



Luzhou Laojiao Co., Ltd.

2021 Interim Report

August 2021

Section I Important Statements, Contents and Definitions

The Board of Directors, Board of Supervisors, as well as directors, supervisors and senior management other than the following directors, supervisors and senior management that have expressed dissent against this report 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.

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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.
Sales Company	Refer to	Sales Company of Luzhou Laojiao Co., Ltd.
Brewing Company	Refer to	Luzhou Laojiao Brewing Co., Ltd.

Section II Company Profile and Key Financial Results

1. Corporate information

Stock abbreviation	Luzhou Laojiao	Stock code	000568
Changed stock abbreviation (if any)	--		
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
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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 2020 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 2020 Annual Report.

4. Key accounting data and financial indicators

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

Yes No

	H1 2021	H1 2020	Change
Operating revenues (CNY)	9,317,097,027.05	7,634,482,901.87	22.04%
Net profits attributable to shareholders of the Company (CNY)	4,226,316,722.25	3,220,452,190.27	31.23%
Net profits attributable to shareholders of the Company before non-recurring gains and losses (CNY)	4,208,650,132.88	3,233,951,849.05	30.14%
Net cash flows from operating activities (CNY)	2,738,237,039.90	728,815,422.24	275.71%
Basic earnings per share (CNY/share)	2.89	2.20	31.36%
Diluted earnings per share (CNY/share)	2.89	2.20	31.36%
Weighted average ROE	16.78%	15.32%	1.46%
	30 June 2021	31 December 2020	Change
Total assets (CNY)	37,504,080,677.67	35,009,203,823.45	7.13%

Net assets attributable to shareholders of the Company (CNY)	24,307,106,220.71	23,074,858,552.59	5.34%
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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

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

5.3. Reasons for accounting data differences above

Applicable N/A

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)	180,849.31	See "Section XI Note 5.42" 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 given at a fixed amount or quantity in accordance with the national uniform standards)	7,226,821.19	See "Section XI Note 5.39" for details.
Other non-operating income and expenditure except above-mentioned items	17,427,895.75	See "Section XI Note 5.43, 5.44" for details.
Less: Corporate income tax	6,139,307.70	
Minority interests (after tax)	1,029,669.18	
Total	17,666,589.37	--

Explain the reasons if the Company classifies an item as a non-recurring gain/loss according to the definition in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering*

Their Securities to the Public-Non-Recurring Gains and Losses, or classifies any non-recurring gain/loss item mentioned in the said explanatory announcement 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, beverage and refined tea manufacturing 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.

As the COVID-19 pandemic eases, the baijiu industry gradually returns to normal. In the future, the total market volume will shrink, consumption will be upgraded, and the market share will continue to be concentrated in the industry leaders. The industry competition will become the competition between systems. The shortcomings in corporate supply chain and ecosystem chain must be addressed. The era of joint operations of strategic product line mix and market has arrived.

The Company shall comply with the disclosure requirements of the *Guidelines No. 14 of the Shenzhen Stock Exchange on Industry Information Disclosure—Listed Companies Engaging in Business Related to Food & Liquor and Wine Production*.

For H1 2021, operating revenue amounted to CNY 9.317 billion, up 22.04% year on year; and the net profit attributable to the shareholders of the listed company reached CNY 4.226 billion, up 31.23% year on year. Holding 20 food business licenses, the Company is primarily engaged in the research and development, production and sales of baijiu series such as "National Cellar 1573" and "Luzhou Laojiao". Its core competitiveness lies in the geographical, cellars and brewing technique, brand, quality and R&D, and talent advantages.

In recent years, the baijiu industry, mainly characterized by slower growth, centralized differentiation and fiercer competition, is gradually having younger generation as its main consumer group. During the reporting period, the Company closely focused on the development theme of "increasing efficiency by lean management, and expanding the market by precise marketing", and calmly coped with the adverse effects of the constant fluctuation of the pandemic. The Company steadily and orderly advanced various tasks, achieved sustainable and healthy growth in operating results, provided consumers with high-quality products and services, and continued to meet people's needs for a better life.

The Company's production model is self-production. For the purchase of raw materials, it has the cooperative model, the unified pricing model, and the bid invitation model. And for sales models, it has the traditional channel operation model and the emerging channel operation model.

Brand operations

The Company thoroughly implemented the brand revival project, and focused on the strategy of "dual brands, three product series, and major single products" with great clarity. National Cellar 1573 continued to lead the brand recognition. The market share, product profit, brand image and high-end

value continued to increase; the returning trend of Luzhou Laojiao brands' value and consumer confidence gradually took shape. The marketing management reform of the Touqu and Erqu series achieved remarkable results; innovative product series continued to meet the diversified and segmented market needs. The Company has managed to cover various product price zones. And it will continue to rejuvenate and promote value return of the brand.

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	8,663,483,014.70	1,169,109,178.74	86.51%	19.03%	-8.96%	4.15%
Emerging channel operation model	531,759,619.22	117,339,362.75	77.93%	84.71%	52.90%	4.59%

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	1,899	340	488	-11.05	
Overseas	108	3	0	5	

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. Main customers

Total sales to top five customers (CNY)	6,302,696,056
Total sales to top five customers as % of the total sales	67.65%
Total sales to related parties among top five customers as % of the total sales	0%

5. Information on top five customers

No.	Customer	Sales amount (CNY)	As % of the total sales for the year
1	Customer A	4,747,209,850.52	50.95%
2	Customer B	771,559,092.03	8.28%
3	Customer C	456,988,131.13	4.91%
4	Customer D	241,439,592.44	2.59%
5	Customer E	85,499,389.88	0.92%
Total	-	6,302,696,056.00	67.65%

Store sales terminals accounted for more than 10%

Applicable N/A

Online direct sales

Applicable N/A

For the sales of the Company's main products, please refer to Section III "Business segment, products or geographical segments contributing over 10% of the operating revenues or profits". The Company's complete series of products are sold online. Its main cooperation platforms included JD.com and Tmall.

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

Applicable N/A

Purchase model and purchase content

Unit: CNY

Purchase model	Purchase content	Amount of main purchase content
Organic raw grains are purchased through cooperative model and supplied by organic raw grain bases; other raw grains and packaging materials are purchased through bid invitation	Raw materials	2,154,099,305.00

Purchase based on the unified pricing of the Development and Reform Commission of Luzhou and the price bureau, and purchase through bid invitation	Fuels and energies	70,179,239.95
Purchase through bid invitation	Low-value consumables	26,671,543.91

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

Applicable N/A

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

Applicable N/A

Main production model:

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

Commissioned processing and production

Applicable N/A

Main breakdown items of cost of sales

Unit: CNY

By business segment	Item	H1 2021		H1 2020		YoY Change
		Amount	As % of cost of sales	Amount	As % of cost of sales	
Baijiu	Raw materials	1,118,577,468.66	86.95%	1,163,573,463.93	85.50%	-3.87%
Baijiu	Labor costs	69,632,827.38	5.41%	86,008,612.92	6.32%	-19.04%
Baijiu	Manufacturing overhead	98,238,245.45	7.64%	111,386,898.78	8.18%	-11.80%

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	19,773.36	14,252.35	27,800.98	162.79	6.31	59.68	Production volume and inventory increased year-on-year mainly due to the Company's adjustment of

							production plans.
Other baijiu	24,702.10	24,629.45	13,647.49	-29.93	-29.14	-39.49	Inventory decreased year-on-year mainly due to the Company's adjustment of production plans.

2. Inventory at the end of the reporting period

Unit: Ton

Finished baijiu	Semi-finished baijiu (including base liquor)
41,448.47	357,176.46

3. Capacity

Unit: Ton

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

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.

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 liquor, as well as production efficiency improvement.

E. Talent advantage

The Company has built up the richness in its talent pool throughout the years. It has 1 inheritor of national intangible cultural heritage, 2 masters of Chinese brewing, 2 masters of Chinese baijiu, 1 master of Chinese baijiu technique, 2 Chinese liquor connoisseurs, 7 senior professor engineers, 7 experts who receive special allowances from the State Council, 3 national technicians, 3 academic and technologic leaders of Sichuan province, 1 excellent expert with special contribution of Sichuan province, 1 craftsman 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

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

Year-on-year changes in key financial data

Unit: CNY

	H1 2021	H1 2020	YoY Change	Reason for any significant change
Operating revenues	9,317,097,027.05	7,634,482,901.87	22.04%	
Cost of sales	1,335,154,943.46	1,386,636,428.85	-3.71%	
Selling and distribution expenses	1,183,247,931.92	1,111,958,208.98	6.41%	
General and administrative expenses	439,561,779.70	360,013,975.76	22.10%	
Finance expenses	-128,007,967.42	-108,274,836.69		
Corporate income tax	1,346,062,434.86	1,034,276,363.11	30.15%	Mainly due to the increased gross profit as a result of the increased sales revenue in the current period
R&D expenses	51,984,969.33	44,739,047.81	16.20%	
Net cash flows from operating activities	2,738,237,039.90	728,815,422.24	275.71%	Mainly due to the increased cash received from sale of goods in the current period
Net cash flows from investing activities	-732,184,328.54	-1,050,174,817.35		Mainly due to the decreased cash paid for the technical renovation project of brewing in the current period
Net cash flows from financing activities	-48,460,474.66	1,499,441,368.05	-103.23%	Mainly due to the issuance of corporate bonds in the same period of last year
Net increase in cash and cash equivalents	1,956,159,445.84	1,180,083,124.68	65.76%	

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

Applicable N/A

No such changes in the Reporting Period.

Breakdown of operating revenues

Unit: CNY

	H1 2021		H1 2020		YoY Change
	Amount	As % of operating revenues	Amount	As % of operating revenues	
Total	9,317,097,027.05	100%	7,634,482,901.87	100%	22.04%
By business segment					
Baijiu	9,195,242,633.92	98.69%	7,566,057,028.33	99.10%	21.53%
Other revenues	121,854,393.13	1.31%	68,425,873.54	0.90%	78.08%
By product					
Mid- and high-end baijiu	8,218,296,465.61	88.21%	6,657,376,504.30	87.20%	23.45%
Other baijiu	976,946,168.31	10.48%	908,680,524.03	11.90%	7.51%
Other revenues	121,854,393.13	1.31%	68,425,873.54	0.90%	78.08%
By geographical segment					
Domestic	9,264,547,206.51	99.44%	7,605,771,011.08	99.62%	21.81%
Overseas	52,549,820.54	0.56%	28,711,890.79	0.38%	83.02%

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	9,195,242,633.92	1,286,448,541.49	86.01%	21.53%	-5.48%	4.00%
By product						
Mid- and high-end baijiu	8,218,296,465.61	772,628,560.86	90.60%	23.45%	1.55%	2.03%
Other baijiu	976,946,168.31	513,819,980.63	47.41%	7.51%	-14.38%	13.45%
By geographical segment						
Domestic	9,264,547,206.51	1,326,903,851.83	85.68%	22.92%	-1.94%	3.63%

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

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	7,566,057,028.33	1,360,968,975.63	82.01%	-4.49%	-14.73%	2.16%
By product						
Mid- and high-end baijiu	6,657,376,504.30	760,843,863.58	88.57%	1.84%	1.53%	0.03%
Other baijiu	908,680,524.03	600,125,112.05	33.96%	-34.37%	-29.12%	-4.89%
By geographical segment						
Domestic	7,537,345,137.54	1,353,180,457.73	82.05%	-4.00%	-14.69%	2.25%

Reasons for changing the standards

In order to realize the return of "Luzhou Laojiao" brands' value and promote the implementation of the "competitive marketing" strategy, the Company implemented the operational integration of mid- and high-end products. The Company has reclassified the products based on the sales price. The product classification was changed to "mid- and high-end baijiu" and "other baijiu" from "high-, mid- and low-end baijiu" in the previous reporting period.

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

□ Applicable √N/A

The Company shall comply with the disclosure requirements of the *Guidelines No. 14 of the Shenzhen Stock Exchange on Industry Information Disclosure—Listed Companies Engaging in Business Related to Food & Liquor and Wine Production*.

A. Breakdown of selling and distribution expenses

Unit: CNY

Selling and distribution expenses	H1 2021	H1 2020	YoY Change	Reason for any significant change
Advertising expenses	407,510,592.52	537,365,225.18	-24.17%	
Sales promotion expenses	482,468,677.16	314,638,554.04	53.34%	Decreased product promotion activities due to the pandemic in the same period of last year
Warehousing and logistics expenses	48,338,332.97	45,113,965.94	7.15%	

Labor costs	183,923,965.82	158,943,220.57	15.72%	
Other	61,006,363.45	55,897,243.25	9.14%	

B. Breakdown of advertising expenses

Unit: CNY

Advertising	Expenses
Online advertising (exclusive of TV advertising)	73,208,079.01
Offline advertising	129,669,890.93
TV advertising	124,076,423.55
Other (inclusive of branding ideas, exhibitions & showcases, advertising materials, activity planning, etc.)	80,556,199.03

4. Analysis of non-core business

Applicable N/A

5. Assets and liabilities

5.1. Significant change of asset items

Unit: CNY

	30 June 2021		31 December 2020		Change in percentage	Explanation about any material change
	Amount	As % of total assets	Amount	As % of total assets		
Cash and cash equivalents	13,611,381,648.55	36.29%	11,624,870,340.60	33.21%	3.08%	
Accounts receivable	6,711,515.89	0.02%	1,507,852.43	0.00%	0.02%	
Inventories	5,916,574,963.71	15.78%	4,695,663,431.25	13.41%	2.37%	
Long-term equity investments	2,555,473,912.21	6.81%	2,477,667,171.27	7.08%	-0.27%	
Fixed assets	7,880,413,111.37	21.01%	6,887,108,174.72	19.67%	1.34%	
Construction in progress	1,290,824,691.35	3.44%	2,012,129,880.15	5.75%	-2.31%	
Right-of-use assets	55,525,013.10	0.15%			0.15%	
Contract liabilities	1,408,069,576.54	3.75%	1,678,837,166.94	4.80%	-1.05%	

Lease liabilities	46,474,941.96	0.12%			0.12%	
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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								
4. Investments in other equity instruments	347,160,399.42	10,125,066.47	252,722,626.89					357,285,465.89
Total	347,160,399.42	10,125,066.47	252,722,626.89					357,285,465.89
Financial liability	0.00							0.00

Information about other changes

Whether measurement attribution of main assets changes significantly in this year

Yes No

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

Item	Closing Balance	Reason
Bank deposits (CNY)	85,627,139.90	Accrued interest on term deposits
Other cash and cash equivalents (CNY)	1,400,000.00	According to regulations of Tourism Bureau, the travel service deposit was deposited in a designated bank
Total	87,027,139.90	

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
536,408,910.19	1,439,229,693.32	-62.73% ¹

Note 1: Mainly due to the completion of significant engineering and construction projects including the technical renovation project of brewing.

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

Unit: CNY

Item	Investment form	Whether it is a fixed asset investment	Industry of the investment project	Amount of input in the reporting period	Accumulated actual input amount by the end of the reporting period	Capital source	Project progress	Projected income	Accumulated actual income by the end of the reporting period	Reasons for not meeting the schedule and projected income	Date of disclosure (if any)	Disclosure index (if any)
Technical renovation project of brewing	Self-built	Yes	Baijiu	107,045,469.67	7,829,456,896.25	Fund-raising+self-financing	100.00%	0.00	0.00	N/A	28 April 2016	Announcement No. 2016-12 on Subsidiary's Investment in the Technical Renovation Project of Brewing; Announcement No. 2020-17 on Increasing the Investment in the Technical Renovation Project of Brewing (http://www.cni

												info.com.cn/)
Total	--	--	--	107,045,469.67	7,829,456,896.25	--	--	0.00	0.00	--	--	--

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 recorded into equity	Amount of purchase	Amount of sale	Profit and loss during the reporting period	Closing book balance	Accounting item	Capital source
Domestic and foreign stock	601211	GTJA	12,719,156.76	Fair value measurement	206,450,757.39	-4,593,028.83	189,138,571.80	0.00	0.00	6,595,118.32	201,857,728.56	Investments in other equity instruments	Own fund
Domestic and foreign stock	002246	SNC	1,030,000.00	Fair value measurement	11,460,858.15	-203,262.16	10,227,595.99	0.00	0.00	62,542.20	11,257,595.99	Investments in other equity instruments	Own fund
Domestic and foreign stock	01983	LZBANK	51,120,000.00	Fair value measurement	95,561,825.55	14,921,357.46	59,363,183.01	0.00	0.00		110,483,183.01	Investments in other equity instruments	Own fund
Total			64,869,156.76	--	313,473,441.09	10,125,066.47	258,729,350.80	0.00	0.00	6,657,660.52	323,598,507.56	--	--

6.4.2. Derivative investment

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
Sales Company of Luzhou Laojiao Co., Ltd.	Subsidiary	Sales of baijiu	100,000,000.00	8,479,253,903.89	5,295,101,512.25	8,957,351,430.08	4,104,072,345.34	3,107,154,760.49

Acquisition and disposal of subsidiaries during the reporting period

Applicable N/A

Notes for major holding companies and joint stock companies

9. Structured entities controlled by the Company

Applicable N/A

10. Risks facing the Company and countermeasures

A. The uncertainty of the pandemic: The COVID-19 pandemic has gradually eased, but there are still different degrees of fluctuation, and there are still uncertainties in its impact (including the extent) on domestic baijiu consumption. The Company will actively respond to the latest requirements for pandemic prevention and control, strictly prevent and control the pandemic, and ensure the normal and orderly production and operation of the Company.

B. Macroeconomic factors: In recent years, there are frequent frictions in international trade. The macroeconomic environment remains difficult. If the total economic demand declines, it will affect the residents' per capita disposable income and their willingness to consume, which will have a negative impact on the baijiu industry. The Company will strengthen study of macroeconomic situations and industrial trends, and make timely adjustments to operating strategies, so as to adapt to changes in the external environment.

C. Policy risk: As the pandemic gradually eases and the economy recovers, mainstream countries are expected to gradually withdraw the loose monetary policies, which may affect China's relevant policies. In the short term, the baijiu consumption market may be affected. In response, the Company will keep a close eye on economic policies at home and abroad, and make timely adjustments to its operating strategies accordingly.

D. Risk of food safety: Given that food safety is a major concern of the society, 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.

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 2020 Annual General Meeting	Annual General Meeting	61.16%	29 June 2021	30 June 2021	Announcement No.: 2021-27 of Luzhou Laojiao Co., Ltd. on Resolutions of the 2020 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
Xiong Pingting	Director	Elected	29 June 2021	
Chen You'an	Independent director	Elected	29 June 2021	
Sun Dongsheng	Independent director	Elected	29 June 2021	
Lyu Xianpei	Independent director	Elected	29 June 2021	
Yang Ping	Chairman of the Supervisory	Elected	29 June 2021	

	Committee			
Guo Shihua	Supervisor	Elected	29 June 2021	
Li Lunyu	Supervisor	Elected	29 June 2021	
Jiang Yuhui	Director and deputy general manager	Termination of employment upon the expiry of the office term	29 June 2021	Termination of employment upon the expiry of the office term
Wu Qin	Deputy general manager	Termination of employment upon the expiry of the office term	29 June 2021	Termination of employment upon the expiry of the office term
Du Kunlun	Independent director	Termination of employment upon the expiry of the office term	29 June 2021	Termination of employment upon the expiry of the office term
Xu Guoxiang	Independent director	Termination of employment upon the expiry of the office term	29 June 2021	Termination of employment upon the expiry of the office term
Tan Lili	Independent director	Termination of employment upon the expiry of the office term	29 June 2021	Termination of employment upon the expiry of the office term
Yang Benhong	Supervisor	Termination of employment upon the expiry of the office term	29 June 2021	Termination of employment upon the expiry of the office term
Cao Cong	Supervisor	Termination of employment upon the expiry of the office term	29 June 2021	Termination of employment upon the expiry of the office term

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

Applicable N/A

No such cases in the reporting period.

