		271,339.44	-2,513,227.38
3. Decrease in current period	41,017,518.40	50,706,488.21	5,513,502.78	1,730,873.16	14,320,587.53	113,288,970.08
(1) Disposal or retirement	40,796,791.90	50,706,488.21	5,513,502.78	1,730,873.16	14,320,587.53	113,068,243.58
(2) Other	220,726.50					220,726.50
4. Closing Balance	7,185,701,941.24	1,131,036,426.01	1,024,204,907.40	44,636,168.15	1,588,014,022.10	10,973,593,464.90

II. Accumulated depreciation						
1. Opening 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
2. Increase in current period	111,919,375.03	67,894,253.30	48,423,855.00	1,605,951.05	31,553,116.73	261,396,551.11
(1) Provision	111,936,308.38	67,920,977.28	48,330,586.57	1,605,951.05	31,532,013.16	261,325,836.44
(2) Changes of exchange rates			70,714.67			70,714.67
(3) Adjustment for completion settlement	-16,933.35	-26,723.98	22,553.76		21,103.57	0.00
3. Decrease in current period	29,459,909.20	48,372,976.27	5,132,478.01	1,644,329.52	11,855,426.53	96,465,119.53
(1) Disposal or retirement	29,451,948.52	48,372,976.27	5,132,478.01	1,644,329.52	11,855,426.53	96,457,158.90
(2) Other	7,960.68					7,960.68
4. Closing Balance	901,687,675.46	402,641,791.59	370,712,527.74	30,585,526.43	728,068,831.83	2,433,696,353.05
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	6,283,391,325.71	728,394,634.42	653,492,379.66	14,050,641.72	859,945,190.27	8,539,274,171.78
2. Opening 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

7.11.2. Fixed assets without certification of right

Monetary Unit: CNY

Item	Book value	Reason for not having the certification of right
Buildings of parent company	24,704,619.35	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	306,468,869.38	In procedure
Buildings of the subsidiary-brewing company	4,118,145,330.28	In procedure
Subtotal	4,449,318,819.01	

7.11.3. Disposal of fixed assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Disposal and retirement of assets	17,750,678.74	1,270,765.81
Total	17,750,678.74	1,270,765.81

Other statements:

The closing balance increased CNY 16,479,912.93 compared with opening balance, mainly due to increase in disposal and retirement of assets.

7.12. Construction in progress

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Construction in progress	724,127,630.54	1,259,845,487.50
Total	724,127,630.54	1,259,845,487.50

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
Improvement and technical renovation project of Luzhou Laojiao production supporting				563,063,821.82		563,063,821.82
Technical renovation of Luzhou Laojiao Intelligent packaging center	424,816,003.44		424,816,003.44	301,985,162.65		301,985,162.65
Landscape improvement project of Luzhou Laojiao Huangyi Brewing Ecological Park	171,451,841.13		171,451,841.13	149,089,445.94		149,089,445.94
Other projects	127,859,785.97		127,859,785.97	245,707,057.09		245,707,057.09
Total	724,127,630.54		724,127,630.54	1,259,845,487.50		1,259,845,487.50

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 accumulated project input in budget	Progress (%)	Accumulative capitalized interest	Including: Capitalized interest for the period	Capitalization rate for the period (%)	Source of funds
Improvement and technical renovation project of Luzhou Laojiao production supporting	888,544,100.00	563,063,821.82	313,844.04	559,989,425.29	3,388,240.57	0.00	64.24%	100.00%				Other
Technical renovation of Luzhou Laojiao Intelligent packaging center	1,886,176,000.00	301,985,162.65	123,783,637.25	685,771.68	267,024.78	424,816,003.44	24.32%	30.00%				Other
Landscape improvement project of Luzhou Laojiao Huan gyi	200,065,400.00	149,089,445.94	22,362,395.19			171,451,841.13	91.50%	100.00%				Other

Brewing Ecological Park												
Total	2,974,785.50	1,014,138.43	146,459.87	560,675.19	3,655,265.35	596,267.84						

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	32,890,490.67	65,571,277.00
2. Increase in current period		3,396,293.62	3,396,293.62
(1) Lease in		2,698,438.06	2,698,438.06
(2) Changes of exchange rates		697,855.56	697,855.56
3. Decrease in current period			
(1) Other			
4. Closing Balance	32,680,786.33	36,286,784.29	68,967,570.62
II. Accumulated amortization			
1. Opening Balance	3,634,912.70	9,221,554.26	12,856,466.96
2. Increase in current period	1,817,456.35	5,916,897.98	7,734,354.33
(1) Provision	1,817,456.35	5,623,005.00	7,440,461.35
(2) Changes of exchange rates		293,892.98	293,892.98
3. Decrease in current period			
(1) Disposal			
4. Closing Balance	5,452,369.05	15,138,452.24	20,590,821.29
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	27,228,417.28	21,148,332.05	48,376,749.33
2. Opening Book Value	29,045,873.63	23,668,936.41	52,714,810.04

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	2,744,202,317.34	1,700,050.44		60,715,751.05	1,890,746.08	2,808,508,864.91
2. Increase in current period	220,726.50			60,978.66		281,705.16
(1) Acquired						
(2) Internal developed						
(3) Business combination						
(4) Transferred from construction in progress				60,978.66		60,978.66
(5) Other	220,726.50					220,726.50
3. Decrease in current period	36,454,066.94					36,454,066.94
(1) Disposal	36,454,066.94					36,454,066.94
4. Closing Balance	2,707,968,976.90	1,700,050.44		60,776,729.71	1,890,746.08	2,772,336,503.13
II. Accumulated amortization						
1. Opening Balance	171,347,186.40	700,604.04		28,303,256.02	1,798,629.73	202,149,676.19
2. Increase in current period	31,022,321.61	65,002.52		2,030,745.38	38,238.85	33,156,308.36
(1) Provision	31,014,360.93	65,002.52		2,030,745.38	38,238.85	33,148,347.68
(2) Other	7,960.68					7,960.68
3. Decrease in current period	8,317,780.32					8,317,780.32
(1) Disposal	8,317,780.32					8,317,780.32
4. Closing Balance	194,051,727.69	765,606.56		30,334,001.40	1,836,868.58	226,988,204.23
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	2,513,917,249.21	934,443.88		30,442,728.31	53,877.50	2,545,348,298.90
2. Opening Book Value	2,572,855,130.94	999,446.40		32,412,495.03	92,116.35	2,606,359,188.72

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	1,463,869.21		421,016.50		1,042,852.71
Total	1,463,869.21		421,016.50		1,042,852.71