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

Applicable N/A

No such cases in the reporting period.

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	27.190mg/L	50mg/L	5.5665t	25t/a	No
Luzhou Laojiao Co., Ltd.	Ammonia nitrogen	Direct discharge	1	Luohan Brewery Eco-Park	0.757mg/L	5mg/L	0.1530t	2.5t/a	No
Luzhou Laojiao Co., Ltd.	Total nitrogen	Direct discharge	1	Luohan Brewery Eco-Park	8.372mg/L	15mg/L	1.7084t	7.5t/a	No
Luzhou Laojiao Co., Ltd.	Total phosphorus	Direct discharge	1	Luohan Brewery Eco-Park	0.223mg/L	0.5mg/L	0.0461t	0.25t/a	No
Luzhou Laojiao Co., Ltd.	PM	Organized discharge	2	Luohan Brewery Eco-Park	6.341mg/m ³	20mg/m ³	0.6101t	3.9t/a	No
Luzhou Laojiao Co., Ltd.	Sulfur dioxide	Organized discharge	2	Luohan Brewery Eco-Park	0.0737mg/m ³	50mg/m ³	0.0067t	11.5t/a	No
Luzhou Laojiao Co., Ltd.	Oxynitride	Organized discharge	2	Luohan Brewery Eco-Park	21.404mg/m ³	150mg/m ³	2.0613t	45.4t/a	No
Luzhou Laojiao Co., Ltd.	COD	Indirect discharge	1	Huangyi Brewery Eco-Park	38.490mg/L	400mg/L	8.9237t	400t/a	No
Luzhou	Ammonia	Indirect	1	Huangyi	0.365mg/L	30mg/L	0.0830t	30t/a	No

Laojiao Co., Ltd.	nitrogen	discharge		Brewery Eco-Park					
Luzhou Laojiao Co., Ltd.	Total nitrogen	Indirect discharge	1	Huangyi Brewery Eco-Park	6.309mg/L	50mg/L	1.4672t	50t/a	No
Luzhou Laojiao Co., Ltd.	Total phosphorus	Indirect discharge	1	Huangyi Brewery Eco-Park	0.699mg/L	3mg/L	0.1614t	3t/a	No
Luzhou Laojiao Co., Ltd.	PM	Organized discharge	3	Huangyi Brewery Eco-Park	0.566mg/m ³	5mg/m ³	0.3844t	4.43t/a	No
Luzhou Laojiao Co., Ltd.	Sulfur dioxide	Organized discharge	3	Huangyi Brewery Eco-Park	0.230mg/m ³	35mg/m ³	0.1661t	30.96t/a	No
Luzhou Laojiao Co., Ltd.	Oxynitride	Organized discharge	3	Huangyi Brewery Eco-Park	16.629mg/m ³	100mg/m ³	10.736t	88.47t/a	No

Information about construction and operation of anti-pollution installations

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, which enables real-time networking operation of monitoring data with the Environmental Information Center of Luzhou City. The Company's facilities for prevention and control of wastewater pollution are under normal operations, ensuring up-to-standard discharge through general discharging outlets.

Waste gas: Areas of the Company that produce exhaust gas are National Cellar Base, Xiaoshi Base, Zaojiaoxiang Base, Luohan Brewery Eco-Park, and Huangyi Brewery Eco-Park. In National Cellar Base, Xiaoshi Base and Zaojiaoxiang Base, small natural gas boilers and direct-fired bottom boilers are used. The boilers of Luohan Brewery Eco-Park (20t/h, 30t/h) and the boilers of Huangyi Brewery Eco-Park (20t/h, 75t/h, 75t/h) are equipped with online monitors to automatically monitor exhaust gas, which enables real-time networking operation of monitoring data with the Environmental Information Center of Luzhou City. 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 requirements of national environmental protection laws and environmental assessment laws. The environmental assessment and approval procedures shall be completed before commencement of the projects. After the projects are completed, the environmental protection inspection and acceptance shall be carried out in accordance with the requirements of the environmental assessment. Construction projects started in the first half of 2021 have gone through relevant approval procedures in accordance with environmental protection 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. The automatic online monitors for exhaust gas of Luohan Brewery Eco-Park and Huangyi Brewery Eco-Park are connected to the Information Center of the Bureau of Ecology and Environment of Luzhou; self-monitoring information are released on "Environmental Credit China" and the "Platform of Sichuan Province for Management and Sharing of Information about Pollution Source Monitoring" to facilitate supervision from all walks of life.

Administrative punishments received in the reporting period due to environmental issues

N/A

Other information about environmental protection that should be disclosed

N/A

Other information about environment protection

N/A

2. Social responsibility

2.1. Rural revitalization plan

A. Basic strategies

2021 is the first year of China's new journey of building a modern socialist country in an all-round way and journey toward the second centenary goal. Under the guidance of the central, provincial and municipal Party committees and governments, the Company adheres to the corporate philosophy of "baijiu brewed with the universe, spirit generated by the world". It thoroughly implements the policy of

rural revitalization, and continues to provide assistance for two designated villages, namely Xiangtian Village, Longshan Town, Gulin County, Luzhou City, and Guntang Village, Maiwa Township, Hongyuan County, Aba Prefecture. With the "rural revitalization strategy" as its pillar and the development of "new civilized villages" and "new villages with four favourable aspects" as its objectives, the Company continuously consolidates poverty alleviation achievements and lays a solid foundation for the revitalization of the two villages.

B. Overall objectives

The Company adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and fully implements the arrangement of the central and provincial Party committees as well as provincial government regarding effectively connecting consolidation and expansion of poverty alleviation achievements with rural revitalization. The Company shall improve areas of weakness, consolidate the achievements, lay the foundation, promote the revitalization in accordance with the requirements of work plan for assisting designated villages arranged by government agencies directly managed by Sichuan provincial government and other relevant departments, and comprehensively improve the work of assisting the two designated villages, help them get rid of poverty and promote their revitalization and development.

C. Key tasks

In accordance with the overall requirements of "prosperous industry, liveable ecology, civilized rural style, effective governance and well-off life" in rural revitalization and construction, the Company will adhere to the principle of equal emphasis on "blood transfusion, haematopoiesis, and blood circulation"; continue to consolidate poverty alleviation achievements; explore the path of sustainable development; centre on promoting the revitalization of industries, talents, culture, ecology, and organization in the two villages; focus on key points, improve areas of weakness, and strength weaknesses; continue to accelerate the pace of agricultural modernization in the two villages, develop and expand rural industries, build ecologically liveable and beautiful villages, flourish and develop rural culture, improve the modern rural governance system, and guarantee and improve the well-being of rural people.

D. Guarantee measures

Adhering to the "four-in-one" assistance mechanism, the Company will establish a "four-in-one" assistance mechanism where the leadership team takes overall responsibilities, the Company's assistance working group is responsible for promoting the assistance, each staff member takes respective responsibilities, and staff members stationed in the villages are responsible for specific assistance work. It will shift the focus of work from poverty alleviation to comprehensively promoting rural revitalization and consolidation and expansion of poverty alleviation achievements, establishing and improving dynamic monitoring on the prevention of return to poverty, follow-up support for relocation, follow-up management and supervision of poverty alleviation project assets, and normalizing assistance for low-income households in the villages. It will also formulate assistance plans and implement them year by year, establish work accounts, and refine the plan to assign the tasks to departments, projects, and individual persons, and implement them at all levels to ensure the orderly development of rural revitalization.

2.2. Summary of rural revitalization

In the first half of 2021, the Company mainly made relevant preparations for the transition from poverty alleviation to rural revitalization. Specifically, they are as follows:

A. The Company went to Xiangtian Village, Longshan Town, Gulin County, and Guntang Village, Maiwa Township, Hongyuan County, Aba Prefecture to carry out New Year greeting activities. It visited a total of 182 households, distributed cash and supplies, and supported Xiangtian Village to carry out activities such as the summary meeting of poverty alleviation work in 2020 and ethics awards assessment.

B. The Company openly selected reserve candidates for cadres stationed in the village for poverty alleviation, and reported them to superior departments according to the requirements of the provincial and municipal organization departments. The rotation of cadres stationed in the village was completed by the end of June. So far, three new cadres under rotation program have stationed in the village for carrying out the work.

C. The Company's grassroots Party organizations have combined the theme of "I do practical things for the masses" with publicity and education in rural revitalization, and carried out various activities.

D. The Company went to two villages to connect assistance in rural revitalization and inspected 2021 assistance projects.

2.3. Rural revitalization achievements

Awards (content and level)	
National	The Company won National Advanced Collective for Poverty Alleviation
Provincial	<p>1. The Company won 2020 Outstanding Contribution Unit in the Fight Against COVID-19 presented by Sichuan Charity Federation.</p> <p>2. The Company won 2021 Outstanding Contribution Award for Social Poverty Alleviation issued by Sichuan Province Foundation for Poverty Alleviation.</p> <p>3. Zhang Wenping, a poverty alleviation cadre, was rated as one of "Top Ten Poverty Alleviation Figures in Sichuan State-owned Enterprises" by the Provincial State-owned Assets Supervision and Administration Commission.</p>

2.4. Follow-up rural revitalization plan

A. Strengthening connection with and guidance on villages designated for assistance

a. Guiding and urging the implementation of policies. The Company will participate in at least 2 joint meetings held by the leading unit throughout the year; guide and urge Hongyuan County and Gulin County to shift the focus of work from poverty alleviation to promoting comprehensive rural revitalization and consolidating and expanding poverty alleviation achievements. By taking into account the assistance needs raised by the two villages, the Company will ensure that the assistance work is carried

forward in an orderly and effective manner through joint research, clear division of labour, clarification of responsibilities, and item by item implementation. Based on the Company's own advantages, it will make innovation in assistance measures to help the two villages actively strive to create advanced demonstration villages for the implementation of rural revitalization strategy.

b. Formulating assistance plans and implementing them year by year. The Company will carry out in-depth investigations and studies in two villages designated for assistance. By taking into account the "14th Five-Year Plan" and overall plan for rural revitalization in Gulin and Hongyuan counties, it will develop a five-year assistance plan with clear goals and in line with the reality. It will develop annual assistance plans in accordance with the master assistance plan, implement them year by year, establish work accounts, assign the tasks to the departments, projects and individuals, and thoroughly implement the plans level by level.

c. Adhering to the "four-in-one" assistance mechanism. The Company's Secretary of Party Committee and Chairman of the Board of Directors should take the first responsibility, hold special meetings to arrange and deploy assistance work at least 2 times a year; each member of the leadership team should go to the county and the village for investigation and guidance no less than 6 times a year. The leader in charge of the work should convene assistance working groups and related personnel every quarter to study assistance for designated villages, and promote the implementation of assistance work at least 4 times a year.

d. Doing a good job in consumption related assistance. The Company will continue to carry out "purchase instead of donation" project, and sell at least CNY 2 million of Hongyuan beef jerky series products and yak milk powder on the online platform through Luzhou Laojiao Electronic Commerce Co., Ltd. every year. It will organize its cadres and employees to purchase at least CNY 200,000 of rice, poultry, livestock, and vegetables from Xiangtian Village per year.

e. Carrying out the activities of "I do practical things for the masses". The Company will take assistance for designated villages as an important form of carrying out the activities of "I do practical things for the masses", each subordinate involved in the work should list the items under the activities of "I do practical things for the masses", and make effort to solve the "urgent and difficult problems faced by the masses" for the two villages, enhancing their sense of happiness and security.

B. Laying a solid foundation and continuing to promote rural revitalization

a. Improving production and living conditions. The Company will assist Guntang Village of Hongyuan County in improving the infrastructure construction and plans to build a cultural activity square in the village. It will assist the local government in promoting the development of transportation and industry in the two villages, promote the revolution of rural toilets in Xiangtian Village, carry out the treatment of domestic garbage and sewage, and improve the village's appearance.

b. Continuing to develop industry and collective economy. Based on the advantageous resources of Hongyuan County and Gulin County, the Company will focus on follow-up cultivation of industries in a sustainable manner, respect market laws and industrial development laws, and continue to carry out

assistance work to create a public welfare brand for villages in Chengdu; help the two villages cultivate green and organic agricultural products with geographical indications; help them standardize and establish village collective economic organizations; promote collective economic organizations to formulate and improve their articles of association, and establish and improve legal person governance mechanisms; make good use of village-level poverty alleviation assets; and ensure sustainable effectiveness.

c. Adopting multiple measures to stabilize employment and increase income. The Company will make good use of the employment information platform, dynamically understand the employment needs of the masses in the two villages, organize and mobilize villagers to migrate for work, increase the training of practical talents by inviting experts to give lectures and holding special meetings, and organize pre-job training in a targeted manner to improve villagers' job skills, help build rural factories and workshops, encourage the development of farmyard economy such as handicraft workshops, family farms, provide jobs for people who have been lifted out of poverty and those who are prone to poverty.

d. Strengthening grassroots Party organizations. The Company will cooperate with Party branches in the two villages and select personnel familiar with rural work and Party affairs to set up a Party building guidance office. The selected personnel should stay in the villages for 3 to 5 days each year to guide Three Meetings and One Lecture, Party branch meeting, democratic assessment of Party members and other systems, and cooperate with the local organization department to build a strong village Party branch. The Company will guide migrant workers, college graduates, and demobilized soldiers to return to their hometowns to start businesses, and help cultivate a group of foregoers in getting rich. It will cultivate and develop Party activists, Party members and reserve cadres. It will draw lessons from the successful experience and practices of poverty alleviation, guide the two villages to establish and improve rural governance system led by the Party organization and combining autonomy, rule of law, and rule of morality, and promote the modernization of rural governance system and governance capabilities.

e. Advocating a new style of civilization. The Company will persist in improving the villagers' will and wisdom, continue to carry out in-depth education on gratitude and forging ahead, widely publicize the great achievements in poverty alleviation and the central and provincial Party committees' decisions and deployments on comprehensively promoting rural revitalization through special meetings and farmers night schools, at least 4 times a year, and guide the masses to listen to the Party, remember the Party's favour, and follow the Party. It will organize village group cadres, masses and forgoers in getting rich to make on the spot investigation and study in advanced areas in rural revitalization, once a year, to broaden their horizons, change their concepts, and improve their quality. It will strengthen the moral construction of villages designated for assistance and enrich the spiritual and cultural life of the villagers; persist in carrying out the Bridge Project to help students in the two villages realize their dreams and prevent the intergenerational transmission of poverty.

f. Carrying out paired-up assistance activities. Each member of the Company's leadership team and each grassroots Party organization will tie with and assist one household in poverty or prone to poverty, set up a paired-up assistance account, carry out "point-to-point" and "one-to-one" paired-up assistance, and endeavour to provide accurate assistance with obvious achievements.

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' 0,000)	Whether it forms an estimate liability	Progress in litigation (arbitration)	Trial results and impacts of litigation (arbitration)	Execution of judgment of litigation (arbitration)	Date of disclosure	Disclosure index
The Company filed a lawsuit with ABC 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	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	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	15 October 2014	See Section VI "Other significant events"

Supreme People's Court. The case is now at the stage of enforcement.				Hongxin Branch and the rest shall be borne by the Company itself.	People's Court should see to the execution of the verdict. Upon the enforcement, the banks have paid part of the compensations.		
The Company filed a lawsuit with ICBC Nanyang Zhongzhou Branch over a deposit dispute, and the case is now in the second trial by the Supreme People's Court.	15,000	No	The second trial is in process	The second trial is in process and the case is still pending.	The second trial is in process and the case is still pending.	10 January 2015	See Section VI "Other significant events"

Other litigation

Applicable N/A

9. Punishments and rectifications

Applicable N/A

No such cases in the reporting period.

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, or finance companies controlled by the Company

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, finance company controlled by the Company or any other related parties.

11.6. 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

No such cases in the reporting period.

12.4. Significant contracts in the ordinary course of business

Applicable N/A

12.5. Other significant contracts

Applicable N/A

No such cases in the reporting period.

13. Other significant events

Applicable N/A

A. The Company's three savings deposits of CNY 500 million, including ABC Changsha Yingxin Branch and ICBC Nanyang Zhongzhou Branch are involved in contract disputes. Combined with the assets preservation situation of the public security authorities and professional legal advice issued by lawyers, the Company has made a provision of CNY 200 million for bad debts for the deposit of CNY 500 million

for contract disputes. In 2020, the Supreme People's Court made a final judgment on the dispute arising out of the deposit contract between the Company and ABC Changsha Yingxin Branch (cancelled during the appeal after the first-instance judgment, with its rights and obligations assumed by ABC Changsha Kaifu Branch). In respect of the losses that couldn't be recovered through criminal procedures, ABC Changsha Kaifu Branch should bear 40% of the compensation liability, ABC Changsha Hongxing Branch 20%, and the remaining losses should be borne by the Company. 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 by Hunan Changsha Intermediate People's Court, ABC Changsha Kaifu Branch and ABC Changsha Hongxing Branch paid part of the respective compensations as required by the civil judgment. The Company received in July 2021 an amount of CNY 52,812,061.75 from Hunan Changsha Intermediate People's Court. Meanwhile, the civil lawsuit of the Company with ICBC Nanyang Zhongzhou Branch over a deposit dispute is still in the second trial. As of the date of this Report, the Company had recovered a total amount of CNY 267,767,200 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	

B. Pursuant to the Accounting Standard No. 21 for Business Enterprises—Leases issued by the Ministry of Finance, the Company has adopted the said new accounting standard since 1 January 2021. For the affected financial statement line items and amounts, see “Section X, 5.37. Changes in significant accounting policies and accounting estimates”.

14. Significant events of subsidiaries

√ Applicable □ N/A

The Company invested in the technical upgrade program of brewing and implemented the program with the wholly-owned subsidiary, Brewing Company, as the entity. On 30 June 2020, the *Proposal on Increasing Investment in the Technical Upgrade Program of Brewing* was approved by the 2019 Annual General Meeting upon deliberation. According to the proposal, extra CNY 1,462,996,500 of funds would be invested in the technical upgrade program of brewing. Upon this increase of funds, the total investment in the technical upgrade program of brewing would reach CNY 8,877,276,500. For more information, please refer to the following announcements: *Announcement on Investing in the Technical Upgrade Program of Brewing by the Subsidiary* disclosed on 28 April 2016 with an Announcement No. of 2016-12; *Announcement on Increasing Investment in the Technical Upgrade Program of Brewing* disclosed on 2 June 2020 with an Announcement No. of 2020-17 (<http://www.cninfo.com.cn/>). As of 30 June 2021, 100% of the project has been completed.

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	445,921	0.03%				66,000	66,000	511,921	0.03%
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Shares held by other domestic investors	445,921	0.03%				66,000	66,000	511,921	0.03%
Of which: shares held by domestic corporations									
Shares held by domestic individuals	445,921	0.03%				66,000	66,000	511,921	0.03%
4. Shares held by foreign corporations									
Of which: shares held by foreign corporations									
Shares held by foreign individuals									
II. Non-restricted shares	1,464,306,555	99.97%				-66,000	-66,000	1,464,240,555	99.97%
1.CNY common shares	1,464,306,555	99.97%				-66,000	-66,000	1,464,240,555	99.97%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									

4. Other									
III. Total shares	1,464,752,476	100.00%				0	0	1,464,752,476	100.00%

Reasons for the change in shares

Applicable N/A

Approval of share changes

Applicable N/A

Transfer of share ownership

Applicable N/A

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
Yang Benhong	7,500	0	2,500	10,000	Locked-up shares due to termination of	2021.12.29

					employment	
Jiang Yuhui	190,500	0	63,500	254,000	Locked-up shares due to termination of employment	2021.12.29
Total	198,000	0	66,000	264,000	--	--

2. Issuance and listing of securities

Applicable N/A

3. Total number of shareholders and their shareholdings

Unit: Share

Total number of common shareholders at the end of the reporting period		218,549	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	26.02%	381,088,389	0	0	381,088,389		
Luzhou XingLu Investment Group Co., Ltd.	State-owned corporation	24.99%	365,971,142	0	0	365,971,142		
Bank of China Co., Ltd. –Baijiu index classification securities investment fund by China Merchants Fund	Other	2.61%	38,169,467	8,332,482	0	38,169,467		
Bank of China Co., Ltd.	Other	2.53%	37,000,115	9,300,115	0	37,000,115		

Blue Chip Selected hybrid securities investment fund by E fund								
China Securities Finance Corporation limited	Other	2.31%	33,842,059	0	0	33,842,059		
Hong Kong Securities Clearing Company Limited	Foreign corporation	2.08%	30,404,272	-2,497,390	0	30,404,272		
Industrial and Commercial Bank of China Co., Ltd.-Newly growth hybrid securities investment fund by Invesco Great Wall	Other	1.60%	23,499,891	8,421,980	0	23,499,891		
Central Huijin Asset Management Co., Ltd.	State-owned corporation	1.43%	20,937,500	0	0	20,937,500		
Agricultural Bank of China Co., Ltd. - Consumption industry stock - based securities investment fund by E fund	Other	0.88%	12,868,345	-1,118,482	0	12,868,345		
China Life Insurance Company Ltd.-Tradition-General Insurance Product-005L-CT001Shen	Other	0.76%	11,061,841	-	0	11,061,841		
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	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 27 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/).		
	2. In addition, whether there is an association between the remaining shareholders or they belong to persons acting in concert is unknown.		
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	38,169,467	CNY common shares	38,169,467
Bank of China Co., Ltd- Blue Chip Selected hybrid securities investment fund by E fund	37,000,115	CNY common shares	37,000,115
China Securities Finance Corporation limited	33,842,059	CNY common shares	33,842,059
Hong Kong Securities Clearing Company Limited	30,404,272	CNY common shares	30,404,272
Industrial and Commercial Bank of China Co., Ltd.-Newly growth hybrid securities investment fund by Invesco Great Wall	23,499,891	CNY common shares	23,499,891
Central Huijin Asset Management Co., Ltd.	20,937,500	CNY common shares	20,937,500
Agricultural Bank of China Co., Ltd. - Consumption industry stock - based securities investment fund by E fund	12,868,345	CNY common shares	12,868,345
China Life Insurance Company Ltd.-Tradition-General Insurance Product-005L-CT001Shen	11,061,841	CNY common shares	11,061,841
The statement of association or	See the table above		

acting-in-concert between 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

No changes occurred to shares held by directors, supervisors and senior management in the reporting period. See the 2020 Annual Report for more details.

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

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	Shenzhen Stock Exchange

								the interests for the last installment will be paid together with the principal.	
2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	20 Lao Jiao 01	149062.SZ	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 2021	31 December 2020	Change
Current ratio	247.72%	256.72%	-9.00%
Debt/asset ratio	34.78%	33.78%	1.00%
Quick ratio	178.56%	195.15%	-16.59%
	H1 2021	H1 2020	Change
Net profits before non-recurring gains and losses	420,865.01	323,395.18	30.14%
Debt/EBITDA ratio	145.46%	111.71%	33.75%
Interest cover (times)	57.98	43.78	32.43%
EBITDA-to-interest cover (times)	60.65	45.05	34.63%

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 2021

Monetary Unit: CNY

Item	Balance as at 30 June 2021	Balance as at 31 December 2020
Current assets:		
Cash and cash equivalents	13,611,381,648.55	11,624,870,340.60
Settlement reserves		
Lending funds		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivables		
Accounts receivables	6,711,515.89	1,507,852.43
Accounts receivables financing	2,143,072,245.18	3,209,371,766.35
Prepayment	126,208,497.06	74,685,537.38
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		
Other receivables	148,937,967.02	127,032,931.42
Including: Interests receivable		

Dividends receivable	36,941,917.50	1,407,900.00
Buying back the sale of financial assets		
Inventories	5,916,574,963.71	4,695,663,431.25
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	118,794,070.33	156,565,424.18
Total current assets	22,071,680,907.74	19,889,697,283.61
Non-current assets:		
Disbursement of loans and advances		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	2,555,473,912.21	2,477,667,171.27
Investments in other equity instruments	357,285,465.89	347,160,399.42
Other non-current financial assets		
Investment property		
Fixed assets	7,880,413,111.37	6,887,108,174.72
Construction in progress	1,290,824,691.35	2,012,129,880.15
Productive biological assets		
Oil and gas assets		
Use right assets	55,525,013.10	
Intangible assets	2,630,461,298.22	2,657,118,025.37
Development expenses		
Goodwill		
Long-term deferred expenses	1,884,885.71	2,305,902.21
Deferred tax assets	648,575,066.22	725,210,660.84
Other non-current assets	11,956,325.86	10,806,325.86
Total non-current assets	15,432,399,769.93	15,119,506,539.84
Total assets	37,504,080,677.67	35,009,203,823.45
Current liabilities:		

Short-term loans		
Borrowings from the central bank		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		121,285,117.60
Accounts payable	2,372,271,735.03	2,604,289,199.77
Advance from customer		
Contract liabilities	1,408,069,576.54	1,678,837,166.94
Financial assets sold for repurchase		
Deposits from customers and inter-bank		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee benefits payable	443,558,179.03	505,022,627.19
Taxes payable	835,352,598.25	2,046,027,211.13
Other payable	3,566,879,442.88	501,623,924.54
Including: Interests payable		
Dividends payable	3,004,207,328.28	
Handling charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	100,836,563.54	72,219,178.08
Other current liabilities	183,049,063.92	218,267,353.36
Total current liabilities	8,910,017,159.19	7,747,571,778.61
Non-current liabilities:		
Insurance contract reserves		
Long-term loans		
Bonds payable	3,989,418,783.85	3,987,872,100.02
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	46,474,941.96	

Long-term payables		
Long-term payroll payables		
Accrued liabilities		
Deferred income	34,538,157.14	29,739,000.00
Deferred tax liabilities	64,682,337.72	62,151,071.11
Other non-current liabilities		
Total non-current liabilities	4,135,114,220.67	4,079,762,171.13
Total liabilities	13,045,131,379.86	11,827,333,949.74
Owners' equity		
Share capital	1,464,752,476.00	1,464,752,476.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserves	3,722,777,063.13	3,722,777,063.13
Less: treasury stock		
Other comprehensive income	196,201,599.18	186,063,325.03
Special reserves		
Surplus reserves	1,464,752,476.00	1,464,752,476.00
General risk reserve		
Undistributed profits	17,458,622,606.40	16,236,513,212.43
Total equity attributable to owners of the parent company	24,307,106,220.71	23,074,858,552.59
Non-controlling interests	151,843,077.10	107,011,321.12
Total owners' equity	24,458,949,297.81	23,181,869,873.71
Total liabilities and owners' equity	37,504,080,677.67	35,009,203,823.45

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 2021

Monetary Unit: CNY

Item	Balance as at 30 June 2021	Balance as at 31 December 2020
Current assets:		
Cash and cash equivalents	13,261,169,639.69	11,100,327,211.33

Held-for-trading financial assets		
Derivative financial assets		
Notes receivables		
Accounts receivables	732,303.55	3,927.50
Accounts receivables financing		
Prepayment	3,196,006.89	1,431,698.57
Other receivables	9,348,970,969.57	7,052,749,694.83
Including: Interests receivable		
Dividends receivable	36,941,917.50	1,407,900.00
Inventories	4,006,394.24	850,076.30
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets		78,509.44
Total current assets	22,618,075,313.94	18,155,441,117.97
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	5,962,576,727.02	5,884,091,712.47
Investments in other equity instruments	356,956,544.26	346,831,477.79
Other non-current financial assets		
Investment property		
Fixed assets	739,885,278.90	640,254,574.76
Construction in progress	395,522,642.60	550,932,404.00
Productive biological assets		
Oil and gas assets		
Use right assets	596,511.48	
Intangible assets	677,384,385.92	684,010,106.13
Development expenses		
Goodwill		
Long-term deferred expenses	1,772,735.77	2,180,811.89
Deferred tax assets	92,425,486.57	89,484,552.65

Other non-current assets	1,526,325.86	1,526,325.86
Total non-current assets	8,228,646,638.38	8,199,311,965.55
Total assets	30,846,721,952.32	26,354,753,083.52
Current liabilities:		
Short-term loans		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	73,801,792.24	80,663,835.54
Advance from customer		
Contract liabilities	2,097,869.96	753,349.81
Employee benefits payable	159,720,010.34	168,254,646.38
Taxes payable	76,017,337.61	153,437,992.21
Other payables	7,714,236,210.92	699,733,563.56
Including: Interests payable		
Dividends payable	3,004,207,328.28	
Liabilities held for sale		
Non-current liabilities due within one year	90,453,180.82	72,219,178.08
Other current liabilities	272,723.09	116,457.13
Total current liabilities	8,116,599,124.98	1,175,179,022.71
Non-current liabilities:		
Long-term loans		
Bonds payable	3,989,418,783.85	3,987,872,100.02
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	138,854.29	
Long-term payables		
Long-term payroll payables		
Accrued liabilities		
Deferred income	952,000.00	1,904,000.00
Deferred tax liabilities	64,682,337.72	62,151,071.11
Other non-current liabilities		
Total non-current liabilities	4,055,191,975.86	4,051,927,171.13

Total liabilities	12,171,791,100.84	5,227,106,193.84
Owners' equity		
Share capital	1,464,752,476.00	1,464,752,476.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserves	3,706,816,950.12	3,706,816,950.12
Less: treasury stock		
Other comprehensive income	196,669,790.26	185,441,302.55
Special reserves		
Surplus reserves	1,464,752,476.00	1,464,752,476.00
Undistributed profits	11,841,939,159.10	14,305,883,685.01
Total owners' equity	18,674,930,851.48	21,127,646,889.68
Total liabilities and owners' equity	30,846,721,952.32	26,354,753,083.52

Consolidated income statement

Monetary Unit: CNY

Item	H1 2021	H1 2020
1. Total operating revenue	9,317,097,027.05	7,634,482,901.87
Including: Operating revenue	9,317,097,027.05	7,634,482,901.87
Interest income		
Earned premium		
Fee and commission income		
2. Total operating costs	3,859,318,360.86	3,461,876,189.00
Including: Cost of sales	1,335,154,943.46	1,386,636,428.85
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	992,673,552.12	679,513,830.82
Selling and distribution expenses	1,183,247,931.92	1,111,958,208.98
General and administrative expenses	439,561,779.70	360,013,975.76
Research and Development expenses	36,688,121.08	32,028,581.28
Financial expenses	-128,007,967.42	-108,274,836.69
Including: Interest expenses	75,787,443.01	66,532,174.99
Interest income	206,402,358.25	173,389,442.03
Plus: Other income	9,041,045.01	10,441,675.27
Investment income ("-" for losses)	128,006,644.21	104,338,756.40
Including: income from investment in associates and joint ventures	121,343,983.69	94,958,932.04
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)		
Credit impairment losses ("-" for losses)	-218,830.33	-401,066.70
Impairment losses("-" for losses)		
Gains from disposal of assets("-" for losses)	180,849.31	104,663.83
3. Operating profits ("-" for losses)	5,594,788,374.39	4,287,090,741.67
Plus: non-operating income	25,711,304.83	10,944,441.71

Less: non-operating expenses	8,283,409.08	39,217,386.08
4. Total profits before tax ("-" for total losses)	5,612,216,270.14	4,258,817,797.30
Less: income tax expenses	1,346,062,434.86	1,034,276,363.11
5. Net profit ("-" for net loss)	4,266,153,835.28	3,224,541,434.19
5.1 By operating continuity		
5.1.1 Net profit from continuing operation ("-" for losses)	4,266,153,835.28	3,224,541,434.19
5.1.2 Net profit from discontinued operation ("-" for losses)		
5.2 By ownership		
1) Attributable to owners of the parent company	4,226,316,722.25	3,220,452,190.27
2) Attributable to non-controlling interests	39,837,113.03	4,089,243.92
6. Net of tax from other comprehensive income	9,246,453.08	-3,007,407.03
Net of tax from other comprehensive income to the owner of the parent company	10,138,274.15	1,852,598.19
6.1 Other comprehensive income cannot reclassified into the profit and loss:	7,593,799.86	1,553,518.16
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	7,593,799.86	1,553,518.16
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	2,544,474.29	299,080.03

1) Share in other comprehensive income that will be classified into profit and loss under equity method	3,634,687.85	6,242,935.68
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	-1,090,213.56	-5,943,855.65
7) Others		
Net of tax from other comprehensive income to non-controlling interests	-891,821.07	-4,860,005.22
7. Total comprehensive income	4,275,400,288.36	3,221,534,027.16
Total comprehensive income attributable to owners of the parent company	4,236,454,996.40	3,222,304,788.46
Total comprehensive income attributable to non-controlling interests	38,945,291.96	-770,761.30
8. Earnings per share		
(1) Basic earnings per share	2.89	2.20
(2) Diluted earnings per share	2.89	2.20

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 2021	H1 2020
1. Operating revenue	2,677,491,673.30	1,502,921,693.39
Less: Cost of sales	1,928,926,973.89	1,040,786,248.30

Taxes and surcharges	21,482,412.01	15,549,764.92
Selling and distribution expenses		
General and administrative expenses	337,596,961.15	274,620,160.19
Research and Development expenses	11,217,192.99	9,011,286.24
Financial expenses	-174,298,477.59	-131,445,866.38
Including: Interest expenses	30,742,980.11	33,323,418.69
Interest income	205,130,761.41	164,861,694.13
Plus: Other income	4,047,195.83	6,812,036.02
Investment income ("-" for losses)	111,792,244.20	104,338,756.40
Including: income from investment in associates and joint ventures	105,134,583.68	94,958,932.04
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)		
Credit impairment losses ("-" for losses)	-228,556.69	-44,132.47
Asset impairment losses ("-" for losses)		
Gains from disposal of assets("-" for losses)	180,849.31	104,663.83
2. Operating profits ("-" for losses)	668,358,343.50	405,611,423.90
Plus: non-operating income	16,653,311.55	8,883,565.15
Less: non-operating expenses	4,338,960.68	24,377,133.78
3. Total profits before tax ("-" for total losses)	680,672,694.37	390,117,855.27
Less: income tax expenses	140,409,892.00	70,055,746.59
4. Net profit ("-" for net loss)	540,262,802.37	320,062,108.68
4.1 Net profit from continuing	540,262,802.37	320,062,108.68

operation ("- for losses)		
4.2 Net profit from discontinued operation ("- for losses)		
5. Net of tax from other comprehensive income	11,228,487.71	7,796,453.84
5.1 Other comprehensive income cannot reclassified into the profit and loss:	7,593,799.86	1,553,518.16
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	7,593,799.86	1,553,518.16
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	3,634,687.85	6,242,935.68
1) Share in other comprehensive income that will be classified into profit and loss under equity method	3,634,687.85	6,242,935.68
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	551,491,290.08	327,858,562.52
7. Earnings per share		
(1) Basic earnings per share	0.37	0.22
(2) Diluted earnings per share	0.37	0.22

Consolidated statement of cash flows

Monetary Unit: CNY

Item	H1 2021	H1 2020
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	10,852,935,107.83	6,282,235,240.80
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	743,477.96	3,846,942.76
Cash received from other operating activities	496,103,267.09	218,878,679.44

Subtotal of cash inflows from operating activities	11,349,781,852.88	6,504,960,863.00
Cash paid for goods purchased and services received	2,612,739,333.51	1,510,115,362.00
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	609,928,620.07	433,219,103.00
Cash paid for taxes and surcharges	4,320,563,608.28	2,718,765,468.22
Cash paid for other operating activities	1,068,313,251.12	1,114,045,507.54
Subtotal of cash outflows from operating activities	8,611,544,812.98	5,776,145,440.76
Net cash flows from operating activities	2,738,237,039.90	728,815,422.24
2. Cash flows from investing activities		
Cash received from disposal of investments		
Cash received from returns on investments	1,412,900.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	275,836.47	566,471.43
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		

Subtotal of cash inflows from investing activities	1,688,736.47	566,471.43
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	733,873,065.01	1,050,741,288.78
Cash paid for investments		
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	733,873,065.01	1,050,741,288.78
Net cash flows from investing activities	-732,184,328.54	-1,050,174,817.35
3. Cash flows from financing activities		
Cash received from investors	5,886,464.02	5,621,368.05
Including: cash received by subsidiaries from investments by minority shareholders	5,886,464.02	5,621,368.05
Cash received from borrowings		1,494,000,000.00
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	5,886,464.02	1,499,621,368.05
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest	52,502,625.00	
Including: dividends and profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	1,844,313.68	180,000.00
Subtotal of cash outflows from financing activities	54,346,938.68	180,000.00

Net cash flows from financing activities	-48,460,474.66	1,499,441,368.05
4. Effect of fluctuation in exchange rate on cash and cash equivalents	-1,432,790.86	2,001,151.74
5. Net increase in cash and cash equivalents	1,956,159,445.84	1,180,083,124.68
Plus: balance of cash and cash equivalents at the beginning of the period	11,568,195,062.81	9,752,266,526.78
6. Balance of cash and cash equivalents at the end of the period	13,524,354,508.65	10,932,349,651.46

Cash flow statements of parent company

Monetary Unit: CNY

Item	H1 2021	H1 2020
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	3,026,181,734.93	1,704,864,696.11
Refunds of taxes and surcharges		
Cash received from other operating activities	2,396,719,536.21	190,974,553.30
Subtotal of cash inflows from operating activities	5,422,901,271.14	1,895,839,249.41
Cash paid for goods purchased and services received	2,191,470,150.06	358,716,633.54
Cash paid to and on behalf of employees	562,431,917.32	407,927,258.16
Cash paid for taxes and surcharges	350,499,714.09	150,445,400.43
Cash paid for other operating activities	95,820,090.04	1,375,167,996.43
Subtotal of cash outflows from operating activities	3,200,221,871.51	2,292,257,288.56
Net cash flows from operating	2,222,679,399.63	-396,418,039.15

activities		
2. Cash flows from investing activities		
Cash received from disposal of investments		
Cash received from returns on investments	1,407,900.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	275,836.47	566,471.43
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	1,683,736.47	566,471.43
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	41,220,364.85	90,227,143.76
Cash paid for investments		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	41,220,364.85	90,227,143.76
Net cash flows from investing activities	-39,536,628.38	-89,660,672.33
3. Cash flows from financing activities		
Cash received from investors		
Cash received from loans		1,494,000,000.00
Cash received from other financing activities		
Subtotal of cash inflows from financing activities		1,494,000,000.00
Cash paid for debt repayments		

Cash paid for distribution of dividends and profits or payment of interest	52,502,625.00	
Cash paid for other financing activities	149,580.00	180,000.00
Subtotal of cash outflows from financing activities	52,652,205.00	180,000.00
Net cash flows from financing activities	-52,652,205.00	1,493,820,000.00
4. Effect of fluctuation in exchange rate on cash and cash equivalents		
5. Net increase in cash and cash equivalents	2,130,490,566.25	1,007,741,288.52
Plus: balance of cash and cash equivalents at the beginning of the period	11,045,051,933.54	8,872,692,385.79
6. Balance of cash and cash equivalents at the end of the period	13,175,542,499.79	9,880,433,674.31