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	127,431,394.30	31,846,288.78	127,059,130.30	31,755,535.22
Unrealized profits from internal transactions	1,412,851,344.96	353,212,836.24	3,161,541,177.98	790,385,294.49
Deductible losses	5,716,197.58	1,429,049.39	5,716,197.58	1,429,049.40
Impact from salary	417,838,496.90	103,095,253.30	591,456,408.66	145,429,434.14
Impact from deferred earnings	25,455,871.42	6,363,967.86	28,531,014.28	7,132,753.57
Impact from fixed assets depreciation	613,056.00	101,154.24	529,787.16	96,441.51
Recognition costs of restricted shares for equity incentive in the vesting period	224,323,787.12 ¹	54,895,487.00	34,895,071.18	8,446,243.50
Impact from fair value changes of other equity instrument investment	5,752,926.37	1,438,231.59	5,752,926.37	1,438,231.59
Total	2,219,983,074.65	552,382,268.40 ²	3,955,481,713.51	986,112,983.42

Note: 1. Deductible temporary differences of CNY 224,323,787.12 of costs and expenses recognized during the vesting 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.

2. The closing balance decreased CNY 433,730,715.02 compared with opening balance with a decrease by 43.98%, mainly due to decline in unrealized profits of internal transactions in the current 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	238,740,993.02	59,685,248.27	263,959,837.80	65,989,959.48

Fair value changes of held-for-trading financial assets	2,911,871.28	727,967.81	6,352,241.79	1,588,060.45
Total	241,652,864.30	60,413,216.08	270,312,079.59	67,578,019.93

7.16.3. Details of unrecognized deferred tax assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Deductible losses	133,868,585.45	201,219,210.53
Impact from employee benefits payable	244,647.31	139,023.54
Total	134,113,232.76	201,358,234.07

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 st year			
The 2 nd year	6,713,657.39	6,713,657.39	
The 3 rd year	13,256,244.56	14,491,365.44	
The 4 th year	37,989,105.20	108,989,982.02	
The 5 th year	75,909,578.30	71,024,205.68	
Total	133,868,585.45	201,219,210.53	

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	786,600,535.68		786,600,535.68	650,384,435.70		650,384,435.70
Total	786,600,535.68		786,600,535.68	650,384,435.70		650,384,435.70

7.18. Accounts payable

7.18.1. Presentation of accounts payable

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Materials and service expense	612,933,284.36	1,171,595,976.46
Engineering equipment expense	1,116,010,048.60	1,248,758,493.07
Total	1,728,943,332.96	2,420,354,469.53

7.18.2. 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	

7.19. Contract liabilities

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Within 1 year	2,306,607,990.58	3,484,385,115.64
1-2 years	2,617,692.67	4,042,470.18
2-3 years	722,156.09	1,569,941.86
Over 3 years	19,595,765.60	20,113,173.57
Total	2,329,543,604.94	3,510,110,701.25

The amount of significant changes of carrying value and reason during the reporting period:

Monetary Unit: CNY

Item	Amount changed	Reason
Contract liabilities	1,180,567,096.31	The closing balance decreased by CNY 1,180,567,096.31, down 33.63% compared with the opening balance, mainly due to the decline in advances from customers.
Total	1,180,567,096.31	—

7.20. Employee benefits payable

7.20.1. 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	611,190,565.92	531,953,749.90	695,865,600.86	447,278,714.96
2. Post-employment benefits- defined contribution plans	36,904,203.51	56,985,047.92	66,634,392.99	27,254,858.44
3. Termination benefits	8,971.53	252,600.69	252,600.69	8,971.53
Total	648,103,740.96	589,191,398.51	762,752,594.54	474,542,544.93

7.20.2. 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	549,316,255.45	446,519,809.20	608,241,904.27	387,594,160.38
2. Employees' welfare		21,571,675.02	21,571,675.02	
3. Social insurance premiums	5,366,001.71	19,756,337.64	21,902,029.12	3,220,310.23
Including: Medical insurance premium	2,238,878.69	18,495,733.24	20,578,220.52	156,391.41
Work-related injury insurance	1,409,665.57	1,238,229.92	1,295,362.75	1,352,532.74
Maternity insurance premium	1,716,777.45	22,374.48	28,445.85	1,710,706.08
Other insurance premium	680.00			680.00

4. Housing funds	9,230,529.23	35,499,228.22	31,636,817.19	13,092,940.26
5. Labor union expenditures and employee education funds	47,277,779.53	8,606,699.82	12,513,175.26	43,371,304.09
Total	611,190,565.92	531,953,749.90	695,865,600.86	447,278,714.96

7.20.3. 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	17,650,834.85	33,393,959.32	41,337,043.54	9,707,750.63
2. Unemployment insurance premium	5,993,266.59	1,254,912.80	1,550,344.15	5,697,835.24
3. Enterprise annuity	13,260,102.07	22,336,175.80	23,747,005.30	11,849,272.57
Total	36,904,203.51	56,985,047.92	66,634,392.99	27,254,858.44

7.21. Taxes payable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Value-added tax	261,453,888.73	421,216,223.94
Consumption tax	138,743,071.20	1,263,440,836.05
Enterprise income tax	595,522,900.78	1,327,750,786.20
Individual income tax	8,761,863.19	10,467,970.24
Urban maintenance and construction tax	26,213,119.08	82,437,545.17
Education surcharge	11,169,162.67	35,234,596.27
Local education surcharge	7,554,333.71	23,651,376.27
Stamp duty	3,482,426.29	8,490,523.62
Land use tax	437,619.06	437,619.35
Property tax	302,010.14	337,645.12
Others	24,664.54	14,505.56
Total	1,053,665,059.39	3,173,479,627.79

Other statements:

The closing balance decreased by CNY 2,119,814,568.40, down 66.80% compared with the opening balance, mainly due to the taxes of the end of last year put into the treasury in the current period.

7.22. Other payables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Dividend payable	4,773,919,306.54	
Other payables	1,196,274,228.87 ¹	652,393,292.60
Total	5,970,193,535.41	652,393,292.60

Note: 1. Other payables listed in the above table are other payables minus interest payable and dividend payable. 2. At the end of the period, the closing balance of other payables increased by CNY 543,880,936.27, up 83.37% compared with the opening balance, which was mainly due to the impact of liabilities recognized for repurchase obligations under the restricted share incentive plan.

7.22.1. Dividend payable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Ordinary share dividends	4,751,657,032.14	
Dividend of restricted shares	22,262,274.40	
Total	4,773,919,306.54	

7.22.2. Other payables**7.22.2.1. Categories by nature**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Security deposit	547,657,735.63	628,174,772.12
Intercourse funds	24,175,030.26	17,757,284.78
Others	10,472,091.38	6,461,235.70
Repurchase obligations of restricted shares	613,969,371.60	
Total	1,196,274,228.87	652,393,292.60

7.22.2.2. 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.