Consolidated statement of changes in owners' equity
For the six months ended 30 June 2021

Monetary Unit: CNY

Item	H1 2021														
	Equity attributable to owners of the parent company												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	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	1,464,752,476.00				3,722,777,063.13		186,063,325.03		1,464,752,476.00		16,236,513,212.43		23,074,858,552.59	107,011,321.12	23,181,869,873.71
Plus: adjustments for changes in															

accounting policies															
Adjustments for correction of accounting errors in prior year															
Business combinations under common control															
Others															
2. Balance as at 1 January of the current year	1,464,752,476.00				3,722,777,063.13		186,063,325.03		1,464,752,476.00		16,236,513,212.43		23,074,858,552.59	107,011,321.12	23,181,869,873.71
3. Increases/decreases in the current period ("-" for decreases)							10,138,274.15				1,222,109,393.97		1,232,247,668.12	44,831,755.98	1,277,079,424.10
(1) Total comprehensive income							10,138,274.15				4,226,316,722.25		4,236,454,996.40	38,945,291.96	4,275,400,288.36
(2) Capital contributed or reduced by owners														5,886,464.02	5,886,464.02
Capital contributions by owners														5,886,464.02	5,886,464.02
Capital contributions by other equity instruments holders															
Amounts of share-based payments recognized in owners' equity															

Others																
(3) Profit distribution											-3,004,207.328.28			-3,004,207.328.28		-3,004,207.328.28
Withdrawal of surplus reserves																
Withdrawal of general risk reserve																
Profit distributed to owners (or shareholders)											-3,004,207.328.28			-3,004,207.328.28		-3,004,207.328.28
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	1,464,752,476.00			3,722,777,063.13		196,201,599.18		1,464,752,476.00		17,458,622,606.40		24,307,106,220.71	151,843,077.10	24,458,949,297.81	

For the six months ended 30 June 2020

Monetary Unit: CNY

Item	H1 2020														
	Equity attributable to owners of the parent company												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	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	1,464,752,476.00			3,722,777,063.13		194,817,130.57		1,464,752,476.00		12,559,746,579.91		19,406,845,725.61	147,885,302.49	19,554,731,028.10	
Plus: adjustments for changes in accounting policies															
Adjustments for correction of accounting errors in prior year															

Business combinations under common control															
Others															
2. Balance as at 1 January of the current year	1,464,752,476.00				3,722,777,063.13		194,817,130.57		1,464,752,476.00		12,559,746,579.91		19,406,845,725.61	147,885,302.49	19,554,731,028.10
3. Increases/decreases in the current period ("+" for increases)							1,852,598.19				891,495,753.43		893,348,351.62	-770,761.30	892,577,590.32
(1) Total comprehensive income							1,852,598.19				3,220,452,190.27		3,222,304,788.46	-770,761.30	3,221,534,027.16
(2) Capital contributed or reduced by owners															
Capital contributions by owners															
Capital contributions by other equity instruments holders															
Amounts of share-based payments recognized in owners' equity															
Others															
(3) Profit distribution											-2,328,956.436.84		-2,328,956.436.84		-2,328,956.436.84

Withdrawal of surplus reserves														
Withdrawal of general risk reserve														
Profit distributed to owners (or shareholders)										-2,328,956.436.84		-2,328,956.436.84		-2,328,956.436.84
Others														
(4) Internal carry-forward of owners' equity														
Conversion of capital reserves into paid-in capital														
Conversion of surplus reserves into paid-in capital														
Surplus reserves offsetting losses														
Carry-forward of retained earnings from changes in defined benefit plans														
Carry-forward of retained earnings from other comprehensive income														
Others														
(5) Special														

reserves															
Withdrawal for the period															
Use for the period															
(6) Others															
4. Balance as at 30 June of the current year	1,464,752,476.00			3,722,777.063.13		196,669,728.76		1,464,752,476.00		13,451,242,333.34		20,300,194,077.23	147,114,541.19	20,447,308,618.42	

Statement of changes in owners' equity of parent company

For the six months ended 30 June 2021

Monetary Unit: CNY

Item	H1 2021											Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surpluses reserve	Undistributed profit	Other	
		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	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

of the current year	6.00				12				00	85.01		
3.Increases/decreases in the current period (“-” for decreases)												
							11,228,487.71				-2,463,944,525.91	-2,452,716,038.20
(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											-3,004,207,328.28	-3,004,207,328.28
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)											-3,004,207,328.28	-3,004,207,328.28
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	1,464,752,476.00				3,706,816,950.12		196,669,790.26		1,464,752,476.00	11,841,939,159.10		18,674,930,851.48

For the six months ended 30 June 2020

Monetary Unit: CNY

Item	H1 2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Other	Total owners' equity
		Preferred stock	Perpetual bond	Other								
1. Balance as at 31 December of last year	1,464,752,476.00				3,706,816,950.12		192,332,738.05		1,464,752,476.00	11,892,694,057.56		18,721,348,697.73
Plus: adjustments for changes in accounting policies												
Adjustments for correction of accounting errors in prior year												
Others												
2. Balance as at January 1 of the current year	1,464,752,476.00				3,706,816,950.12		192,332,738.05		1,464,752,476.00	11,892,694,057.56		18,721,348,697.73
3. Increases/decreases in the current period ("-" for decreases)							7,796,453.84			-2,008,894,328.16		-2,001,097,874.32
(1) Other comprehensive income							7,796,453.84			320,062,108.68		327,858,562.52
(2) Capital contributed or reduced by owners												

Capital contributions by owners												
Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity												
Others												
(3) Profit distribution									-2,328,956,436.84			-2,328,956,436.84
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)									-2,328,956,436.84			-2,328,956,436.84
Others												
(4) Internal carry-forward of owners' equity												
Conversion of capital reserves into paid-in capital												
Conversion of surplus reserves into paid-in capital												
Surplus reserves offsetting losses												

Carry-forward of retained earnings from changes in defined benefit plans												
Carry-forward of retained earnings from other comprehensive income												
Others												
(5) Special reserves												
Withdrawal for the period												
Use for the period												
(6) Others												
4. Balance as at 30 June of the current year	1,464,752.476.00				3,706,816,950.12		200,129,191.89		1,464,752,476.00	9,883,799,729.40		16,720,250,823.41

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.

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 liquor and wine, beverage and refined tea manufacturing 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” and “Luzhou Laojiao Series”.

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

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

3.5 Approval and submission of the financial report and its date

The financial report is approved and submitted by the board of directors of the Company on 26 August 2021.

3.6 Consolidated financial statement scope and their changes

(1) The 28 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
Sales Company of Luzhou Laojiao Co., Ltd.	Sales company	100.00		100.00
Luzhou Laojiao New Retail Co., Ltd.	New retail 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 Dinghao Liquor Industry Sales Co., Ltd.	Dinghao company		100.00	100.00
Luzhou Laojiao Import and Export trade Co., Ltd.	Import and export company		100.00	100.00
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	Boda marketing		75.00	75.00

Luzhou Laojiao Bosheng Hengxiang Liquor Sales Co., Ltd.	Bosheng Hengxiang		100.00	100.00
Luzhou Laojiao Fruit Wine industry Co., Ltd. Note 2	Fruit wine industry		41.00	60.00
Mingjiang Co., Ltd.	Mingjiang company		54.00	54.00
Luzhou Pinchuang Technology Co., Ltd.	Pinchuang company	100.00		100.00
Luzhou Laojiao Tourism Culture Co., Ltd.	Tourism culture	100.00		100.00
Luzhou Laojiao International Development (HongKong) 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	90.00		90.00
Luzhou Laojiao Whitail Innovative Electronic Commerce Co., Ltd.	Whitail Electronic Commerce		100.00	100.00
Luzhou Laojiao Selected Electronic Commerce Co., Ltd.	Selected Electronic Commerce		100.00	100.00
Luzhou Laojiao Whitail Liquor Industry Co., Ltd. Note 3	Whitail liquor industry		35.00	60.00
Chengdu Tianfu Panda Whitail Liquor Industry Co., Ltd. Note 3	Panda Whitail		60.00	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 and its subsidiaries, 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.

Details of the subsidiaries incorporated into the consolidated financial statements show on “8.1. Interests in subsidiaries”

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

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

(3) Liquidation and cancellation for subsidiaries in this period

Name of subsidiary	Reason
Luzhou Whitail Tongdao Uncle Constellation Wine Sales Co., Ltd.	Liquidation cancellation

Details of changes in the scope of consolidation show on “8. Changes in consolidated scope”.

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 Company shall comply with the disclosure requirements of the *Guidelines No. 14 of the Shenzhen Stock Exchange on Industry Information Disclosure—Listed Companies Engaging in Business Related to Food & Liquor and Wine Production*.

5.1 The declaration about compliance with ASBE

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

5.2 Accounting period

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

5.3 Business Cycle

The Company's business cycle is 12 months.

5.4 Functional currency

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

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

(1) Business combination under common control

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

(2) Business combination not under common control

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

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

5.6 Preparation of consolidated financial statements

(1) Consolidated Financial Statement Scope

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

(2) Consolidation procedures

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company with other relevant information. When preparing consolidated financial statement, the Company considers the Group as an accounting entity, adopts unified accounting policies, and applies the requirements of ASBE related to recognition, measurement and presentation to reflect the Group's financial position, operating results and cash flows.

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

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

Acquisition of subsidiaries or business

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

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

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

newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

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

Disposal of subsidiaries and business

General treatments

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

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

Disposal of subsidiaries by step

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

- a. These arrangements were entered into at the same time or in contemplation of each other;
- b. These arrangements work together to achieve an overall commercial effect;
- c. The occurrence of one arrangement depends on the occurrence of at least one other arrangement;
- d. One arrangement alone is not economically justified, but it is economically justified when considered together with other arrangements

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

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

Purchase of non-controlling interests

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

Partial disposals of equity investment in subsidiaries without loss of control

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

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

(1) Classification of joint venture arrangements

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

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

The parties that have joint control have rights to substantially all of the output of the arrangement, and

the arrangement depends on the parties that have joint control on a continuous basis for settling the liabilities of the arrangement.

(2) Accounting by parties of a joint operator

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

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

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

5.8 Cash and cash equivalents

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

5.9 Foreign currency transactions and translation of foreign currency statements

(1) Foreign currency transactions

At the time of initial recognition of a foreign currency transaction of the Company, the amount in the foreign currency shall be translated into the amount in CNY currency at the spot exchange rate of the transaction date. For the monetary items of foreign currencies, the translation is done according to spot rate of the balance sheet date. The exchange difference generated from the difference of spot rate of the current balance sheet date and the time of initial recognition of a foreign currency or the previous balance sheet date is charged to the profit or loss of the current period except that the exchange difference generated from foreign currency borrowings relating to assets of which the acquisition or production satisfies the capitalization conditions is capitalized.

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

(2) Translation of foreign currency statements

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

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

5.10 Financial Instruments

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

(1) Classification, recognition and measurement of financial assets

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

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

1) Financial assets measured at amortized cost

The business model in which the Company manages financial assets measured at amortized cost aims to receive contract cash flow. Furthermore, the characteristics of the contract cash flow of such financial assets are consistent with basic borrowing and lending arrangements, which means that cash flow

generated on a specific date serves only as payment for principal and interests based on the amount of unpaid principal. The Company adopts the effective interest method for such financial interests, performs subsequent measurement of them at amortized cost, and includes the gains or losses from derecognition, changes or impairment of them into current profits/losses.

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

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

3) Financial assets measured at fair value with their changes included into current profits/losses

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

(2) Classification, recognition and measurement of financial liabilities

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

1) Financial liabilities measured at fair value with their changes included into current profits/losses

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

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

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

2) Other financial liabilities

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

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

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

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

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

If partial transfer of the financial asset meets the recognition conditions, the carrying value of the

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

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

(4) Derecognition of financial liabilities

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

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

(5) Offsetting of financial assets and financial liabilities

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

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

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

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

(7) Equity instruments

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

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

(8) Impairment of financial instruments

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

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

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

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

provision by the amount equivalent to the expected credit loss for the entire duration and calculate the interest income according to the amortization cost and the effective interest rate. For financial instruments with low credit risks on balance sheet dates, the Company assumes that their credit risks have not substantially increased since the initial recognition.

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

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

5.11 Notes receivable

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

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

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

5.12 Accounts receivables

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

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

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

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

Portfolio name	Provision method
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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 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 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 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, 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

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) 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.

(2) 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.

(3) 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 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.

5.20 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.

5.21. 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%	2.11%-9.50%
Special equipment	Straight-line method	5—35	5%	2.71%-19.00%
Universal equipment	Straight-line method	4—25	5%	3.80%-23.75%
Transportation equipment	Straight-line method	6	5%	15.83%
Other equipment	Straight-line method	4—16	5%	5.94%-23.75%

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.

The Company's newly-built brewing production lines, packaging production lines and warehousing assets, and the houses and buildings, special and general equipment formed thereof are obviously different from the existing same types of assets and have obviously longer estimated service life than the same types of fixed assets. The maximum years of depreciation for different types of the newly-built fixed assets are as follows: 45 years for houses and buildings; 35 years for special equipment and 25 years for general equipment.

During the year, some of the Company's projects in progress reached the expected usable state and were transferred into fixed assets.

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

If the purchase price of a fixed asset exceeds the normal credit conditions and the payment is delayed, which has a financing nature, the cost of the fixed asset shall be determined on the basis of the present value of the purchase price. The difference between the actual price paid and the present value of the purchase price, unless it should be capitalized, shall be recorded into the current profit and loss in the credit period.

For fixed assets acquired under financing lease, at the inception of the lease, the Company shall recognize it at the lower of the fair value of the leased assets or the present value of the minimum lease payments.

Fixed assets acquired under financing lease is adapted the same depreciation method as the one used on other fixed assets owned by the Company. If there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; if there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term or the useful life of the leased assets.

5. 22. 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. 23. 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. 24. Right-of-use assets

Refer to Note 42 for the detail.

5. 25. Intangible assets

(1) Measurement method, useful life, impairment test

- 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. 26. 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. 27. 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. 28 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. 29. Employee benefits

(1) Accounting treatment method of short-term benefits

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

(2) Accounting treatment method of post-employment benefits

a. Defined contribution plan

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

b. Defined benefit plan

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

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

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

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

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

(3) Accounting treatment method of termination benefits

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

- a. When the Company is not able to withdraw the benefits from termination of employment or resignation persuasion unilaterally;
 - b. When the Company recognizes costs and fees relevant to reforming the termination benefits payment.
- As for the termination benefits that cannot be fully paid within 12 months after the end of the annual report period, the Company shall choose an appropriate discount rate and record it into current profit and loss based on it.

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

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

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

long-term employee benefits shall be recognized and measured in accordance with the relevant principles of the defined benefits plan.

5. 30 Lease liabilities

Refer to the Note 42 for details.

5. 31. 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. 32. 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).

5.33. Revenue

Accounting policies for recognition and measurement of revenue

(1) Basic principles of revenue identification

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

allocated to the performance obligations.

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

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

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

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

(2) The methods of revenue identification

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

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

5. 34. 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. 35. 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. 36. Lease

(1) Accounting treatment of operating lease

a. As the lessee

Under the new lease standards, except for short-term leases and low-value asset leases, the lessees will no longer distinguish between finance leases and operating leases. All leases are subject to the same accounting treatment, and the right-of-use assets and lease liabilities must be recognized for all leases. For the right-of-use assets, if the lessee can reasonably determine that it will obtain the ownership of the leased assets at the expiration of the lease term, the depreciation shall be accrued within the remaining service life of the leased assets. If it cannot reasonably determine that it will obtain the ownership of the leased assets at the expiration of the lease term, it shall depreciate the leased assets over the lease term or the remaining service life, whichever is shorter. At the same time, the lessee shall determine whether the right-of-use asset is impaired, and account for the identified impairment loss. For short-term leases and low-value asset leases, the lessee may choose not to recognize the right-of-use asset, and include the relevant lease payments into relevant asset cost or current profit or loss according to the straight-line method or other systematically reasonable methods during each period of the lease.

b. As the lessor

The rents arising from leasing assets shall be recorded into rent revenue using straight line method in each period of the lease term including rent-free period. Initial direct expenses incurred are recorded into current expense. If the amount is large, it shall be capitalized and recorded into current income in installment in the period of lease term according to the same recognition base of rent revenue. When the lessee bears the leasehold expenses which shall be borne by the Company, the expenses shall be deducted from total rents and the residual rent is amortized in each period of the lease term.

(2) Accounting treatment of finance lease

a. As the lessee, it recognizes the lower of fair value of lease asset and minimum lease payment at the beginning day of the lease as the initial value of the asset leased in and the minimum lease payment as long-term payable, the difference as unrealized finance expense. Unrealized finance expense is amortized in the period during the lease term and recognized as current finance expenses using actual effective rate method.

b. As the lessor, it recognizes the difference between the total of minimum lease amount received and residual amount not guaranteed and the present value of that as unrealized finance income. It recognizes unrealized finance income as rent revenue in the period of lease term when the Company receives rent. The initial direct expense related to the lease transaction shall be recorded in the initial recognition of finance lease receivable and be deducted from recognized income in the period of lease term.

5. 37 Changes in significant accounting policies and accounting estimates

5.37.1. Changes in significant accounting policies

Applicable N/A

Content and reason of changes	Approval procedures	Note
<p>On 7 December 2018, the Ministry of Finance issued the revised <i>Accounting Standards for Business Enterprises No. 21 -- Leases</i>" (CK[2018]No.35) (hereinafter referred to as the "New Lease Standards"). According to the requirements of the Ministry of Finance, companies that are listed both domestically and abroad and companies that are listed abroad and prepare financial statements under the Accounting Standards for Business Enterprises shall implement the New Lease Standards from 1 January 2019; other companies that implement the Accounting Standards for Business Enterprises shall implement the New Lease Standards from 1 January 2021. Due to the above-mentioned revision of accounting standards, the Company shall make corresponding adjustments to the lease accounting policy previously adopted.</p>	<p>Approved on the Meeting of the Board of Directors</p>	<p>According to the Company's existing leased assets, if a lease meets the criteria for short-term leases, the lease payment shall continue to be included in the expenses according to the current model; for a lease with a lease term of more than one year, it is required to recognize the right-of-use assets and lease liabilities and accrue depreciation. At the same time, in accordance with the regulations on the transition from old to new standards, the Company does not have any lease that needs to be adjusted retrospectively. This change in accounting policies does not affect the Company's shareholders' equity, net profit and other related financial indicators in 2020.</p>

There was no other change in significant accounting policies in the reporting period other than the above changes.