7.23. Non-current liabilities due within one year

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Bonds payable due within one year	90,135,616.43	72,219,178.08
Lease liabilities due within one year	12,879,829.41	13,983,036.95
Total	103,015,445.84	86,202,215.03

7.24. Other current liabilities

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Output VAT to be transferred	302,840,668.64	456,314,391.17
Total	302,840,668.64	456,314,391.17

7.25. Bonds payable**7.25.1. Bonds payable**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Corporate bonds in 2019 (Phase I)	2,495,547,799.60	2,494,539,629.08
Corporate bonds in 2020 (Phase I)	1,496,844,167.80	1,496,246,113.15

Total	3,992,391,967.40	3,990,785,742.23
-------	------------------	------------------

7.25.2. 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 depreciation	Repayment in the reporting period	Closing Balance
Corporate bonds in 2019 (Phase I)	2,500,000.00	27 August 2019	3+2	2,490,000.00	2,494,539.62 9.08		44,382,191.78	1,008,170.52		2,495,547.79 9.60
Corporate bonds in 2020 (Phase I)	1,500,000.00	16 March 2020	5	1,494,000.00	1,496,246.11 3.15		26,034,246.57	598,054.65		1,496,844.16 7.80
Total				3,984,000.00	3,990,785.74 2.23		70,416,438.35	1,606,225.17		3,992,391.96 7.40

7.26. Lease liabilities

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Lease payment	58,332,807.54	61,305,700.55
Less: unrecognized financing cost	-6,116,837.32	-6,654,995.52
Lease liabilities due within one year	-12,879,829.41	-13,983,036.95
Total	39,336,140.81	40,667,668.08

7.27. Deferred income

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Reason
Government grants	28,531,014.28	930,000.00	4,005,142.86	25,455,871.42	Reception of financial allocation
Total	28,531,014.28	930,000.00	4,005,142.86	25,455,871.42	

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
New mode	6,070,300.			693,000.0			5,377,300.	Related to assets

application project of digital workshop for solid state liquor production	00			0			00	
Construction project of spirit room of Luzhou Laojiao brewing technical renovation	5,950,000.00			700,000.00			5,250,000.00	Related to assets
Luzhou Laojiao automatic wine production line technical renovation project	425,000.00			50,000.00			375,000.00	Related to assets
Boiler reconstruction project of Luohan Brewing Base of Luzhou Laojiao	7,585,714.28			632,142.86			6,953,571.42	Related to assets
Brewing wastewater treatment project	8,500,000.00			1,000,000.00			7,500,000.00	Related to assets
Others		930,000.00		930,000.00				Related to assets

7.28. 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	6,862,600.00				6,862,600.00	1,471,615,076.00

7.29. Capital reserves

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
------	-----------------	----------------------------	----------------------------	-----------------

Capital premium (stock premium)	3,542,967,507.48	629,369,046.00		4,172,336,553.48 ¹
Other capital reserves	212,387,158.25	188,500,347.67		400,887,505.92
Total	3,755,354,665.73	817,869,393.67		4,573,224,059.40

Note: 1. The increase in stock premium was mainly due to the impact of issuance of premium restricted stocks. The increase in other capital reserves 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.

7.30. Treasury shares

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
Perform the repurchase obligations under the equity incentive		636,231,646.00	22,262,274.40	613,969,371.60
Total		636,231,646.00	22,262,274.40	613,969,371.60

Other statements, including notes to increase and decrease during the reporting period and the reasons for changes:

The repurchase obligation of restricted shares recognized by the Company was CNY 636,231,646.00; the decrease in treasury shares for distribution of cash dividends in the current period was CNY 22,262,274.40.

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	193,605,183.54	- 18,914,133.57				- 18,914,133.57		174,691,049.97
Fair value changes of other equity instrument investments	193,605,183.54	- 18,914,133.57				- 18,914,133.57		174,691,049.97

t								
II. Other comprehensive income that will be reclassified into profit and loss	- 26,078,031.22	- 6,206,369.07				- 7,493,910.32	1,287,541.25	- 33,571,941.54
Including: Other comprehensive income that will be reclassified into profit and loss under equity method	- 26,382,364.46	- 9,066,533.27				- 9,066,533.27		- 35,448,897.73
Difference from conversion of financial statements in foreign currency	304,333.24	2,860,164.20				1,572,622.95	1,287,541.25	1,876,956.19
Total	167,527,152.32	- 25,120,502.64				- 26,408,043.89	1,287,541.25	141,119,108.43

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	21,187,860,235.89	16,236,513,212.43
Undistributed profit after adjustment at the beginning of year	21,187,860,235.89	16,236,513,212.43
Plus: Net profit attributable to owners of the parent company for the current period	5,531,926,340.44	4,226,316,722.25
Less: Ordinary share dividends payable	4,773,919,306.54	3,004,207,328.28
Plus: Other	15,626.84	
Undistributed profits at the end of the period	21,945,882,896.63	17,458,622,606.40

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	11,549,327,272.44	1,595,591,564.86	9,195,242,633.92	1,286,448,541.49
Other business	115,050,280.50	46,718,985.75	121,854,393.13	48,706,401.97
Total	11,664,377,552.94	1,642,310,550.61	9,317,097,027.05	1,335,154,943.46

Details:

Monetary Unit: CNY

Contract category	Liquor sales	Total
Commodity type	11,549,327,272.44	11,549,327,272.44
Including:		
Medium and high grade liquor	10,372,408,380.45	10,372,408,380.45
Other liquor	1,176,918,891.99	1,176,918,891.99
By operating segment	11,549,327,272.44	11,549,327,272.44
Including:		
Domestic	11,458,610,295.98	11,458,610,295.98
Outbound	90,716,976.46	90,716,976.46
Contract type	11,549,327,272.44	11,549,327,272.44
Including:		
Commodity sales contract	11,549,327,272.44	11,549,327,272.44
Total	11,549,327,272.44	11,549,327,272.44

7.35. Business taxes and surcharges

Monetary Unit: CNY

Item	Current Period	Previous Period
Consumption tax	759,217,972.85	768,511,169.55
Urban maintenance and construction tax	131,976,380.41	113,588,226.81
Educational surcharge	56,558,689.68	48,680,668.64
Property tax	34,169,290.28	8,536,994.15
Land use tax	17,874,337.59	15,056,103.68
Stamp duty	8,264,059.53	5,789,652.51
Others	92,783.65	56,957.69
Local education surcharge	37,706,254.75	32,453,779.09
Total	1,045,859,768.74	992,673,552.12

7.36. Selling and distribution expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Advertising promotion expense	691,914,456.49	407,510,592.52
Promotion expense	142,494,942.50	482,468,677.16
Employee compensation	204,443,388.51	183,923,965.82
Storage and logistics costs	63,874,054.36	48,338,332.97
Others	111,135,142.80	61,006,363.45
Total	1,213,861,984.66	1,183,247,931.92

7.37. General and administrative expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Employee compensation	260,100,920.11	258,646,895.05
Depreciation and amortization	55,428,718.37	46,232,227.29
Management fee and service expense	15,223,826.86	24,286,900.46
Others	211,913,289.15	110,395,756.90
Total	542,666,754.49	439,561,779.70

7.38. Research and development expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Comprehensive research and development expenses	74,487,055.16	36,688,121.08
Total	74,487,055.16	36,688,121.08

Other statements:

The current period increased CNY 37,798,934.08 compared with previous period with an increase by 103.03%, mainly due to increase in comprehensive research and development expenses.

7.39. Financial expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Interest expenses	119,589,682.10	75,787,443.01
Less: Interest income	237,072,806.72	206,402,358.25
Losses from currency exchange	-10,795,717.36	1,433,551.74
Handling charges	913,004.25	365,454.45
Amortization of unrecognized financing costs	377,416.63	807,941.63
Total	-126,988,421.10	-128,007,967.42

7.40. Other income

Monetary Unit: CNY

Item	Current Period	Previous Period
Government grants	9,141,196.38	7,226,821.19
Individual income tax commission refund	1,603,531.79	1,814,223.82
Total	10,744,728.17	9,041,045.01

7.41. Investment income

Monetary Unit: CNY

Item	Current Period	Previous Period
Investment income from long-term equity investments under the equity method	37,796,914.64	121,343,983.69
Investment income gained during the period of holding held-for-trading financial assets	6,795,921.96	

Investment income from disposal of held-for-trading financial assets	4,827,927.32	
Dividend income gained during the period of holding other equity instrument investment	8,078,717.94	6,662,660.52
Total	57,499,481.86	128,006,644.21

Other statements:

1. There is no major restriction on the repatriation of the Company's investment income.
2. The current period decreased CNY 70,507,162.35 compared with previous period with a decrease by 55.08%, mainly due to the decline in profitability of the investee Huaxi Securities Co., Ltd.

7.42. Gain on changes in fair value

Monetary Unit: CNY

Item	Current Period	Previous Period
Held-for-trading financial assets	5,862,846.29	
Total	5,862,846.29	

7.43. Credit impairment loss

Monetary Unit: CNY

Item	Current Period	Previous Period
Bad debt loss of other receivables	-581,432.64	55,124.50
Bad debt loss of accounts receivable	-2,831.34	-273,954.83
Total	-584,263.98	-218,830.33

7.44. Gains from disposal of assets

Monetary Unit: CNY

Item	Current Period	Previous Period
Gains from disposal of non-current assets	19,789,402.07	180,849.31
Including: Gains from disposal of fixed assets	2,588.69	180,849.31
Gains from disposal of intangible assets	19,786,813.38	
Total	19,789,402.07 ¹	180,849.31

Note: 1. The current period increased CNY 19,608,552.76 compared with previous period, mainly due to the disposal of land use rights in the current period.

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
Compensation for default	3,384,765.95	1,190,640.00	3,384,765.95
Others	7,750,967.38	24,520,664.83	7,750,967.38
Total	11,135,733.33	25,711,304.83	11,135,733.33 ¹

Note: 1. The current period decreased CNY 14,575,571.50 compared with previous period with a decrease by 56.69%, mainly due to YoY decrease in income from anti-counterfeiting claims.

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	1,500,000.00	4,045,600.00	1,500,000.00
Losses from damage retirement of non-current assets	70,762.97		70,762.97
Others	378,246.54	4,237,809.08	378,246.54
Total	1,949,009.51	8,283,409.08	1,949,009.51

Other statements:

The current period decreased CNY 6,334,399.57 compared with previous period with a decrease by 76.47%, mainly due to the decrease in donation and others.

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	1,366,370,466.01	1,269,426,840.24
Deferred income tax	433,650,076.38 ¹	76,635,594.62
Total	1,800,020,542.39	1,346,062,434.86

Note: 1 The current period increased CNY 453,958,107.53 compared with previous period with an increase by 33.72%, mainly due to increase in deferred income tax expense.

7.47.2. Adjustment for accounting profit and income tax expense

Monetary Unit: CNY

Item	Current Period
Total profit	7,374,678,778.61
Income tax expenses determined by statutory/applicable tax rate	1,843,669,694.65
Impact from subsidiaries' different tax rates	-820,833.86
Impact from adjust for impact from income tax expense in previous period	-15,268,581.86
Impact from non-taxable income	-11,468,908.15
Impact from deductible loss of unrecognized deferred income tax assets in prior period	-18,393,721.17
Impact from deductible temporary difference or losses due to unrecognized deferred tax asset in current period	1,556,064.90
Impact from reversal of deductible loss of recognized deferred income tax assets in prior period	746,827.88
Income tax expense	1,800,020,542.39

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	2,218,722.45	
Government grants	5,906,207.21	11,642,998.38
Interest income from bank deposit	210,646,002.01	174,050,502.18
Others	69,159,079.77	310,409,766.53
Total	287,930,011.44	496,103,267.09

7.49.2. Cash paid for other operating activities

Monetary Unit: CNY

Item	Current Period	Previous Period
Cash paid for expenses	1,351,327,137.51	1,068,313,251.12
Total	1,351,327,137.51	1,068,313,251.12

7.49.3. Cash paid for other financing activities

Monetary Unit: CNY

Item	Current Period	Previous Period
Cash paid for rent of houses and equipment	4,353,331.41	1,844,313.68
Registration fee for stocks for equity incentive	6,862.60	
Total	4,360,194.01	1,844,313.68

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	5,574,658,236.22	4,266,153,835.28
Plus: Provision for asset impairment	584,263.98	218,830.33
Depreciation of fixed asset, oil and gas assets and productive biological assets	261,325,836.44	229,030,142.28
Depreciation of right-of-use assets	7,440,461.35	
Amortization of intangible assets	33,148,347.68	32,077,465.74
Amortization of long-term deferred expense	421,016.50	421,016.50
Losses from disposal of fixed assets, intangible assets and other long-term assets (Gains use "-")	-19,789,402.07	-180,849.31
Losses from retirement of fixed assets (Gains use "-")		
Losses from change in fair value (Gains use "-")	-5,862,846.29	
Financial expenses (Gains use "-")	-126,988,421.10	-128,007,967.42