5.37.2. Changes in significant accounting estimates

Applicable N/A

5.37.3. Adjustments to the financial statements at the beginning of the execution year of any new standard governing leases from 2021

√Applicable N/A

Whether items of balance sheets at the beginning of the year need to be adjusted

√ Yes No

Consolidated balance sheet

Monetary Unit: CNY

Item	31 December 2020	1 January 2021	Adjusted
Current assets:			
Cash and cash equivalents	11,624,870,340.60	11,624,870,340.60	
Settlement reserves			
Lending funds			
Trading financial assets			
Derivative financial assets			
Notes receivables			
Accounts receivables	1,507,852.43	1,507,852.43	
Accounts receivables financing	3,209,371,766.35	3,209,371,766.35	
Prepayment	74,685,537.38	74,685,537.38	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve			
Other receivables	127,032,931.42	127,032,931.42	
Including: Interests receivable			
Dividends receivable	1,407,900.00	1,407,900.00	
Buying back the sale of financial assets			
Inventories	4,695,663,431.25	4,695,663,431.25	
Contract assets			
Assets held for sale			
Non-current assets due within one year			

Other current assets	156,565,424.18	156,565,424.18	
Total current assets	19,889,697,283.61	19,889,697,283.61	
Non-current assets:			
Disbursement of loans and advances			
Investment in debt obligations			
Investment in other debt obligations			
Long-term receivables			
Long-term equity investments	2,477,667,171.27	2,477,667,171.27	
Other equity instrument investment	347,160,399.42	347,160,399.42	
Other non-current financial assets			
Investment property			
Fixed assets	6,887,108,174.72	6,887,108,174.72	
Construction in progress	2,012,129,880.15	2,012,129,880.15	
Productive biological assets			
Oil and gas assets			
Right-to-use assets		50,201,409.36	50,201,409.36
Intangible assets	2,657,118,025.37	2,657,118,025.37	
Development expenses			
Goodwill			
Long-term deferred expenses	2,305,902.21	2,305,902.21	
Deferred tax assets	725,210,660.84		
Other non-current assets	10,806,325.86	10,806,325.86	
Total non-current assets	15,119,506,539.84	15,169,707,949.20	50,201,409.36
Total assets	35,009,203,823.45	35,059,405,232.81	50,201,409.36
Current liabilities:			
Short-term loans			
Borrowings from the central bank			
Loans from other banks			

Trading financial liabilities			
Derivative financial liabilities			
Notes payable	121,285,117.60	121,285,117.60	
Accounts payable	2,604,289,199.77	2,604,289,199.77	
Advance from customer			
Contract liabilities	1,678,837,166.94	1,678,837,166.94	
Financial assets sold for repurchase			
Customers deposits and deposits from banks and other financial institutions			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Employee benefits payable	505,022,627.19	505,022,627.19	
Taxes payable	2,046,027,211.13	2,046,027,211.13	
Other payable	501,623,924.54	501,623,924.54	
Including: Interests payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	72,219,178.08	82,207,133.16	9,987,955.08
Other current liabilities	218,267,353.36	218,267,353.36	
Total current liabilities	7,747,571,778.61	7,757,559,733.69	9,987,955.08
Non-current liabilities:			
Insurance contract reserves			
Long-term loans			
Bonds payable	3,987,872,100.02	3,987,872,100.02	

Including: Preferred shares			
Perpetual bonds			
Lease liabilities		40,213,454.28	40,213,454.28
Long-term payables			
Long-term payroll payables			
Accrued liabilities			
Deferred income	29,739,000.00	29,739,000.00	
Deferred tax liabilities	62,151,071.11		
Other non-current liabilities			
Total non-current liabilities	4,079,762,171.13	4,119,975,625.41	40,213,454.28
Total liabilities	11,827,333,949.74	11,877,535,359.10	50,201,409.36
Owners' equity:			
Share capital	1,464,752,476.00	1,464,752,476.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	3,722,777,063.13	3,722,777,063.13	
Less: Treasury stock			
Other comprehensive income	186,063,325.03	186,063,325.03	
Special reserves			
Surplus reserves	1,464,752,476.00	1,464,752,476.00	
General risk reserve			
Undistributed profits	16,236,513,212.43	16,236,513,212.43	
Total equity attributable to owners of the parent company	23,074,858,552.59	23,074,858,552.59	
Non-controlling interests	107,011,321.12	107,011,321.12	
Total owners' equity	23,181,869,873.71	23,181,869,873.71	
Total liabilities and owners' equity	35,009,203,823.45	35,059,405,232.81	50,201,409.36

Statement for adjustment

In accordance with the requirements of Accounting Standards for Business Enterprises No.21-Lease issued by the Ministry of Finance, the Company starts to implement it since 1 January 2021. For details on specific items and amounts affected, please refer to above statement.

Balance sheet of parent company

Monetary Unit: CNY

Item	31 December 2020	1 January 2021	Adjusted
Current assets:			
Cash and cash equivalents	11,100,327,211.33	11,100,327,211.33	
Trading financial assets			
Derivative financial assets			
Notes receivables			
Accounts receivables	3,927.50	3,927.50	
Accounts receivables financing			
Prepayment	1,431,698.57	1,431,698.57	
Other receivables	7,052,749,694.83	7,052,749,694.83	
Including: Interests receivable			
Dividends receivable	1,407,900.00	1,407,900.00	
Inventories	850,076.30	850,076.30	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	78,509.44	78,509.44	
Total current assets	18,155,441,117.97	18,155,441,117.97	
Non-current assets:			
Investment in debt obligations			
Investment in other debt obligations			
Long-term receivables			
Long-term equity investments	5,884,091,712.47	5,884,091,712.47	
Other equity instrument investment	346,831,477.79	346,831,477.79	
Other non-current financial assets			

Investment property			
Fixed assets	640,254,574.76	640,254,574.76	
Construction in progress	550,932,404.00	550,932,404.00	
Productive biological assets			
Oil and gas assets			
Right-to-use assets		730,727.38	730,727.38
Intangible assets	684,010,106.13	684,010,106.13	
Development expenses			
Goodwill			
Long-term deferred expenses	2,180,811.89	2,180,811.89	
Deferred tax assets	89,484,552.65	89,484,552.65	
Other non-current assets	1,526,325.86	1,526,325.86	
Total non-current assets	8,199,311,965.55	8,200,042,692.93	730,727.38
Total assets	26,354,753,083.52	26,355,483,810.90	730,727.38
Current liabilities:			
Short-term loans			
Trading financial liabilities			
Derivative financial liabilities			
Notes payables			
Accounts payable	80,663,835.54	80,663,835.54	
Advance from customer			
Contract liabilities	753,349.81	753,349.81	
Employee benefits payable	168,254,646.38	168,254,646.38	
Taxes payable	153,437,992.21	153,437,992.21	
Other payables	699,733,563.56	699,733,563.56	
Including: Interests payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year	72,219,178.08	72,613,678.08	394,500.00
Other current liabilities	116,457.13	116,457.13	

Total current liabilities	1,175,179,022.71	1,175,573,522.71	394,500.00
Non-current liabilities:			
Long-term loans			
Bonds payable	3,987,872,100.02	3,987,872,100.02	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		336,227.38	336,227.38
Long-term payables			
Long-term payroll payables			
Accrued liabilities			
Deferred income	1,904,000.00	1,904,000.00	
Deferred tax liabilities	62,151,071.11	62,151,071.11	
Other non-current liabilities			
Total non-current liabilities	4,051,927,171.13	4,052,263,398.51	336,227.38
Total liabilities	5,227,106,193.84	5,227,836,921.22	730,727.38
Owners' equity			
Share capital	1,464,752,476.00	1,464,752,476.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	3,706,816,950.12	3,706,816,950.12	
Less: Treasury stock			
Other comprehensive income	185,441,302.55	185,441,302.55	
Special reserves			
Surplus reserves	1,464,752,476.00	1,464,752,476.00	
Undistributed profits	14,305,883,685.01	14,305,883,685.01	
Total owners' equity	21,127,646,889.68	21,127,646,889.68	
Total liabilities and owners' equity	26,354,753,083.52	26,355,483,810.90	730,727.38

Statement for adjustment

In accordance with the requirements of Accounting Standards for Business Enterprises No.21-Lease

issued by the Ministry of Finance, the Company starts to implement it since 1 January 2021. For details on specific items and amounts affected, please refer to above statement.

5.37.4. Retrospective restatement of previous comparative data due to the execution of any new standard governing lease from 2021

Applicable N/A

6. Taxes

6.1. Major tax types and rates

Tax type	Tax base	Tax rate
Value-added tax	Taxable sales income	13 %, 9%, 6%
Urban maintenance and construction tax	Taxable turnover tax	7%
Corporate income tax	Taxable income	25%, 15%, 16.5%, 9%, 0%
Consumption tax (based on price)	Baijiu tax price or ex-factory price	20%
Consumption tax (based on quantity)	Quantity of baijiu	CNY 1.00/kg
Education surcharge	Taxable turnover tax	3%
Local education surcharge	Taxable turnover tax	2%
Property tax	Original value of the property*70%; house rent	1.2%, 12%
Land use tax	Land area	CNY 5-18.00/m 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

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Cash	26,690.29	26,978.10

Bank deposit	13,550,514,925.33	11,616,532,676.06
Other cash and cash equivalents	60,840,032.93	8,310,686.44
Total	13,611,381,648.55	11,624,870,340.60
Including: Total deposit outbound	77,396,751.36	68,247,418.50
Total amount with restriction to use due to mortgage, pledge or freeze	87,027,139.90	56,675,277.79

Other statements:

Note1: 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 Company's wholly-owned subsidiary, Luzhou Laojiao Tourism Culture Co., Ltd., in the designated bank according to the regulations of the tourism bureau, and balance of CNY 59,440,032.93 deposited by the Company's holding subsidiary, Luzhou Laojiao Electronic Commerce Co., Ltd. on the third-party e-commerce platform.

Note 3: CNY 1,400,000.00 of the total amount of funds with limited use rights due to mortgage, pledge or freezing is the travel service deposit with limited use rights in other cash and cash equivalents; CNY 85,627,139.90 is the fixed deposit interest accrued on the accrual basis.

Note 4: 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. Accounts receivable

7.2.1. 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	7,064,789.79	100.00%	353,273.90	5.00%	6,711,515.89	1,587,225.12	100.00%	79,372.69	5.00%	1,507,852.43
Including:										
Accounts	7,064,789.79	100.00%	353,273.90	5.00%	6,711,515.89	1,587,225.12	100.00%	79,372.69	5.00%	1,507,852.43

receivable tested for impairment on the portfolio with characteristics of credit risk	9.79	%	90		5.89	5.12		9		43
Total	7,064,789.79	100.00%	353,273.90	5.00%	6,711,515.89	1,587,225.12	100.00%	79,372.69	5.00%	1,507,852.43

Accounts receivable tested for impairment on the portfolio:

Monetary Unit: CNY

Name	Closing Balance		
	Book balance	Provision for bad debt	Proportion
Risk portfolio	7,064,789.79	353,273.90	5.00%
Other portfolio			
Total	7,064,789.79	353,273.90	--

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)	7,064,561.20
2-3 years	228.59
Total	7,064,789.79

The Company shall comply with the disclosure requirements of the *Guidelines No. 14 of the Shenzhen Stock Exchange on Industry Information Disclosure—Listed Companies Engaging in Business Related to Food & Liquor and Wine Production*.

7.2.2. Provision and recovery for bad and doubtful debt in the current period

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Provision allowance by risk portfolio	79,372.69	273,901.21				353,273.90

Total	79,372.69	273,901.21				353,273.90
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Note: There is no significant provision in accounts receivable reversed or recovered in the reporting period.

7.2.3. 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
China Duty Free International LTD	3,684,965.70	52.16%	184,248.29
Vang Kei Hong Trading Co.,Ltd	776,955.49	11.00%	38,847.77
Online Banking Online(Beijing) Technology Co.,Ltd.	427,765.35	6.05%	21,388.27
Alipay.com Co.,Ltd	386,051.91	5.46%	19,302.60
Beijing Gaohuitong Commercial Management Co., Ltd.	328,806.22	4.65%	16,440.31
Total	5,604,544.67	79.32%	

7.3. Accounts receivable financing

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Bank acceptance bill	2,143,072,245.18	3,209,371,766.35
Total	2,143,072,245.18 ¹	3,209,371,766.35

Note: 1. The closing balance decreased CNY 1,066,299,521.17 compared with opening balance, with a decrease by 33.22%, mainly due to bill discounting and maturity of bills during the reporting period. 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; due to the short term of notes receivable less than 1 year, and the sales time, sales price and sale proportion cannot be estimated reliably, the face value is regarded as the fair value of accounts receivable financing by the Company. 3. There was no allowance of provision for bad debt at the end of the reporting period.

Changes in accounts receivable financing in the reporting period and fair value:

Applicable N/A

Please refer to the relevant information of disclosure of impairment provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw impairment provision of

accounts receivable financing.

Applicable N/A

Other statements:

(1) There is CNY 2,613,947,742.53 as follows of accounts receivable financing that have been endorsed to other parties by the Company but have not expired on the balance sheet date:

Item	Derecognition at period-end	Not derecognition at period-end
Bank acceptance bill	2,613,947,742.53	
Subtotal	2,613,947,742.53	

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.

(2) There are no accounts receivable financing transferred to accounts receivable due to the non-performance of the agreements by the issuers.

(3) There are no accounts receivable financing actually written off during the reporting period.

7.4. Prepayment

7.4.1. Aging analysis

Monetary Unit: CNY

Aging	Closing Balance		Opening Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	110,553,828.71	87.60%	72,436,550.81	96.99%
1-2 years	14,615,217.47	11.58%	2,042,638.57	2.73%
2-3 years	906,671.00	0.72%	206,348.00	0.28%
Over 3 years	132,779.88	0.10%		
Total	126,208,497.06 ¹	--	74,685,537.38	--

Note: 1. The closing balance increased by CNY 51,522,959.68 compared with opening balance, with a increase by 68.99%, mainly due to the increase of prepayments to suppliers.

Reason for failure to timely settle the significant prepayment whose aging is longer than 1 year:

7.4.2. 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.	64,632,296.79	51.21%
Luzhou Western Gas Co., Ltd.	8,050,769.30	6.38%

Luzhou Power Supply Company of State Grid Sichuan Electric Power Company	7,891,283.05	6.25%
Shanghai Endeavor Culture Development Co., Ltd.	2,140,903.20	1.70%
Beijing Tencent Culture Media Co., Ltd.	2,000,000.00	1.58%
Subtotal	84,715,252.34	67.12%

7.5 Other receivables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Dividend receivable	36,941,917.50	1,407,900.00
Other receivables	111,996,049.52	125,625,031.42
Total	148,937,967.02	127,032,931.42

7.5.1. Dividend receivable

7.5.1.1. Classification of dividend receivable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
North Chemical Industries Co., Ltd.	62,542.20	
Guotai Junan Securities Co., Ltd.	6,595,118.32	1,407,900.00
Huaxi Securities Co., Ltd.	30,284,256.98	
Total	36,941,917.50	1,407,900.00

7.5.2. Other receivables

7.5.2.1. Other receivables disclosed by nature

Monetary Unit: CNY

Nature	Closing book balance	Opening book balance
Intercourse funds	30,490,693.87	44,472,270.26
Petty cash	1,321,153.01	1,023,683.10
Saving deposits involving contract disputes	285,044,911.68	285,044,911.68
Total	316,856,758.56	330,540,865.04

7.5.2.2. Allowance of provision for bad debt

Monetary Unit: CNY

Provision for bad debt	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2021	4,915,833.62		200,000,000.00	204,915,833.62
Balance of 1 January 2021 in the current period	—	—	—	—
Reversal of the current period	55,124.58			55,124.58
Balance of 30 June 2021	4,860,709.04		200,000,000.00	204,860,709.04

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

 Applicable N/A

Disclosure by aging

Monetary Unit: CNY

Aging	Book balance
Within 1 year (including 1 year)	19,363,911.24
1-2 years	4,555,552.32
2-3 years	5,201,156.39
Over 3 years	287,736,138.61
3-4 years	420,000.00
4-5 years	210,000.00
Over 5 years	287,106,138.61
Total	316,856,758.56

7.5.2.3. 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 Note1	200,000,000.00					200,000,000.00
Other receivables tested for impairment by the portfolio	4,915,833.62		55,124.58			4,860,709.04
Total	204,915,833.62		55,124.58			204,860,709.04

Note 1: In the 2014 Annual Report, the Company disclosed the information about three deposits amounting to CNY 500,000,000.00 with Changsha Yingxin Sub-branch of Agricultural Bank of China and Nanyang Zhongzhou Sub-branch of Industrial and Commercial Bank of China. The deposits have lost the nature of monetary fund due to their involvement in contract disputes and have thus been transferred into “other receivables”. As of 30 June 2021, of the deposits involved in contract disputes, the amount that was not recovered was CNY 285,044,911.68. Related attorneys of W&H Law Firm Chengdu produced the *Legal Opinions on the Allowance of Provision for Bad Debt of Luzhou Laojiao Co., Ltd. for Abnormal Deposits in Three Places Including Changsha and Nanyang* on 10 March 2021. According to the opinions, “Whereas during the period from the issue of previous legal opinions till this production of legal opinions on the allowance proportion of provision for bad debt, there is no matter that occurred and affected or changed the provision for bad debt, and thus the judgment on the allowance of provision for bad debt at CNY 200 million shall remain”. Refer to Note 12.2. for details.

Note 2: There is no provision for bad debt with significant amount in other receivables reversed or recovered.

7.5.2.4. Top five entities with the largest balances of the other receivables

Monetary Unit: CNY

Company Name	Nature	Closing Balance	Aging	Proportion in total receivables	Provisioning amount at period end
Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank	Saving deposits involving contract disputes	285,044,911.68	Over 5 years	89.96%	200,000,000.00

CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Security deposit	3,590,728.58	1-2 years	1.13%	359,072.86
Housing and Urban-Rural Development Bureau of Longmatan District, Luzhou	Security deposit	3,052,930.23	2-3 years	0.96%	610,586.05
Zhejiang Tmall Technology Co., Ltd.	Security deposit, etc.	2,806,954.10	Within 1 year	0.89%	140,347.71
Beijing Jingdong Century Information Technology Co., Ltd.	Security deposit, etc.	2,566,740.15	Within 1 year	0.81%	128,337.01
Total	--	297,062,264.74	--	93.75%	201,238,343.63

7.6 Inventories

Whether the Company needs to comply with the disclosure requirements of real estate industry

No

7.6.1. 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	51,969,274.14		51,969,274.14	92,033,654.20		92,033,654.20
Goods in progress	4,523,240,082.39		4,523,240,082.39	3,578,553,746.98		3,578,553,746.98

Finished goods	1,244,587,623.29		1,244,587,623.29	997,109,606.41		997,109,606.41
Revolving materials	20,085,278.92		20,085,278.92	79,396.01		79,396.01
Goods in transit	76,692,704.97		76,692,704.97	27,887,027.65		27,887,027.65
Total	5,916,574,963.71		5,916,574,963.71	4,695,663,431.25		4,695,663,431.25

The Company shall comply with the disclosure requirements of the *Guidelines No. 14 of the Shenzhen Stock Exchange on Industry Information Disclosure—Listed Companies Engaging in Business Related to Food & Liquor and Wine Production*.