Losses on investments (Gains use “-”)	-57,499,481.86	-128,006,644.21
Decrease in deferred income tax assets (Increase uses “-”)	433,730,715.02	76,635,594.62
Increase in deferred income tax liabilities (Decrease uses “-”)		
Decrease in inventories (Increase use “-”)	-1,435,707,467.48	-1,220,911,532.46
Decrease in operating receivables (Increase use “-”)	3,179,384,157.51	1,047,344,251.88
Increase in operating payables (Decrease use “-”)	-3,767,830,450.56	-1,436,537,103.33
Others		
Net cash flows from operating activities	4,077,014,965.34	2,738,237,039.90
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	16,914,836,112.50	13,524,354,508.65
Less: Opening balance of cash	13,402,528,941.83	11,568,195,062.81
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net change in cash and cash equivalents	3,512,307,170.67	1,956,159,445.84

7.50.2. Composition of cash and cash equivalent

Monetary Unit: CNY

Item	Opening Balance	Closing Balance
1. Cash	16,914,836,112.50	13,402,528,941.83
Including: Cash on hand	26,149.25	26,281.86
Unrestricted bank deposit	16,897,160,631.76	13,391,713,104.08
Other unrestricted cash and cash equivalents	17,649,331.49	10,789,555.89
3. Closing balance of cash and cash equivalents	16,914,836,112.50	13,402,528,941.83
Including: Cash and cash equivalent with restriction to use of parent company and subsidiaries	131,273,803.86	110,965,638.73

Other statements:

The cash and cash equivalent with restriction to use are CNY 131,273,803.86, of which, CNY 1,400,000.00 is a travel service deposit with limited use rights in other cash and cash equivalents, CNY 10,087,514.43 is the bank cash deposits for L/G and CNY 119,786,289.43 is provision for fixed deposit interest on an accrual basis.

7.51. Notes to items in statements of changes in owners' equity

Notes to names under the item of “Other” in the adjusted ending balance for the same period of last year and the corresponding amount:

None

7.52. Assets with restricted ownership or use rights

Monetary Unit: CNY

Item	Closing book balance	Reason for restriction
Bank deposits	119,786,289.43	Provision for fixed deposit interest on an accrual basis
Other cash and cash equivalents	11,487,514.43	Travel service deposit with limited use rights and bank cash deposits for L/G
Total	131,273,803.86	

7.53. Foreign currency transactions

7.53.1. 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	46,898,478.91	6.7114	314,754,451.36
EUR	1,044.50	7.0084	7,320.27
HKD	14,524,200.67	0.8552	12,421,096.41
GBP	291,903.10	8.1365	2,375,069.57
AUD	3,186.64	4.6145	14,704.75
Accounts Receivable			
Including: USD	40,190.88	6.7114	269,737.04
EUR			
HKD	845,506.82	0.8552	723,077.43
Other Receivables			
Including: HKD	1,471,719.86	0.8552	1,258,614.82
Accounts Payable			
Including: USD	162,108.35	6.7114	1,087,973.99
HKD	2,909,920.94	0.8552	2,488,564.39
Other Payables			
Including: HKD	21,171,105.24	0.8552	18,105,529.20
Non-current liabilities due within one year			
Including: HKD	3,249,131.47	0.8552	2,778,657.23
Lease liabilities			
Including: HKD	6,201,152.90	0.8552	5,303,225.96

7.53.2. 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

7.54. Government grants

7.54.1. Details of government grants

Monetary Unit: CNY

Item	Amount	Presentation	Amount included in profit or loss of the current period
Related to assets	25,455,871.42	Deferred income	4,005,142.86
Related to income	5,136,053.52	Other income	5,136,053.52
Total	30,591,924.94		9,141,196.38

7.54.2. Return of government grants

Applicable N/A

Other statements:

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

Other statements:

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

Other statements:

There is no business combination under common control during current period.

8.3. Reverse purchase

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 Bosheng Hengxiang Liquor Sales Co., Ltd. was liquidated and cancelled in June 2022.

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 Liquor Industry Sales Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
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 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%	17,767,125.46		78,422,208.86

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.	325,240,019.20		325,240,019.20	11,551,183.78		11,551,183.78	384,313,678.76	664,998.84	384,978,677.60	142,358,344.01		142,358,344.01

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.	64,606,733.54	71,068,501.83	71,068,501.83	-4,572,218.59	474,516,972.67	55,454,129.49	55,454,129.49	3,903,880.92

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

Statement for that the proportion of shareholdings in joint ventures or associates is different from the proportion of voting rights:

The basis of holding less than 20% of the voting rights in other entities but having significant influence or holding 20% or more than 20% of the voting rights in other entities but having insignificant influence:

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	86,768,241,815.71	86,844,635,628.06
Non-current assets	8,958,613,842.94	8,950,278,369.10
Total assets	95,726,855,658.65	95,794,913,997.16
Current liabilities	56,539,658,868.01	57,157,134,622.07
Non-current liabilities	16,832,807,057.19	16,233,476,784.79
Total liabilities	73,372,465,925.20	73,390,611,406.86
Non-controlling shareholder interest	25,253,884.71	26,409,206.44
Shareholder interest attributable to parent company	22,329,135,848.74	22,377,893,383.86
Share of net assets calculated based on shareholding proportion	2,320,793,782.15	2,325,861,429.43
Adjusted		
--Goodwill		
--Unrealized profits of internal transactions		
--Others	167,466,735.90	167,466,735.90
Book value of equity investments in associate companies	2,487,268,124.46	2,493,328,165.33
Fair value of equity investments in associate companies that have public quote	2,138,996,168.96	2,687,386,768.40
Operating revenue	1,749,801,559.42	2,507,607,439.97
Net profit	290,468,284.96	980,557,738.54
Net profit from discontinued operation		
Other comprehensive income	-77,784,068.34	34,982,558.76

Total comprehensive income	212,684,216.62	1,015,540,297.31
Dividends from associate companies this year		

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	169,782,599.32	133,416,070.92
Total following items calculated on the basis of shareholding proportion		
--Net profit	-11,746,550.86	5,372,490.27
-- Total comprehensive income	-11,746,550.86	5,372,490.27

Other statements:

Unimportant associate companies refer to Sichuan Development Wine Investment Co., Ltd., Sichuan Tongniang Liquor Industry Technology Research Institute Co., Ltd., CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd. and Luzhou Laojiao Postdoctoral Workstation Science and Innovation 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 30 June 2022, the balance of the top five customers of the Company's accounts receivable amounted to CNY 1,155,900.00, accounting for 77.48% 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 30 June 2022, 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	1,728,943,332.96	1,728,943,332.96	1,728,943,332.96			
Other	1,196,274,228.87	1,196,274,228.87	1,196,274,228.87			

payable						
Non-current liabilities due within one year	103,015,445.84	103,018,572.52	103,018,572.52			
Other current liabilities	302,840,668.64	302,840,668.64	302,840,668.64			
Lease liabilities	39,336,140.81	45,449,851.45		8,402,901.31	8,240,030.32	28,806,919.82
Subtotal	3,370,409,817.12	3,376,526,654.44	3,331,076,802.99	8,402,901.31	8,240,030.32	28,806,919.82

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 30 June 2022, 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			1,302,911,871.28	1,302,911,871.28
1.1.1 Financial assets measured at fair value with their changes included into current profits/losses			1,302,911,871.28	1,302,911,871.28
1.1.1.4 Wealth management products			1,302,911,871.28	1,302,911,871.28
1.3 Investments in other equity	303,610,149.78		34,458,125.87	338,068,275.65

instruments				
1.6 Accounts receivable financing			1,671,605,965.76	1,671,605,965.76
Total assets continuously measured at fair value	303,610,149.78		3,008,975,962.91	3,312,586,112.69
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 2 of the fair value hierarchy

None

11.4. 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 at the end of the period based on the amount calculated on the basis of the net unit value as presented in the report on net value of assets given by 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.

11.5. Continuous fair value measurement items at level 3, adjustment between the beginning carrying value and the ending carrying value and sensitivity analysis on unobservable parameters

None

11.6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among continuous fair value measurement items at different level

None

11.7. Changes in valuation techniques in the reporting period and reasons for the changes

None

11.8. Fair value of financial assets and liabilities not measured at fair value

None

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	25.90%	50.77%

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.

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.

Other statements:

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 Yuanhai Lianzhong Supply Chain Co., Ltd. Note 2	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:

1. 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.

2. Luzhou COSCO Lianzhong Logistics Co., Ltd. was renamed Luzhou Yuanhai Lianzhong Supply Chain Co., Ltd. in the current period.

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.	11,777,837.70			5,310,943.19
Laojiao Group and its other subsidiaries	Training, accommodation, storage, transportation services, property management fee, etc.	10,038,101.46			13,826,965.44
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Travel agency service fee, etc.	43,818.00			3,404,282.00
Purchase of goods:					
Laojiao Group and its other subsidiaries	Red wine, water, power, etc.	15,407,103.04			19,883,752.63
Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Water, gas	6,281,248.54			6,203,699.11
Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Purchase and construction of fixed assets (moving and transformation of pipelines, etc.)				1,071,420.60
Sichuan Meiheshan Village Winery Industry Co.,Ltd.	Other wine				674,271.50
Total		43,548,108.74			50,375,334.47

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	Wine, water, power, etc.	52,806.72	6,578,271.51

subsidiaries			
Luzhou Sanrenxuan Liquor Industry Co., Ltd.	Wine	32,528,587.08	15,278,637.12
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Wine	30,708,670.79	53,519,643.03
Rendering of service:			
Laojiao Group and its subsidiaries	Rendering of service		1,095,440.00
Total		63,290,064.59	76,471,991.66

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	1,111,300.02	

The Company as lessee:

Monetary Unit: CNY

Name of lessor	Type of leased asset	Rental expenses of short-term lease simplified treated and low-value asset lease (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Paid rent		Income expense of lease liabilities undertaken		Increased right-of-use assets	
		Amount in current period	Amount in previous period	Amount in current period	Amount in previous period	Amount in current period	Amount in previous period	Amount in current period	Amount in previous period	Amount in current period	Amount in previous period
Laojiao Group and its subsidiaries	Lease						1,430,038.43				

12.5.3. Key management compensation

Monetary Unit: CNY

Item	Amount in current period	Amount in previous period
Key management	3,813,084.72	3,770,000.24

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
Accounts receivable	Luzhou Xinglu Property Management	1,243.86	62.19		

	Co., Ltd.				
Prepayment	New Shottes Brook private company			611,542.54	
Prepayment	Luzhou China Resources Xinglu Gas Co., Ltd.	21,497.85		19,536.30	
Prepayment	Luzhou XingLu Water (Group) Co., Ltd.	680,348.88		690,115.49	
Prepayment	Sichuan Meiheshan Village Winery Industry Co.,Ltd.	2,961,479.50		2,961,479.50	
Other receivables	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	2,506,590.68	247,689.88	3,590,790.65	354,539.53

12.6.2. Payables

Monetary Unit: CNY

Item	Related party	Closing Balance	Opening Balance
Accounts payable	Guangzhou Zhongying Gongyuan Energy Saving Technology Co., Ltd.	355,312.88	355,312.88
Accounts payable	Sichuan Lianzhong Supply Chain Service Co., Ltd.	648,998.20	3,679.25
Accounts payable	Luzhou Yuanhai Lianzhong Supply Chain Co., Ltd.	221,000.00	
Accounts payable	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	413.50	10,838.00
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)	Luzhou Sanrenxuan Liquor Industry Co., Ltd.	41,732,509.92	14,745,240.00
Contractual liabilities (tax inclusive)	Sichuan Lianzhong Supply Chain Service Co., Ltd.	35,220.78	158,295.76
Contractual liabilities (tax inclusive)	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	173,273.98	19,017,274.30
Contractual liabilities (tax inclusive)	Luzhou Laojiao Group Co., Ltd.		523,760.03
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 Yuanhai Lianzhong Supply Chain Co., Ltd.		37,762.51
Contractual liabilities (tax inclusive)	Sichuan Hongxin Financing Guarantee Co., Ltd.		3,072.00

Other payables	Luzhou Jiachuang Wine Supply Chain Management Co., Ltd.		1,500,000.00
Other payables	Luzhou Sanrenxuan Liquor Industry Co., Ltd.	150,000.00	150,000.00
Other payables	Sichuan Lianzhong Supply Chain Service Co., Ltd.	17,391,463.00	1,684,148.00
Other payables	Sichuan Kangrun Group Construction and Installation Engineering Co., Ltd.		34,175.78
Other payables	Luzhou Yuanhai Lianzhong Supply Chain Co., Ltd.	200.00	50,200.00
Other payables	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.		396,000.00

12.7. Commitments of the related parties

None

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	0.00
Total equity instruments exercised by the Company in the reporting period	0.00
Total equity instruments of the Company expired in the reporting period	66,000.00 ¹
Scope of the exercise price of outstanding stock options of the Company at the end of the reporting period and remaining contract term	N/A
Scope of the exercise price of other outstanding equity instruments of the Company at the end of the reporting period and remaining contract term	N/A

Note: 1. There were 4 incentive targets who voluntarily gave up subscribing all restricted shares granted by the Company with a total of 66,000 shares.