7.7. Other current assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Value-added tax	92,262,906.57	67,752,538.61
Corporate income tax	19,973,945.99	83,493,943.79
Other taxes	6,557,217.77	5,318,941.78
Total	118,794,070.33	156,565,424.18

Other statements:

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

7.8. Long-term equity investments

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period								Closing Balance (book value)	Closing Balance of provision for impairment
		Increase	Decrease	Gain or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment	Other		
1. Joint Ventures											
2. Associate											
Huaxi Securities Co., Ltd.	2,383,550,372.50			101,879,949.05	3,634,687.85		30,284,256.98			2,458,780,752.42	2,567,098.80
Sichuan	6,854,47			-985,886						5,868,58	

Development Wine Investment Co., Ltd.	1.67			.58					5.09	
Sichuan Tongnian g Baijiu Industry Technology Research Institute Co., Ltd. Note	8,009,898.80			-3,523.53					8,006,375.27	
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	79,252,428.30			3,565,771.13					82,818,199.43	
Subtotal	2,477,667,171.27			104,456,310.07	3,634,687.85		30,284,256.98		2,555,473,912.21	2,567,098.80
Total	2,477,667,171.27			104,456,310.07	3,634,687.85		30,284,256.98		2,555,473,912.21	2,567,098.80

7.9. 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.	11,257,595.99	11,460,858.15
Luzhou Bank Co., Ltd.	110,483,183.01	95,561,825.55
Guotai Junan Securities Co., Ltd.	201,857,728.56	206,450,757.39

Guotai Junan Investment Management Co., Ltd.	22,611,834.24	22,611,834.24
Guojia Big Data Co., Ltd.	10,000,000.00	10,000,000.00
Sichuan China Baijiu Golden Triangle Brand Operation Development Co., Ltd. and other equity instrument investments	1,075,124.09	1,075,124.09
Total	357,285,465.89	347,160,399.42

Categories of non-trading equity instrument investment in the current period:

Monetary Unit: CNY

Item	Recognized dividends income	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure at fair value and changes recorded into other comprehensive income	Reason of other comprehensive income transferred to retained earnings
North Chemical Industries Co.,Ltd.	62,542.20	10,227,595.99			According to the mode of managing assets by management layer	
Luzhou Bank Co., Ltd.		59,363,183.01			According to the mode of managing assets by management layer	
Guotai Junan Securities Co., Ltd.	6,595,118.32	189,138,571.80			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	
Guojia Big Data Co., Ltd.					According to the mode of managing assets by management layer	
Shenzhen Xingangfeng Development Co., Ltd.			2,354,000.00		According to the mode of managing assets by management layer	
Sichuan Deyang Jintai Hotel			2,000,000.00		According to the mode of managing assets by management layer	
Hainan Huitong International Trust Company			1,000,000.00		According to the mode of managing assets by management layer	
Sichuan China Baijiu Golden Triangle Brand Operation Development Co., Ltd. and other equity instrument investments	5,000.00		652,723.91		According to the mode of managing assets by management layer	
Subtotal	6,662,660.52	258,729,350.80	6,006,723.91			

7.10. Fixed assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
------	-----------------	-----------------

Fixed assets	7,879,118,840.44	6,885,609,781.96
Disposal of fixed assets	1,294,270.93	1,498,392.76
Total	7,880,413,111.37	6,887,108,174.72

7.10.1. Details of fixed assets

Monetary Unit: CNY

Item	Buildings and constructions	Specialized equipment	General equipment	Transportation equipment	Other equipment	Total
I. Original cost:						
1. Opening balance	5,628,180,885.84	929,535,931.84	706,384,001.37	41,454,997.24	1,370,445,216.90	8,676,001,033.19
2. Increase in current period	901,615,718.69	140,546,156.79	72,233,649.97	3,376,185.33	115,464,988.91	1,233,236,699.69
(1) External purchase		16,122,705.16	4,205,246.18		86,725.66	20,414,677.00
(2) Transfer from construction in progress	882,076,239.93	93,657,503.52	52,071,653.30	33,900.24	184,982,972.71	1,212,822,269.70
(3) Increase from business combination						
(4) Adjustment to categories	19,539,478.76	30,765,948.11	15,956,997.50	3,342,285.09	-69,604,709.46	0.00
(5) Changes of exchange rates			-247.01			-247.01
3. Decrease in current period	4,992,370.26	5,393,635.52	143,957.89		168,998.96	10,698,962.63
(1) Disposal or retirement	24,937.33					24,937.33
(2) Transfer of reconstruction and extension to construction in progress	4,967,432.93	5,393,635.52	143,957.89		73,480.08	10,578,506.42
(3) Transfer to intangible assets					95,518.88	95,518.88

4. Closing Balance	6,524,804,234.27	1,064,688,453.11	778,473,693.45	44,831,182.57	1,485,741,206.85	9,898,538,770.25
II. Accumulated depreciation						
1. Opening Balance	607,512,483.39	256,818,697.20	249,527,593.90	27,657,360.07	648,252,176.60	1,789,768,311.16
2. Increase in current period	102,494,304.07	59,470,449.55	34,747,350.31	1,539,066.16	30,778,972.19	229,030,142.28
(1) Provision	100,870,858.87	61,000,251.27	35,650,410.27	1,500,257.32	30,008,429.18	229,030,206.91
(2) Transfer from intangible assets						
(3) Adjustment to categories	1,623,445.20	-1,529,801.72	-902,995.33	38,808.84	770,543.01	
(4) Changes of exchange rates			-64.63			-64.63
3. Decrease in current period	833.55				630.15	1,463.70
(1) Disposal or retirement	833.55					833.55
(2) Transfer of reconstruction and extension to construction in progress						
(3) Transfer to intangible assets					630.15	630.15
4. Closing Balance	710,005,953.91	316,289,146.75	284,274,944.21	29,196,426.23	679,030,518.64	2,018,796,989.74
III. Provision for impairment						
1. Opening Balance	622,940.07					622,940.07
2. Increase in current period						
(1) Provision						
3. Decrease in						

current period						
(1) Disposal or retirement						
4. Closing Balance	622,940.07					622,940.07
IV. Book Value						
1. Closing Book Value	5,814,175,340.29	748,399,306.36	494,198,749.24	15,634,756.34	806,710,688.21	7,879,118,840.44
2. Opening Book Value	5,020,045,462.38	672,717,234.64	456,856,407.47	13,797,637.17	722,193,040.30	6,885,609,781.96

7.10.2. Fixed assets leased out through operating lease

Monetary Unit: CNY

Item	Closing book value
Buildings and constructions	177,917,182.50

7.10.3. Fixed assets without certification of right

Monetary Unit: CNY

Item	Book value	Reason for not having the certification of right
Buildings of parent company	26,555,420.84	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	3,540,794,347.55	In procedure
Subtotal	3,567,349,768.39	

7.10.4. Disposal of fixed assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Disposal and retirement of assets	1,294,270.93	1,498,392.76
Total	1,294,270.93	1,498,392.76

7.11. Construction in progress

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Construction in progress	1,290,824,691.35	2,012,129,880.15
Total	1,290,824,691.35	2,012,129,880.15

7.11.1. Details of the construction in progress

Monetary Unit: CNY

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Technical renovation project of brewing of Luzhou Laojiao	0.00		0.00	968,634,809.01		968,634,809.01
Improvement and technical renovation project of Luzhou Laojiao production supporting	481,159,228.78		481,159,228.78	242,719,982.63		242,719,982.63
Marketing network command center office area reconstruction and expansion project	0.00		0.00	5,473,631.57		5,473,631.57
New model application project of intelligent production workshop of solid state baijiu	16,862,599.30		16,862,599.30	16,862,599.30		16,862,599.30
Technical	226,573,247.52		226,573,247.52	206,167,904.88		206,167,904.88

renovation of Luzhou Laojiao Intelligent packaging center						
Guojiao Culture Park Qiankun Wine Castle Cultural Tourism project	309,888,048.18		309,888,048.18	305,548,667.25		305,548,667.25
Other projects	256,341,567.57		256,341,567.57	266,722,285.51		266,722,285.51
Total	1,290,824,691.35		1,290,824,691.35¹	2,012,129,880.15		2,012,129,880.15

Note: 1.The closing balance decreased CNY 721,305,188.8 compared with the opening balance, with a decrease by 35.85%, because of the gradual transfer of the technical renovation project of brewing to fixed assets.

7.11.2. Significant changes in construction in progress

Monetary Unit: CNY

Item	Budget	Opening Balance	Increase in current period	Transfer into fixed assets	Other decreases	Closing Balance	Proportion of accumulative project input in budget	Progress (%)	Accumulative capitalized interest	Including: Capitalized interest for the period	Capitalization rate for the period (%)	Source of funds
Technical renovation project of brewing of Luzhou Laojiao	8,877,276,500.00	968,634,809.01	107,045,469.67	1,073,736,655.68	1,943,623.00	0.00	93.84%	100.00%	109,424,753.82	22,310,774.20	3.67%	Capital raised and self-raised
Improvement and technical	888,544,100.00	242,719,982.63	238,439,246.15			481,159,228.78	54.15%	80.00%				Other

renovati on project of Luzhou Laojiao producti on supporti ng												
Marketi ng network comm and center office area reconstr uction and expansi on project	271,500 ,000.00	5,473,6 31.57	4,857,5 45.96	10,117, 626.43	213,551 .10	0.00	98.66%	100.00 %				Other
New model applicati on project of intellige nt producti on worksho p of solid state baijiu	245,100 ,000.00	16,862, 599.30				16,862, 599.30	95.98%	99.00%				Other
Technic al renovati on of	1,577,9 13,400. 00	206,167 ,904.88	20,405, 342.64			226,573 ,247.52	14.36%	20.00%				Other

Luzhou Laojiao Intelligent packaging center												
Guojiao Culture Park Qiankun Wine Castle Cultural Tourism project	337,885,813.44	305,548,667.25	4,339,380.93			309,888,048.18	91.71%	95.00%				Other
Total	12,198,219,813.44	1,745,407,594.64	375,086,985.35	1,083,854,282.11	2,157,174.10	1,034,483,123.78	--	--	109,424,753.82	22,310,774.20	3.67%	--

7.12. Right-of-use assets

Monetary Unit: CNY

Item	Buildings and constructions	Specialized equipment	Land use right	Total
1. Opening balance	17,520,623.03		32,680,786.33	50,201,409.36
2. Increase in current period	19,505,876.84			19,505,876.84
(1) Lease in	19,505,876.84			19,505,876.84
4. Closing Balance	37,026,499.87		32,680,786.33	69,707,286.20
2. Increase in current period	12,364,816.75		1,817,456.35	14,182,273.10
(1) Provision	12,364,816.75		1,817,456.35	14,182,273.10
4. Closing Balance	24,661,683.12		30,863,329.98	55,525,013.10
1. Closing Book Value	24,661,683.12		30,863,329.98	55,525,013.10
2. Opening Book Value	17,520,623.03		32,680,786.33	50,201,409.36

7.13. Intangible assets

7.13.1. Details of intangible assets

Monetary Unit: CNY

Item	Land use right	Patent right	No-patent right technology	Computer software	Trademark right	Total
I. Original cost						
1. Opening Balance	2,743,432,254.34	1,700,050.44		48,066,415.14	1,890,746.08	2,795,089,466.00
2. Increase in current period	770,063.00			4,650,675.59		5,420,738.59
(1) Acquired						
(2) Internal developed						
(3) Business combination						
(4) Transferred from construction in progress	770,063.00			4,555,156.71		5,325,219.71
(5) Transferred from fixed assets				95,518.88		95,518.88
3. Decrease in current period						
(1) Disposal						
4. Closing Balance	2,744,202,317.34	1,700,050.44		52,717,090.73	1,890,746.08	2,800,510,204.59
II. Accumulated amortization						
1. Opening Balance	110,708,419.78	570,599.00		24,977,019.46	1,715,402.39	137,971,440.63
2. Increase in current period	30,451,338.86	65,002.52		1,518,000.60	43,123.76	32,077,465.74
(1) Provision	30,451,338.86	65,002.52		1,517,370.45	43,123.76	32,076,835.59
(2) Transferred from fixed				630.15		630.15

assets						
3. Decrease in current period						
(1) Disposal						
4. Closing Balance	141,159,758.64	635,601.52		26,495,020.06	1,758,526.15	170,048,906.37
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	2,603,042,558.70	1,064,448.92		26,222,070.67	132,219.93	2,630,461,298.22
2. Opening Book Value	2,632,723,834.56	1,129,451.44		23,089,395.68	175,343.69	2,657,118,025.37

The proportion of intangible assets formed by internal development to the balance of intangible assets at the period-end

7.14. Long-term deferred expense

Monetary Unit: CNY

Item	Opening Balance	Increase	Amortization	Other decrease	Closing Balance
Improvement expense of rented fixed assets	2,305,902.21		421,016.50		1,884,885.71
Total	2,305,902.21		421,016.50		1,884,885.71

7.15. Deferred tax assets/ deferred tax liabilities

7.15.1. 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	207,428,708.96	51,857,177.24	208,184,340.96	52,032,763.16
Unrealized profits from internal transactions	1,896,397,153.41	474,099,288.35	2,210,592,352.66	552,648,088.16
Deductible losses	12,668,914.76	3,167,228.69	11,342,715.00	2,835,678.76
Impact from salary	436,074,344.40	109,018,586.10	441,020,431.90	108,714,676.83
Impact from deferred earnings	34,538,157.16	8,634,539.29	29,739,000.00	7,434,750.00
Impact from fixed assets depreciation	1,554,602.41	296,565.57	260,745.17	43,022.95
Impact from fair value changes of other equity instrument investment	6,006,723.91	1,501,680.98	6,006,723.91	1,501,680.98
Total	2,594,668,605.01	648,575,066.22	2,907,146,309.60	725,210,660.84

7.15.2. 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	258,729,350.80	64,682,337.72	248,604,284.33	62,151,071.11
Total	258,729,350.80	64,682,337.72	248,604,284.33	62,151,071.11

7.15.3. Details of unrecognized deferred tax assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
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Deductible losses	48,678,162.31	123,969,302.33
Impact from employee benefits payable	141,256.03	74,816.40
Total	48,819,418.34	124,044,118.73

7.14.4. Deductible losses from unrecognized deferred tax assets will due on the following years

Monetary Unit: CNY

Year	Closing Amount	Opening Amount	Notes
2021			
2022			
2023	535,737.90	535,737.90	
2024	14,123,815.19	11,691,604.41	
2025	34,018,609.22	111,741,960.02	
Total	48,678,162.31	123,969,302.33	--

7.16. 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	11,956,325.86		11,956,325.86	10,806,325.86		10,806,325.86
Total	11,956,325.86		11,956,325.86	10,806,325.86		10,806,325.86

7.17. Notes payable

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Bank acceptance bill		121,285,117.60
Total		121,285,117.60

7.18. Accounts payable

7.18.1. Presentation of accounts payable

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Materials and service expense	828,250,278.80	845,025,160.84
Engineering equipment expense	1,544,021,456.23	1,759,264,038.93
Total	2,372,271,735.03	2,604,289,199.77

7.19. Contract liabilities

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Within 1 year	1,341,672,929.97	1,637,685,488.79
1-2 years	28,212,798.27	15,504,524.56
2-3 years	13,478,445.81	14,385,601.53
Over 3 years	24,705,402.49	11,261,552.06
Total	1,408,069,576.54	1,678,837,166.94

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	439,256,934.36	511,483,240.19	578,570,673.70	372,169,500.85
2. Post-employment benefits- defined contribution plans	65,756,721.30	52,216,441.83	46,593,456.48	71,379,706.65
3. Termination benefits	8,971.53			8,971.53
Total	505,022,627.19	563,699,682.02	625,164,130.18	443,558,179.03

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	362,289,928.18	434,459,302.51	503,652,589.77	293,096,640.92
2. Employees' welfare		20,127,264.71	20,127,264.71	
3. Social insurance	15,250,336.23	18,040,425.15	17,137,395.46	16,153,365.92

premiums				
Including: Medical insurance premium	11,428,828.49	16,723,227.55	16,160,482.07	11,991,573.97
Work-related injury insurance	2,035,870.30	1,273,759.60	838,350.64	2,471,279.26
Maternity insurance premium	1,784,957.44	43,438.00	138,562.75	1,689,832.69
Other insurance premium	680.00			680.00
4. Housing funds	4,504,648.59	30,277,378.73	27,543,569.23	7,238,458.09
5. Labor union expenditures and employee education funds	57,212,021.36	8,578,869.09	10,109,854.53	55,681,035.92
Total	439,256,934.36	511,483,240.19	578,570,673.70	372,169,500.85

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	44,864,948.21	33,661,808.17	27,802,544.80	50,724,211.58
2. Unemployment insurance premium	7,388,102.26	1,279,631.34	1,037,899.11	7,629,834.49
3. Enterprise annuity	13,503,670.83	17,275,002.32	17,753,012.57	13,025,660.58
Total	65,756,721.30	52,216,441.83	46,593,456.48	71,379,706.65

7.21. Taxes payable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Value-added tax	154,944,939.24	244,763,614.30
Consumption tax	100,167,740.18	1,059,445,349.23
Enterprise income tax	541,671,856.30	606,140,406.79
Individual income tax	5,090,656.46	5,265,751.31
Urban maintenance and construction tax	17,562,506.29	72,389,068.64

Education surcharge	7,526,901.33	31,023,067.68
Local education surcharge	5,017,934.15	20,682,045.08
Property tax	279,763.75	337,763.14
Stamp duty	2,619,648.35	5,351,912.65
Land use tax	437,619.64	616,030.55
Others	33,032.56	12,201.76
Total	835,352,598.25¹	2,046,027,211.13

Note: 1. The closing balance decreased CNY 1,210,674,612.88 compared with the opening balance, with a decrease by 59.17%, mainly due to actual payment of tax at the end of last year during the reporting period.

7.22. Other payables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Dividends payable	3,004,207,328.28	
Other payables	562,672,114.60	501,623,924.54
Total	3,566,879,442.88	501,623,924.54

7.22.1. Dividends payable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Ordinary share dividends	3,004,207,328.28	
Total	3,004,207,328.28	

7.22.2. Other payables

7.22.2.1. Categories by nature

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Security deposit	533,289,161.33	485,228,527.19
Intercourse funds	1,649,186.15	8,599,977.98
Others	27,733,767.12	7,795,419.37
Total	562,672,114.60	501,623,924.54

7.23. Non-current liabilities due within one year

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Bonds payable due within one year	89,991,780.82	72,219,178.08
Lease liabilities due within one year	10,844,782.72	9,987,955.08
Total	100,836,563.54	82,207,133.16

7.24. Other current liabilities

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Output VAT to be transferred	183,049,063.92	218,267,353.36
Total	183,049,063.92	218,267,353.36

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

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Corporate bonds in 2019 (Phase I)	2,493,771,587.79	2,492,799,107.31
Corporate bonds in 2020 (Phase I)	1,495,647,196.06	1,495,072,992.71
Total	3,989,418,783.85	3,987,872,100.02

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)	2,500,000,000.00	27 August 2019	3+2	2,490,000,000.00	2,492,799,107.31		133,882,191.78	972,480.48		2,493,771,587.79
Corporate	1,500,000,000.00	16	5	1,494,000,000.00	1,495,072,992.71		67,458,900.00	574,203.00		1,495,647,196.06

e bonds in 2020 (Phase I)	0,000.00	March 2020		0,000.00	2,992.71		04.11	35			7,196.06
Total	--	--	--	3,984,000.00	3,987,872,100.02		201,341,095.89	1,546,683.83			3,989,418,783.85

7.26. Lease liabilities

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Long-term lease liabilities	46,474,941.96	40,213,454.28
Total	46,474,941.96	40,213,454.28

7.27. Deferred income

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Reason
Government grants	29,739,000.00	7,515,000.00	2,715,842.86	34,538,157.14	Reception of financial allocation
Total	29,739,000.00	7,515,000.00	2,715,842.86	34,538,157.14	--

Details:

Monetary Unit: CNY

Liability Item	Opening Balance	Increase in current period	Non-operating income in current period	Other income in current period	Cost reduction in current period	Other changes	Closing Balance	Related to assets/income
Demonstration and application project of intelligent production line for baijiu brewing and qu-making	1,904,000.00			952,000.00			952,000.00	Related to assets
New mode application project of digital workshop	3,465,000.00	1,665,000.00		256,700.00			4,873,300.00	Related to assets

for solid state baijiu production								
Construction project of spirit room of Luzhou Laojiao brewing technical renovation	7,000,000.00			350,000.00			6,650,000.00	Related to assets
Luzhou Laojiao automatic wine production line technical renovation project	500,000.00			25,000.00			475,000.00	Related to assets
Brewing wastewater treatment project	10,000,000.00			500,000.00			9,500,000.00	Related to assets
Construction project of pottery jars room of Luzhou Laojiao brewing technical renovation	3,870,000.00						3,870,000.00	Related to assets
Boiler reconstruction project of Luohan Brewing Base of Luzhou Laojiao	3,000,000.00	5,850,000.00		632,142.86			8,217,857.14	Related to assets
Total	29,739,000.00	7,515,000.00		2,715,842.86			34,538,157.14	