Other statements:

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 10th 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 12th Meeting of the 10th 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 22 February 2022, as the shares granted under the restricted share incentive plan were listed, the total shares of the Company increased from 1,464,752,476 shares to 1,471,615,076 shares.

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 into capital reserves	850,446,996.27
Total costs of recognizing equity-settled share-based payments in the current period	189,917,716.04

13.3. Cash-settled share-based payments

Applicable N/A

13.4. Modification and termination of share-based payments

None

14. Commitments and contingencies

14.1. Commitments

Significant commitments at the balance sheet date

None

14.2. Contingencies

14.2.1. 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 369,841,800.

Except for the above matters, the Company has no other significant contingencies that need to be disclosed as the end of 30 June 2022.

14.2.2. 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 Significant non-adjusting events

(1) Grant of reserved restricted shares to awardees

As conditions had been satisfied for the grant of reserved restricted shares under the 2021 Restricted Share Incentive Plan, and as authorized by the First Extraordinary General Meeting of 2021, the Proposal on the Grant of Reserved Restricted Shares to Awardees was approved at the 18th Meeting of the 10th Board of Directors and the Ninth Meeting of the 10th Supervisory Committee on 25 July 2022. As such, it was decided that 342,334 reserved restricted shares would be granted to 46 awardees at the price of CNY 92.71/share on 25 July 2022.

(2) Downward adjustment to the coupon rate of "19 Laojiao 01"

In accordance with the provisions of the Prospectus for Luzhou Laojiao Co., Ltd.'s Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 1), the Company, as the issuer of "19 Laojiao 01" (bond code: 112959), has the right to decide the adjustment to the coupon rate of this bond for the last two years of the duration at the end of the third year of the duration. According to the current market situation, the Company decided to reduce the coupon rate of the bonds for the last two years by 158 basis points, i.e., the coupon rate of "19 Laojiao 01" bonds for the last two years was adjusted from 3.58% to 2.00%.

(3) Proposed public offering of bonds for professional investors

The Company intended to issue corporate bonds with a total face value not exceeding CNY B2.5 billion (including CNY 2.5 billion) for professional investors. The proposal was deliberated and approved at the Company's Extraordinary General Meeting of 2022.

15.2. 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
Profit distribution plan	In accordance with resolutions of shareholders' meeting, a cash dividend of CNY 32.44 (tax inclusive) will be distributed for every 10 existing shares held, which has been carried out on 26 August 2022.

15.3. Statement for other post balance sheet events

(1) Security deposits for travel service of Luzhou Laojiao Tourism Culture Co., Ltd.

Luzhou Laojiao Tourism Culture Co., Ltd. completed business and tax cancellation in June 2022. Its security deposits for travel service of CNY 1.4 million must be approved by the Ministry of Culture and Tourism of the People's Republic of China before the restriction can be lifted. The relevant procedures were completed in August 2022 and the bank account was also cancelled.

(2) Implementation of Luzhou Laojiao's technical upgrade program of intelligent brewing (Phase I) by subsidiary

The Company invested in the technical upgrade program of intelligent brewing (Phase I) with the wholly-owned subsidiary, Brewing Company, as the implementer. The total investment amount approximated CNY 4,782.5090 million. The program has been approved at the First Extraordinary General Meeting of 2022. For further information, see Announcement No. 2022-24 on the Implementation of Luzhou Laojiao's Technical Upgrade Program of Intelligent Brewing (Phase I) by Subsidiary.

(3) Recovery of part of savings deposits involving contract disputes

After 30 June 2022, the Company received more amounts associated with the savings deposits involving contract disputes. As of the date of this Report, the Company had recovered a total amount of CNY 370.9505 million for the three disputes.

Except for the above matters, the Company has no other post balance sheet events that need to be disclosed as of the disclosure date of this Report.

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 Recognition basis and accounting policies of reportable segment

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.

Except for the above matters, the Company has no other significant events that can affect investors' decision that need to be disclosed as of 30 June 2022.

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	2,471,988.46	100.00%	1,491.75	0.06%	2,470,496.71	1,209,701.49	100.00%	2,223.86	0.18%	1,207,477.63

portfolio										
Including:										
Accounts receivables tested for impairment on the portfolio with characteristics of credit risk	2,471,988.46	100.00%	1,491.75	0.06%	2,470,496.71	1,209,701.49	100.00%	2,223.86	0.18%	1,207,477.63
Total	2,471,988.46	100.00%	1,491.75	0.06%	2,470,496.71	1,209,701.49	100.00%	2,223.86	0.18%	1,207,477.63

Accounts receivables tested for impairment by the portfolio:

Monetary Unit: CNY

Item	Closing Balance		
	Book balance	Provision for bad debt	Proportion
Risk portfolio	29,835.00	1,491.75	5.00%
Other portfolios	2,442,153.46		
Total	2,471,988.46	1,491.75	

Note: 1 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)	2,471,988.46
Total	2,471,988.46

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	2,223.86		732.11			1,491.75

the portfolio					
Total	2,223.86		732.11		1,491.75

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 Technology Co., Ltd.	2,442,153.46	98.79%	
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	25,335.00	1.03%	1,266.75
Luzhou Branch of China Tower Co., Ltd.	4,500.00	0.18%	225.00
Total	2,471,988.46	100.00%	

17.2. Other receivables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Dividends receivable	35,361,832.34	
Other receivables	12,956,083,314.69	10,033,554,898.57
Total	12,991,445,147.03	10,033,554,898.57

17.2.1. Dividend receivable

17.2.1.1. Classification of dividend receivable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
North Chemical Industries Co.,Ltd.	70,359.98	
Huaxi Securities Co., Ltd.	27,283,114.40	
Guotai Junan Securities Co., Ltd.	8,008,357.96	
Total	35,361,832.34	

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	12,938,362,692.73	10,015,555,743.27
Intercourse funds and others	8,205,217.88	6,158,145.13
Petty cash		2,574.63
Saving deposits involving contract disputes	130,158,189.98 ¹	132,376,912.43
Total	13,076,726,100.59 ¹	10,154,093,375.46

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”.

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 2022	538,476.89		120,000,000.00	120,538,476.89
Balance of 1 January 2022 in the current period				
Allowance	104,309.01			104,309.01
Balance of 30 June 2022	642,785.90		120,000,000.00	120,642,785.90

Changes of carrying amount with significant amount changed of loss provision in the current period

Applicable N/A

Disclosure by aging

Monetary Unit: CNY

Aging	Closing balance
Within 1 year (including 1 year)	12,942,963,010.55
1-2 years	3,522,100.06
2-3 years	12,800.00
Over 3 years	130,228,189.98
3-4 years	20,000.00
Over 5 years	130,208,189.98
Total	13,076,726,100.59

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	120,000,000.00					120,000,000.00
Other receivables tested for impairment by the portfolio	538,476.89	104,309.01				642,785.90

Total	120,538,476.89	104,309.01				120,642,785.90
-------	----------------	------------	--	--	--	----------------

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
Luzhou Laojiao Brewing Co., Ltd.	Internal transactions	12,668,231,895.15	Within 1 year	96.88%	
Luzhou Laojiao Import and Export Trade Co., Ltd.	Internal transactions	190,758,585.30	Within 1 year	1.46%	
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	130,158,189.98	Over 5 years	1.00%	120,000,000.00
Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd.	Internal transactions	48,519,812.18	Within 1 year	0.37%	
Luzhou Laojiao Health Liquor Industry Co., Ltd.	Internal transactions	15,046,908.83	Over 1 year	0.11%	
Total		13,052,715,391.44		99.82%	120,000,000.00

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	3,512,065,275.78		3,512,065,275.78	3,429,436,240.91		3,429,436,240.91
Investment in associates and joint venture	2,653,761,327.15	2,567,098.80	2,651,194,228.35	2,624,531,691.80	2,567,098.80	2,621,964,593.00
Total	6,165,826,602.93	2,567,098.80	6,163,259,504.13	6,053,967,932.71	2,567,098.80	6,051,400,833.91

17.3.1. Investment in subsidiary

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period				Closing Balance (book value)	Closing balance of provision for impairment
		Increase	Decrease	Provision for impairment	Other		

Luzhou Pinchuang Technology Co., Ltd.	59,136,031.69	8,508,292.65				67,644,324.34	
Luzhou Laojiao Sales Co., Ltd.	110,966,255.34	43,211,192.98				154,177,448.32	
Luzhou Laojiao Brewing Co., Ltd.	3,176,693,836.28	27,535,946.07				3,204,229,782.35	
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	5,706,190.40	1,634,403.78				7,340,594.18	
Luzhou Laojiao Electronic Commerce Co., Ltd.	52,525,326.26	3,649,229.07				56,174,555.33	
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.	408,600.94	2,089,970.32				2,498,571.26	
Total	3,429,436,240.91	86,629,034.87¹	4,000,000.00			3,512,065,275.78	

Note: 1. 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 divided or profit declared	Provision for impairment	Other		
1. Joint Venture											
2. Associate											
Huaxi	2,493,			30,289	-		27,283			2,487,	2,567,

Securities Co., Ltd.	328,165.33			,606.80	9,066,533.27		,114.40			268,124.46	098.80
Sichuan Development Wine Investment Co., Ltd.	5,726,848.36			110,262.94						5,837,111.30	
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	122,909,579.31			-4,871,793.73						118,037,785.58	
Luzhou Laojiao Postdoctoral Workstation Science and Innovation Co., Ltd.		40,000,000.00		51,207.01						40,051,207.01	
Subtotal	2,621,964,593.00	40,000,000.00		25,579,283.02	-9,066,533.27		27,283,114.40			2,651,194,228.35	2,567,098.80
Total	2,621,964,593.00	40,000,000.00		25,579,283.02	-9,066,533.27		27,283,114.40			2,651,194,228.35	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	2,054,885,320.69	1,385,149,822.80	2,646,531,785.60	1,928,435,115.76
Other business	12,163,668.37	537,627.72	30,959,887.70	491,858.13
Total	2,067,048,989.06	1,385,687,450.52	2,677,491,673.30	1,928,926,973.89

Details:

Monetary Unit: CNY

Contract category	Liquor sales	Total
Commodity type	2,054,885,320.69	2,054,885,320.69
Including:		

Medium and high grade liquor	2,048,322,416.00	2,048,322,416.00
Other liquor	6,562,904.69	6,562,904.69
By operating segment	2,054,885,320.69	2,054,885,320.69
Including:		
Domestic	2,054,885,320.69	2,054,885,320.69
Outbound		
Contract type	2,054,885,320.69	2,054,885,320.69
Including:		
Commodity sales contract	2,054,885,320.69	2,054,885,320.69
Total	2,054,885,320.69	2,054,885,320.69

17.5. Investment income

Monetary Unit: CNY

Item	Current Period	Previous Period
Investment income from long-term equity investments under equity method	25,579,283.02 ¹	105,134,583.68
Investment income from disposal of long-term equity investments	7,530,591.92	
Investment income gained during the period of holding held-for-trading financial assets	6,795,921.96	
Investment income from disposal of held-for-trading financial assets	4,827,927.32	
Dividends income gained during the period of holding other equity instrument investment	8,078,717.94	6,657,660.52
Total	52,812,442.16	111,792,244.20

Note: 1. There is no major restriction on the repatriation of the Company's investment income. The current period decreased CNY 58,979,802.04 compared with previous period with a decrease by 52.76%, mainly due to the YoY decline in profitability of the investee Huaxi Securities Co., Ltd.

18. Supplementary information

18.1. Detailed statement of non-recurring gains and losses in the current period (+ for gain, - for loss)

Applicable N/A

Monetary Unit: CNY

Item	Amount	Note
Gain or loss from disposal of non-current assets (including the write-off portion of the impairment provision)	19,789,402.07	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)	9,141,196.38	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	10,690,773.61	See "Section X Note 5.41 and 5.42" for details.

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)		
Other non-operating income and expenditure except above-mentioned items	9,186,723.82	See "Section X Note 5.45 and 5.46" for details.
Less: Corporate income tax	11,930,835.44	
Minority interests (after tax)	1,216,762.50	
Total	35,660,497.94	

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

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 common shareholders of the Company	17.96%	3.76	3.76
Net profits attributable to common shareholders of the Company before non-recurring gains and losses	17.85%	3.74	3.74

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

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

Applicable N/A

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

Applicable N/A

18.3.3. Explain reasons for the differences between accounting data under domestic and overseas accounting standards; for any adjustment made to the difference existing in the data audited by the foreign auditing agent, such foreign auditing agent's name shall be clearly stated