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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						1,464,752,476.00

7.29. Capital reserves

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
Share premium (capital premium)	3,542,967,507.48			3,542,967,507.48
Other capital reserves	179,809,555.65			179,809,555.65
Total	3,722,777,063.13			3,722,777,063.13

7.30. 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	181,898,170.29	7,593,799.86				7,593,799.86		189,491,970.15

profit and loss								
Fair value changes of other equity instrument investment	181,898,170.29	7,593,799.86				7,593,799.86		189,491,970.15
II. Other comprehensive income that will be reclassified into profit and loss	4,165,154.74	1,652,653.22				2,544,474.29	-891,821.07	6,709,629.03
Including: Other comprehensive income that will be reclassified into profit and loss under equity method	3,193,937.48	3,634,687.85				3,634,687.85		6,828,625.33
Difference from conversion of financial statements in foreign currency	971,217.26	-1,982,034.63				-1,090,213.56	-891,821.07	-118,996.30
Total	186,063,325.03	9,246,453.08				10,138,274.15	-891,821.07	196,201,599.18

7.31. 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

7.32. Undistributed profits

Monetary Unit: CNY

Item	Current Period	Previous Period
Undistributed profit before adjustment at the end of the last year	16,236,513,212.43	12,559,746,579.91
Undistributed profit after adjustment at the beginning of year	16,236,513,212.43	12,559,746,579.91
Plus: Net profit attributable to owners of the parent company for the current period	4,226,316,722.25	3,220,452,190.27
Ordinary share dividends payable	3,004,207,328.28	2,328,956,436.84
Undistributed profits at the end of the period	17,458,622,606.40	13,451,242,333.34

7.33. Operating revenue and cost of sales

Monetary Unit: CNY

Item	Current Period		Previous Period	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary business	9,195,242,633.92	1,286,448,541.49	7,566,057,028.33	1,360,968,975.63
Other business	121,854,393.13	48,706,401.97	68,425,873.54	25,667,453.22
Total	9,317,097,027.05	1,335,154,943.46	7,634,482,901.87	1,386,636,428.85

Details:

Monetary Unit: CNY

Contract category	Segment 1	Segment 2	Baijiu sales	Total
Commodity type			9,195,242,633.92	9,195,242,633.92
Including:				
Medium and high grade baijiu			8,218,296,465.61	8,218,296,465.61
Other baijiu			976,946,168.31	976,946,168.31
By operating segment			9,195,242,633.92	9,195,242,633.92
Including:				
Domestic			9,145,951,100.30	9,145,951,100.30
Outbound			49,291,533.62	49,291,533.62
Including:				
Contract type			9,195,242,633.92	9,195,242,633.92
Including:				
Commodity sales contract			9,195,242,633.92	9,195,242,633.92
Including:				
Including:				
Including:				
Total			9,195,242,633.92	9,195,242,633.92

7.34. Business taxes and surcharges

Monetary Unit: CNY

Item	Current Period	Previous Period
Consumption tax	768,511,169.55	509,573,103.20

Urban maintenance and construction tax	113,588,226.81	84,391,437.23
Educational surcharge	48,680,668.64	36,066,318.42
Property tax	8,536,994.15	6,080,276.41
Land use tax	15,056,103.68	14,387,112.79
Stamp duty	5,789,652.51	5,152,513.60
Local education surcharge	32,453,779.09	23,815,732.65
Others	56,957.69	47,336.52
Total	992,673,552.12	679,513,830.82

Other note:

Note: The current period increased CNY 313,159,721.30 compared with previous period with an increase by 46.09%, mainly due to increase in consumption tax.

7.35. Selling and distribution expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Advertising promotion expense	407,510,592.52	537,365,225.18
Promotion expense	482,468,677.16	314,638,554.04
Storage and logistics costs	48,338,332.97	45,113,965.94
Employee compensation	183,923,965.82	158,943,220.57
Others	61,006,363.45	55,897,243.25
Total	1,183,247,931.92	1,111,958,208.98

7.36. General and administrative expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Employee compensation	258,646,895.05	202,689,320.65
Depreciation and amortization	46,232,227.29	51,721,598.92
Management fee and service expense	24,286,900.46	23,647,099.54
Others	110,395,756.90	81,955,956.65
Total	439,561,779.70	360,013,975.76

7.37. Research and development expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Comprehensive research and development expenses	36,688,121.08	32,028,581.28
Total	36,688,121.08	32,028,581.28

7.38. Financial expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Interest expenses	75,787,443.01	66,532,174.99
Less: Interest income	206,402,358.25	173,389,442.03
Losses from currency exchange	1,433,551.74	-1,530,667.65
Handling charges	365,454.45	113,098.00
Unacknowledged financial charges	807,941.63	
Total	-128,007,967.42	-108,274,836.69

7.39. Other income

Monetary Unit: CNY

Item	Current Period	Previous Period
Government grants	7,226,821.19	9,570,078.30
Individual income tax commission refund	1,814,223.82	871,596.97
Total	9,041,045.01	10,441,675.27

7.40. Investment income

Monetary Unit: CNY

Item	Current Period	Previous Period
Investment income from long-term equity investments under the equity method	121,343,983.69	94,958,932.04
Dividend income gained during the period of holding other equity instrument investment	6,662,660.52	9,379,824.36
Total	128,006,644.21	104,338,756.40

7.41. Credit impairment loss

Monetary Unit: CNY

Item	Current Period	Previous Period
Bad debt loss of other receivables	55,124.50	-1,055,457.65
Bad debt loss of accounts receivable	-273,954.83	654,390.95
Total	-218,830.33	-401,066.70

7.42. Gains from disposal of assets

Monetary Unit: CNY

Item	Current Period	Previous Period
Gains from disposal of non-current assets	180,849.31	104,663.83
Including: Gains from disposal of fixed assets	180,849.31	104,663.83

7.43. 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	1,190,640.00	1,019,231.18	1,190,640.00
Others	24,520,664.83	9,925,210.53	24,520,664.83
Total	25,711,304.83	10,944,441.71	25,711,304.83

Other statements:

Note: The current period increased CNY 14,766,863.12 compared with previous period with an increase by 134.93%, mainly due to increase in other compensation income.

7.44. 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	4,045,600.00	24,034,863.69	4,045,600.00
Others	4,237,809.08	15,182,522.39	4,237,809.08
Total	8,283,409.08	39,217,386.08	8,283,409.08

Other statements:

Note: The current period decreased CNY 30,933,977.00 compared with previous period with a decrease by 78.88%, mainly due to a YoY decline in donation.

7.45. Income tax expense

7.45.1. Statement of income tax expense

Monetary Unit: CNY

Item	Current Period	Previous Period
Current period income tax	1,269,426,840.24	849,516,324.48
Deferred income tax	76,635,594.62	184,760,038.63
Total	1,346,062,434.86 ¹	1,034,276,363.11

Note: 1. The current period increased CNY 311,786,071.75 compared with previous period with an increase by 30.15%, mainly due to the increase in profits with the increase in sales revenue of high-end baijiu.

7.45.2. Adjustment for accounting profit and income tax expense

Monetary Unit: CNY

Item	Current Period
Total profit	5,612,216,270.14
Income tax expenses determined by statutory/applicable tax rate	1,403,054,067.54
Impact from subsidiaries' different tax rates	2,806,902.18
Impact from adjust for impact from income tax expense in previous period	-7,135,667.68
Impact from non-taxable income	-32,001,661.05
Impact from non-deductible costs, expenses and losses	1,307,628.13
Impact from deductible losses of unrecognized deferred income tax at the beginning of the reporting period	-24,312,041.64
Impact from deductible temporary difference or losses due to unrecognized deferred tax asset in current period	14,784,495.73
Impact from research and development expense deduction	-12,441,288.35
Income tax expense	1,346,062,434.86

7.46. Other comprehensive income

Details in Note 5.30. Other comprehensive income.

7.47. Notes to the statement of cash flow

7.47.1. Cash received from other operation activities

Monetary Unit: CNY

Item	Current Period	Previous Period
Government grants	11,642,998.38	9,941,675.27
Interest income from bank deposit	174,050,502.18	146,071,271.36
Others	310,409,766.53	62,865,732.81
Total	496,103,267.09	218,878,679.44

7.47.2. Cash paid for other operating activities

Monetary Unit: CNY

Item	Current Period	Previous Period
Cash paid for expenses	1,068,313,251.12	1,114,045,507.54
Total	1,068,313,251.12	1,114,045,507.54

7.47.3. Cash paid for other financing activities

Monetary Unit: CNY

Item	Current Period	Previous Period
Cash paid for renting houses, equipment etc.	1,844,313.68	
Rating and registration fee for corporate bonds in 2020 (Phase I)		180,000.00
Total	1,844,313.68	180,000.00

7.48. Supplementary information to statement of cash flow

7.48.1. 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	4,266,153,835.28	3,224,541,434.19
Plus: Provision for asset impairment	218,830.33	401,066.70
Depreciation of fixed asset, oil and gas	229,030,142.28	117,157,264.80

assets and productive biological assets		
Depreciation of right-of-use assets		
Amortization of intangible assets	32,077,465.74	10,313,976.80
Amortization of long-term deferred expense	421,016.50	250,314.19
Losses from disposal of fixed assets, intangible assets and other long-term assets (Gains use “-”)	-180,849.31	-104,663.83
Losses from retirement of fixed assets (Gains use “-”)		
Losses from change in fair value (Gains use “-”)		
Financial expenses (Gains use “-”)	-128,007,967.42	-108,274,836.69
Losses on investments (Gains use “-”)	-128,006,644.21	-104,338,756.40
Decrease in deferred income tax assets (Increase uses “-”)	76,635,594.62	184,760,038.63
Increase in deferred income tax liabilities (Decrease uses “-”)		517,839.41
Decrease in inventories (Increase use “-”)	-1,220,911,532.46	164,180,911.74
Decrease in operating receivables (Increase use “-”)	1,047,344,251.88	-507,042,866.12
Increase in operating payables (Decrease use “-”)	-1,436,537,103.33	-2,253,546,301.18
Others		
Net cash flows from operating activities	2,738,237,039.90	728,815,422.24
2. Significant investing and financing activities not involving cash:	--	--
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under financing lease		
3. Net change in cash and cash equivalents:	--	--
Closing balance of cash	13,524,354,508.65	10,932,349,651.46
Less: Opening balance of cash	11,568,195,062.81	9,752,266,526.78
Plus: Closing balance of cash		

equivalents		
Less: Opening balance of cash equivalents		
Net change in cash and cash equivalents	1,956,159,445.84	1,180,083,124.68

7.48.2. Composition of cash and cash equivalent

Monetary Unit: CNY

Item	Opening Balance	Closing Balance
1. Cash	13,524,354,508.65	11,568,195,062.81
Including: Cash on hand	26,690.29	26,978.10
Unrestricted bank deposit	13,463,487,785.43	11,561,257,398.27
Other unrestricted cash and cash equivalents	60,840,032.93	6,910,686.44
3. Closing balance of cash and cash equivalents	13,524,354,508.65	11,568,195,062.81
Including: Cash and cash equivalent with restriction to use of parent company and subsidiaries	87,027,139.90	56,675,277.79

Other statements:

Note: The difference between the closing balance of cash and cash equivalents and cash at bank and on hand is CNY 87,027,139.90, of which, CNY 1,400,000.00 is a travel service deposit with limited use rights in other cash and cash equivalents and CNY 85,627,139.90 is provision for fixed deposit interest on an accrual basis.

7.49. Assets with restricted ownership or use rights

Monetary Unit: CNY

Item	Closing book balance	Reason for restriction
Bank deposits	85,627,139.90	provision for fixed deposit interest on an accrual basis
Other cash and cash equivalents	1,400,000.00	According to the regulations of tourism bureau, travel service deposit is deposited in a designated bank.
Total	87,027,139.90	--

7.50. Foreign currency transactions

7.50.1. 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	36,639,771.08	6.4601	236,696,585.15
EUR			
HKD	7,393,783.31	0.8321	6,152,367.09
Accounts Receivable	--	--	
Including: USD	32,612.35	6.4601	210,679.04
EUR			
HKD	5,616,023.35	0.8321	4,673,093.03
GBP	87,304.00	8.9410	780,585.06
Long-term Loans	--	--	
Including: USD			
EUR			
HKD			
Other Receivables			
Including: USD	45.12	6.4601	291.48
HKD	2,076,380.93	0.8321	1,727,756.57
AUD			
Accounts Payable			
Including: USD	222,488.26	6.4601	1,437,296.41
HKD	2,307,339.48	0.8321	1,919,937.18
Other Payables			
Including: USD	30,000.00	6.4601	193,803.00
HKD	26,419,841.95	0.8321	21,983,950.49

7.50.2. 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

7.51. Government grants

7.51.1. Details of government grants

Monetary Unit: CNY

Item	Amount	Presentation	Amount included in profit or loss of the current period
Related to assets	34,538,157.14	Deferred income	2,715,842.86
Related to income	4,510,978.33	Other income	4,510,978.33
Total	39,049,135.47		7,226,821.19

8. Interests in other entities

8.1. Interests in subsidiaries

8.1.1. 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	Baijiu 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
Sales Company of Luzhou	Luzhou	Luzhou	Baijiu sales	100.00%		Investment

Laojiao Co., Ltd.						
Luzhou Laojiao New Retail Co., Ltd.	Chengdu	Chengdu	Baijiu sales	100.00%		Investment
Luzhou Laojiao Nostalgic Liquor Marketing Co., Ltd.	Luzhou	Luzhou	Baijiu sales		100.00%	Investment
Luzhou Laojiao Custom Liquor Co., Ltd. Note	Luzhou	Luzhou	Baijiu sales		15.00%	Investment
Luzhou Laojiao Selected Supply Chain Management Co., Ltd.	Luzhou	Luzhou	Baijiu 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	Baijiu sales		100.00%	Investment
Luzhou Dingyi Liquor Industry Sales Co., Ltd.	Luzhou	Luzhou	Baijiu sales		100.00%	Investment
Luzhou Dinghao Liquor Industry Sales Co., Ltd.	Luzhou	Luzhou	Baijiu sales		100.00%	Investment
Luzhou Laojiao Import and Export Trade Co., Ltd.	Luzhou	Luzhou	Liquor import and export trade		100.00%	Investment
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	Luzhou	Luzhou	Baijiu sales		75.00%	Investment
Luzhou Laojiao Bosheng	Luzhou	Luzhou	Baijiu sales		100.00%	Investment

Hengxiang Liquor Sales Co., Ltd.						
Luzhou Laojiao Fruit Wine Industry Co., Ltd. Note	Luzhou	Luzhou	Fruit liquor sales		41.00%	Investment
Mingjiang Co., Ltd.	America	America	Baijiu sales		54.00%	Investment
Luzhou Pinchuang Technology Co., Ltd.	Luzhou	Luzhou	Technology development and service	100.00%		Investment
Luzhou Laojiao Tourism Culture Co., Ltd.	Luzhou	Luzhou	Baijiu sales, tourism	100.00%		Investment
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Liquor 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	Liquor sales	90.00%		Investment
Luzhou Laojiao Whitail Innovated Electronic Commerce Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Luzhou Laojiao Selected Electronic Commerce Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment

Luzhou Laojiao Whitail Liquor Industry Co., Ltd. Note	Luzhou	Luzhou	Liquor sales		35.00%	Investment
Chengdu Tianfu Panda Whitail Liquor Industry Co., Ltd. Note	Chengdu	Chengdu	Liquor sales		60.00%	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 liquor manufacture and sales	100.00%		Business combination under common control
Luzhou Laojiao Health Sales Co., Ltd.	Luzhou	Luzhou	Health care liquor 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.

8.1.2. 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%	13,863,532.37		83,495,883.22

8.1.3. Major financial information of important non-wholly-owned subsidiaries

Monetary Unit: CNY

Name of	Closing Balance	Opening Balance
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subsidiary	Current Period			Previous Period			Current Period			Previous Period		
	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.	533,486,869.06	2,784,660.08	536,271,529.14	202,287,996.27		202,287,996.27	767,387,583.35	3,501,199.33	770,888,782.68	492,359,379.30		492,359,379.30

Monetary Unit: CNY

Name of subsidiary	Current Period				Previous Period			
	Operating revenue	Net profit	Total comprehensive income	Operating cash flow	Operating revenue	Net profit	Total comprehensive income	Operating cash flow
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	474,516,972.67	55,454,129.49	55,454,129.49	3,903,880.92	681,478,570.36	-33,912,343.36	-33,912,343.36	4,354,456.34

8.2. Interests in joint ventures and associates

8.2.1. 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

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 sent directors to the board of Huaxi Securities and has the corresponding substantive decision-making power, so the Company still has significant influence on Huaxi Securities.

8.2.2. Major financial information of important associates

Monetary Unit: CNY

	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Current assets	72,355,730,695.14	68,518,467,092.86
Non-current assets	11,948,969,027.36	8,710,176,937.94
Total assets	84,304,699,722.50	77,228,644,030.80
Current liabilities	44,962,108,035.50	42,599,988,723.12
Non-current liabilities	17,343,812,111.89	13,261,547,139.00
Total liabilities	62,305,920,147.39	55,861,535,862.12
Non-controlling shareholder interest	3,375,163.08	45,423,771.61
Shareholder interest attributable to parent company	21,995,404,412.03	21,321,684,397.07
Share of net assets calculated based on shareholding proportion	2,286,107,180.37	2,216,083,636.60
--Others	167,466,735.90	167,466,735.90
Book value of equity investments in associate companies	2,458,780,752.42	2,383,550,372.50
Fair value of equity investments in associate companies that have public quote	2,627,363,916.72	3,404,932,677.12
Operating revenue	2,507,607,439.97	2,093,322,666.77
Net profit	980,557,738.54	923,922,741.39
Other comprehensive income	34,982,558.76	10,391,172.52
Total comprehensive income	1,015,540,297.31	934,313,913.91

8.2.3. 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	96,693,159.79	94,116,798.77
Total following items calculated on the basis of shareholding proportion	--	--
--Net profit	5,372,490.27	-1,036,640.79
-- Total comprehensive income	5,372,490.27	-1,036,640.79

9. Risks related to financial instruments

Business activities of a company usually face various financial risks, mainly credit risk, liquidity risk and market risk. The Company's overall risk management plan addresses the unpredictability of financial markets and seeks to reduce potential adverse effects on the Company's financial performance.

9.1. 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.

9.2. 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, and in recent years there has been no external borrowing to supplement the working capital of daily operating activities. The liquidity risk is extremely small.

9.3. Market risk

Market risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices, including foreign exchange risk, interest rate risk and other price risks.

9.3.1. Foreign exchange risk

The Company's main business is located in the mainland of China, and main business is settled in CNY. Only three subsidiaries, Hong Kong company, North America Company and Mingjiang company, settle in HKD in Hong Kong and USD in the United States respectively. The proportion and impact of their income and profit scale are negligible, and the foreign exchange risk is minimal.

9.3.2. Rate risk

The Company's operating capital is sufficient and in recent years there has been no external borrowing, so interest rate risk is minimal.

9.3.3. 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.

10. Fair value disclosure

10.1. 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	--	--	--	--
1.3 Other equity instrument investment	323,598,507.56		33,686,958.33	357,285,465.89
Accounts receivable financing			2,143,072,245.18	2,143,072,245.18
2. Discontinuous measurement at fair value	--	--	--	--

10.2. 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 RMB exchange rate disclosed on the same day by China Foreign Exchange Trade System.

10.3. Valuation technique adopted and nature and amount determination of important parameters for continuously and discontinuously within Level 3 of the fair value hierarchy

Accounts receivable financing: Due to the short term of notes receivable less than 1 year, and the sales time, sales price and sale proportion cannot be estimated reliably, the Company shall measure the fair value by regarding the face value as the reasonable estimation.

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. Related parties and related party transactions

11.1. The parent company of the Company

Parent company	Registration place	Business nature	Registered capital	Shareholding proportion by the parent company	Voting rights proportion by the parent company
Luzhou Laojiao Group Co., Ltd.	Luzhou, Sichuan	Investment and asset management	2,798,818,800.00	26.02%	51.01%

Statements for situation of parent company:

The nature of parent company: Limited liability company (wholly 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.

11.2. Subsidiaries of the Company

For details please see Note 8.1. Interests in subsidiaries

11.3. Joint ventures and associates of the Company

For details please see Note 8.2. Interests in joint ventures and associates.

There are no other joint ventures or associates that have related party transactions with the Company in the current period or in the previous period and result in balance.

11.4. Other related party of the Company

Name of Other Related Party	Relationship with the Company
Sichuan Development Wine Investment Co., Ltd.	Joint venture
CTS Luzhou Laojiao Cultural Tourism Development Co.,	Joint venture

Ltd.	
Luzhou Jiachuang Wine Supply Chain Management Co., Ltd.	The same parent company
Luzhou Jiaxin Holding Group Co., Ltd.	The same parent company
Sichuan Kangrun Group Construction and Installation Engineering Co., Ltd.	The same parent company
Luzhou Laojiao Zhitong Trading Co., Ltd.	The same parent company
Luzhou Laojiao Commercial College of Luzhou	The same parent company
Luzhou COSCO Lianzhong Logistics Co., Ltd.	The same parent company
Sichuan Kangrun Group Real Estate Development 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
Luzhou Sanrenxuan Liquor Industry Co., Ltd.	Joint venture of parent company
Luzhou Communication Investment Group Auto Service Co., Ltd.	Subsidiary of the second largest shareholder
Luzhou XingLu Water (Group) 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:

On 27 May 2021, Laojiao Group and XingLu Investment Group, the second biggest shareholder, renewed the 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 1 June 2021 and ends on 31 May 2024. 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. 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.

11.5. Related transactions

11.5.1. 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.	5,310,943.19			1,573,495.21
Laojiao Group and its other subsidiaries	Training, accommodation, storage, transportation services, property management fee, etc.	13,826,965.44			31,544,140.62
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Travel agency service fee, etc.	3,404,282.00			
Purchase of goods:					
Laojiao Group and its other subsidiaries	Housing construction fee , land expense, etc.				189,886,890.41
Laojiao Group and its other subsidiaries	Raw materials, water, power, etc.	19,883,752.63			10,884,402.85
Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Water, gas, etc.	6,203,699.11			4,215,676.77

Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Purchase and construction of fixed assets (pipeline relocation, etc.)	1,071,420.60			
Sichuan Meiheshan Village Winery Industry Co.,Ltd.	Wine	674,271.50			
Total		50,375,334.47			238,104,605.86

Table of sales of goods and rendering of service

Monetary Unit: CNY

Name of Related Party	Transaction	Amount in current period	Amount in previous period
Sales of goods:			
Laojiao Group and its subsidiaries	Wine, water, power, etc.	6,578,271.51	1,016,556.74
Luzhou Sanrenxuan Liquor Industry Co., Ltd.	Wine	15,278,637.12	
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Wine	53,519,643.03	
Rendering of service:			
Laojiao Group and its subsidiaries	Rendering of service	1,095,440.00	
Total		76,471,991.66	1,016,556.74

11.5.2. Related party leasing

The Company as lessee:

Monetary Unit: CNY

Name of lessor	Type of leased asset	Leasing fee recognized during current period	Leasing fee recognized during previous period
Laojiao Group and its subsidiaries	House lease	1,430,038.43	1,589,785.01
Total		1,430,038.43	1,589,785.01

11.5.3. Key management compensation

Monetary Unit: CNY

Item	Amount in current period	Amount in previous period
Key management	3,770,000.24	3,359,999.88

11.6. Receivables and payables of related parties

11.6.1. 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 COSCO Lianzhong Logistics Co., Ltd.	3,780.00			
Prepayment	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	57,211.78			
Prepayment	Luzhou Public Transport Group Co., Ltd.	15,123.28			
Prepayment	Luzhou China Resources Xinglu Gas Co., Ltd.	185,000.00			
Prepayment	Luzhou XingLu Water (Group) Co., Ltd.	279,333.75		42,883.70	
Prepayment	Sichuan Meiheshan Village Winery Industry Co.,Ltd.	2,996,264.97		885,834.00	
Other receivables	Sichuan Kangrun Investment Group Co., Ltd.	10,000.00		10,000.00	
Other receivables	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	3,590,728.58	349,958.05	3,268,472.46	163,423.62

Other receivables	Sichuan Development Wine Investment Co., Ltd.			102,670.32	5,133.52
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11.6.2. Payables

Monetary Unit: CNY

Item	Related party	Closing Balance	Opening Balance
Accounts payable	Guangzhou Zhongying Gongyuan Energy Saving Technology Co Ltd	355,312.88	
Accounts payable	Sichuan Lianzhong Supply Chain Service Co., Ltd.	135,001.58	
Contractual liabilities (tax inclusive)	Luzhou Sanrenxuan Liquor Industry Co., Ltd.	161,562.88	
Contractual liabilities (tax inclusive)	Sichuan Lianzhong Supply Chain Service Co., Ltd.	150,721.78	35,798.45
Contractual liabilities (tax inclusive)	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	7,887,586.46	4,704,408.00
Contractual liabilities (tax inclusive)	Luzhou Jiachuang Wine Supply Chain Management Co., Ltd.		4,065,243.22
Other payables	Luzhou Jiachuang Wine Supply Chain Management Co., Ltd.	1,500,000.00	1,500,000.00
Other payables	Luzhou Sanrenxuan Liquor Industry Co., Ltd.	150,000.00	
Other payables	Sichuan Lianzhong Supply Chain Service Co., Ltd.	1,684,148.00	2,384,148.00
Other payables	Luzhou XingLu Property Management Co., Ltd.		100,000.00
Other payables	Sichuan Kangrun Group Construction and Installation Engineering Co., Ltd.	34,175.78	34,175.78
Other payables	Luzhou COSCO Lianzhong Logistics Co., Ltd.	200,200.00	200,200.00

12. Commitments and contingencies

12.1. Contingencies

12.1.1. Significant contingencies at the balance sheet date

On 15 October 2014 and 10 January 2015, the Company disclosed three saving deposits involving contract disputes in Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank, with a total amount of CNY 500 million. The public security organization has investigated, and the investigation of related cases and the preservation of assets are under way. The Company has initiated a civil procedure to recover the loss from the responsible unit, among them:

The criminal case with saving deposits involving contract disputes in Agricultural Bank of China Changsha Yingxin Sub-branch with amount of CNY 150 million was concluded, and the amount involved in the case was ultimately determined to be CNY 149.425 million, which was executed by criminal case. The Company applied to Hunan Province Higher People's Court for enforcement of the verdict. Hunan Province Higher People's Court has filed the case and ruled that Hunan Changsha Intermediate People's Court should see to the execution of the verdict. As of 30 June 2021, CNY 20.3353 million was recovered.

The Company has filed a lawsuit with Sichuan Higher People's Court about the saving deposits involving contract disputes in Industrial and Commercial Bank of China Ltd. Nanyang Zhongzhou Sub-branch with amount of 150 million. Sichuan Higher People's Court ruled that the case should be transferred to the Henan Higher People's Court. Henan Higher People's Court considered that due to the involvement of criminal cases, its trial should be based on the results of criminal case, and judged to suspend in 2015. Now the case has been settled, and the case of civil action is reopened, which is under trial of Henan Higher People's Court.

Another deposit in the *Notice of Significant Events* No. 2015-1 has been recovered a total of CNY 194.6198 million as of the period-end, and the residual amount is recovering actively.

The Company has recovered the abovementioned saving deposits involving contract disputes with CNY 214.9551 million, and the relevant progress will be announced subsequently.

Except for the above matters, the Company has no other significant contingencies that need to be disclosed as the end of 30 June 2021.

13. Post balance sheet event

13.1. Significant non-adjustment matters

(1) According to the Company's Announcement on the Resolutions of the 26th Meeting of the 9th Board of

Directors, in order to strengthen the linkage of shareholder resources and promote the sales of the Company's products, the Company has agreed that it will acquire 5% equity of Luzhou Sanrenxuan Liquor Industry Co., Ltd. (hereinafter referred to as "Sanrenxuan Company") held by Beijing Longyu Yixiang Sales Co., Ltd. with its own funds of CNY 542,400. Luzhou Laojiao Group Co., Ltd., the Company's controlling shareholder, is a shareholder of Sanrenxuan Company and holds 30% of its shares. Therefore, this equity acquisition constitutes a related transaction.

(2) According to the 14th announcement on the Company's major litigation progress issued on 6 July 2021, upon compulsory enforcement by Changsha Intermediate People's Court, both Changsha Kaifu Sub-branch and Changsha Hongxing Sub-branch of Agricultural Bank of China have partially fulfilled the liability for compensation determined by the civil judgment (paid partial compensation to Changsha Intermediate People's Court), and the Company has received CNY 52,812,061.75 of execution payment from Changsha Intermediate People's Court in early July 2021. The dispute over the savings deposit contract between the Company and Nanyang Zhongzhou Sub-branch of Industrial and Commercial Bank of China is still in the second instance of civil litigation. The Company has recovered a total of CNY 267,767,200 in dispute under three savings contracts.

13.2. Profit distribution

Monetary Unit: CNY

Profits or dividends planned to distribute	3,004,207,328.28
Reviewed and approved profits or dividends declared to distribute	3,004,207,328.28 ¹

Note: 1. According to the resolutions of the annual shareholders' meeting, the Company distributed a cash dividend of CNY 20.51 (tax inclusive) per 10 shares to all shareholders, which has been implemented on 20 August 2021.

13.3. Statement for other post balance sheet events

(1) According to Announcement on the Resolutions of the 2nd Meeting of the 10th Board of Directors of Luzhou Laojiao Co., Ltd., "*Proposal on Implementing Donations to Support Flood Prevention and Disaster Relief in Henan Province*" has been approved upon deliberation. The Company has decided to donate CNY 30 million of cash to Henan Province Charity Association to support Henan Province's flood prevention and disaster relief, post-disaster reconstruction, and local pandemic prevention and control in the disaster area.

(2) On 29 January 2021, the 24th Meeting of the 9th Board of Directors of the Company reviewed and approved the proposal on the cancellation of subsidiaries Chengdu Tianfu Panda Whitail Liquor Industry Co., Ltd. According to business development circumstances, the Company decided to cancel the above subsidiary, which will not have a significant impact on the Company's financial status and operating results. The Company received the notice of approval of cancellation registration on 14 July 2021. The Company has no other post balance sheet events that need to be disclosed as of 30 June 2021.

14. Other important information

14.1. 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.

14.2. Segment information

14.2.1. If the Company has no reporting segment or cannot disclose total assets and total liabilities of reporting segments, the reason should be disclosed.

Except for the business on wine sales, the Company does not operate other businesses that have a significant impact on operation results. In addition, the Company operates mainly in one area, revenue mainly from China and main assets also located in China, so the Company does not need to disclose segment data.

14.3. Other significant events that can affect investors' decision

(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.

Based on the amount of assets preserved by the public security organization at present and professional legal opinions issued by Beijing Weiheng (Chengdu) Law Firm on 10 March 2021, the Company has made provision for bad debts on savings deposits involving contract disputes of CNY 200 million.

Except for the above matter, the Company has no other significant events that can affect investors' decision that need to be disclosed as of 30 June 2021.

15. Notes to the main items of the financial statements of parent company (all currency unit is CNY, except other statements)

15.1. Accounts receivable

15.1.1. Analysis by categories

Monetary Unit: CNY

Type	Closing Balance					Opening Balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Accounts receivables tested for impairment by the portfolio	733,128.65	100.00%	825.10	11.00%	732,303.55	3,927.50	100.00%			3,927.50
Including:										
Accounts receivables tested for impairment on the portfolio with characteristics of credit risk	733,128.65	100.00%	825.10	11.00%	732,303.55	3,927.50	100.00%			3,927.50
Total	733,128.65	100.00%	825.10	11.00%	732,303.55	3,927.50	100.00%			3,927.50

Accounts receivables tested for impairment by the portfolio:

Monetary Unit: CNY

Item	Closing Balance		
	Book balance	Provision for bad debt	Proportion
Risk portfolio	733,128.65	825.10	0.11%
Other portfolios			
Total	733,128.65	825.10	--

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)	733,128.65
Total	733,128.65

15.1.2. Provision and recovery for bad and doubtful debt in the current period

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Accounts receivables tested for impairment by the portfolio		825.10				825.10
Total		825.10				825.10

15.1.3. 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.	709,970.93	96.84%	
Luo Daichuan	20,305.32	1.57%	574.65
Chen Maolin	3,809.00	0.52%	190.45
Luzhou Laojiao Nostalgic Liquor Marketing Co., Ltd.	3,494.28	0.48%	
Sales Company of Luzhou Laojiao Co., Ltd.	3,161.44	0.43%	

Total	740,740.97	99.84%	
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15.2. Other receivables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Dividends receivable	36,941,917.50	1,407,900.00
Other receivables	9,312,029,052.07	7,051,341,794.83
Total	9,348,970,969.57	7,052,749,694.83

15.2.1. Interest receivable

15.2.1.1. Classification of interest receivable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
North Chemical Industries Co., Ltd	62,542.20	
Guotai Junan Securities Co., Ltd.	6,595,118.32	1,407,900.00
Huaxi Securities Co., Ltd.	30,284,256.98	
Total	36,941,917.50	1,407,900.00

15.2.2. Other receivables

15.2.2.1. Other receivables disclosed by nature

Monetary Unit: CNY

Nature	Closing book balance	Opening book balance
Intercourse funds of subsidiaries receivable	9,219,801,499.66	6,957,047,554.34
Intercourse funds and others	7,646,238.43	9,599,994.92
Petty cash	507,942.93	393,142.93
Saving deposits involving contract disputes	285,044,911.68	285,044,911.68
Total	9,513,000,592.70	7,252,085,603.87

15.2.2.2. Provision for bad and doubtful other receivables in the current period

Monetary Unit: CNY

Provision for bad debt	First stage	Second stage	Third stage	Total

	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2021	743,809.04		200,000,000.00	200,743,809.04
Balance of 1 January 2021 in the current period	—	—	—	—
Allowance of the current period	227,731.59			227,731.59
Balance of 31 December 2020	971,540.63		200,000,000.00	200,971,540.63

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	Book balance
Within 1 year (including 1 year)	9,222,183,194.93
1-2 years	3,649,428.93
2-3 years	2,044,430.23
Over 3 years	285,123,538.61
Over 5 years	285,123,538.61
Total	9,513,000,592.70

15.2.2.3. 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 Note 1	200,000,000.00					200,000,000.00
Other	743,809.04	227,731.59				971,540.63

receivables tested for impairment by the portfolio						
Total	200,743,809.04	227,731.59				200,971,540.63

15.2.2.4. 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	8,805,071,030.02	Within 1 year	92.56%	
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	285,044,911.68	Over 5 years	3.00%	200,000,000.00
Luzhou Laojiao Electronic Commerce Co., Ltd.	Internal transactions	167,247,557.78	Within 1 year	1.76%	
Luzhou Laojiao Import and Export Trade Co., Ltd.	Internal transactions	149,824,476.65	Within 1 year	1.57%	
Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd.	Internal transactions	46,137,248.79	Within 1 year	0.48%	
Total	--	9,453,325,224.92	--	99.37%	200,000,000.00

15.3. 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	3,413,960,128.11		3,413,960,128.11	3,413,960,128.11		3,413,960,128.11
Investment in associates and joint venture	2,551,183,697.71	2,567,098.80	2,548,616,598.91	2,472,698,683.16	2,567,098.80	2,470,131,584.36
Total	5,965,143,825.82	2,567,098.80	5,962,576,727.02	5,886,658,811.27	2,567,098.80	5,884,091,712.47

15.3.1. 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.	57,649,100.00					57,649,100.00	
Sales Company of Luzhou Laojiao Co., Ltd.	103,162,447.09					103,162,447.09	
Luzhou Laojiao Brewing Co., Ltd.	3,172,109,991.25					3,172,109,991.25	
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	5,433,789.77					5,433,789.77	
Luzhou Laojiao Electronic Commerce Co., Ltd.	51,604,800.00					51,604,800.00	
Luzhou Baonuo	20,000,000.00					20,000,000.00	

Biotechnology Co., Ltd.									
Luzhou Laojiao Tourism Culture Co., Ltd.	4,000,000.00							4,000,000.00	
Luzhou Laojiao Health Liquor Industry Co., Ltd. Note	0.00							0.00 ¹	
Total	3,413,960,128.11							3,413,960,128.11	

Note: 1. The Company obtained 100% of equity in Health Liquor Industry by the business combination under the same control. The net assets of Health Liquor Industry were negative on the M&A date, and the book cost of long-term equity investment was limited to 0 by the Company.

15.3.2. Investment in associate and joint venture

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period								Closing Balance (book value)	Closing Balance of provision for impairment
		Increase	Decrease	Gain or loss recognized under equity method	Adjustments of other comprehensive income	Changes in other equity	Cash dividend or profit declared	Provision for impairment	Other		
1. Joint Venture											
2. Associate											
Huaxi Securities Co., Ltd.	2,383,550,372.50			101,879,949.05	3,634,687.85		30,284,256.98			2,458,780,752.42	2,567,098.80
Sichuan Development Wine Investment Co., Ltd.	6,854,471.67			-985,886.58						5,868,585.09	
CTS	79,726,7			4,240,52						83,967,2	

Luzhou Laojiao Cultural Tourism Development Co., Ltd.	40.19			1.21					61.40	
Subtotal	2,470,131,584.36			105,134,583.68	3,634,687.85		30,284,256.98		2,548,616,598.91	2,567,098.80
Total	2,470,131,584.36			105,134,583.68	3,634,687.85		30,284,256.98		2,548,616,598.91	2,567,098.80

15.4. Operating revenue and cost of sales

Monetary Unit: CNY

Item	Current Period		Previous Period	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary business	2,646,531,785.60	1,928,435,115.76	1,486,572,539.81	1,040,786,248.30
Other business	30,959,887.70	491,858.13	16,349,153.58	
Total	2,677,491,673.30	1,928,926,973.89	1,502,921,693.39	1,040,786,248.30

15.5. Investment income

Monetary Unit: CNY

Item	Current Period	Previous Period
Investment income from long-term equity investments under equity method	105,134,583.68	94,958,932.04
Dividends income gained during the period of holding other equity instrument investment	6,657,660.52	9,379,824.36
Total	111,792,244.20	104,338,756.40

16. Supplementary information

16.1. 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)	180,849.31	See "Note 5.42" 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 given at a fixed amount or quantity in accordance with the national uniform standards)	7,226,821.19	See "Note 5.39" for details.
Other non-operating income and expenditure except above-mentioned items	17,427,895.75	See "Note 5.43, 5.44" for details.
Less: Corporate income tax	6,139,307.70	
Minority interests (after tax)	1,029,669.18	
Total	17,666,589.37	--

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

Applicable N/A

16.2. 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 ordinary shareholders of the Company	16.78%	2.89	2.89
Net profits attributable to ordinary shareholders of the Company before non-recurring gains and losses	16.71%	2.87	2.87