

**Luzhou Laojiao Co., Ltd.**

**2023 Interim Report**



**August 2023**

## Section I Important Statements, Contents and Definitions

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

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

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

Name of directors who did not attend the meeting in person	Position of directors who did not attend the meeting in person	Reason for not attending the meeting in person	Name of deputies
Wang Hongbo	Director	Work	Lin Feng
Ying Hanjie	Director	Work	Liu Miao

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); and
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	Luzhou Laojiao Sales Co., Ltd.
Brewing Company	Refer to	Luzhou Laojiao Brewing Co., Ltd.

## Section II Company Profile and Key Financial Results

### 1. Corporate information

Stock abbreviation	Luzhou Laojiao	Stock code	000568
Stock exchange where the shares of the Company are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	泸州老窖股份有限公司		
Abbr. of the Company name in Chinese (if any)	泸州老窖		
Name of the Company in English (if any)	Luzhou Laojiao Co., Ltd.		
Abbr. of the Company name in English (if any)	LZLJ		
Legal representative	Liu Miao		

### 2. Contact us

	Secretary of the board	Representative for securities affairs
Name	Li Yong	Wang Chuan
Address	Luzhou Laojiao 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, email address and other contact information 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 2022 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 website of the stock exchange, media and other websites designated by the Company for information disclosure, as well as to the place where the disclosed documents are kept in the reporting period. The said information can be found in the 2022 Annual Report.

### 3.3. Other information

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

Applicable  N/A

## 4. Key accounting data and financial indicators

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

Yes  No

	H1 2023	H1 2022	Change
Operating revenues (CNY)	14,593,051,774.14	11,664,377,552.94	25.11%
Net profits attributable to shareholders of the Company (CNY)	7,090,426,787.07	5,531,926,340.44	28.17%
Net profits attributable to shareholders of the Company before non-recurring gains and losses (CNY)	7,040,938,575.63	5,496,265,842.50	28.10%
Net cash flows from operating activities (CNY)	5,647,760,797.04	4,077,014,965.34	38.53%
Basic earnings per share (CNY/share)	4.82	3.76	28.19%
Diluted earnings per share (CNY/share)	4.82	3.76	28.19%
Weighted average ROE	18.79%	17.96%	0.83%
	30 June 2023	31 December 2022	Change
Total assets (CNY)	61,524,708,713.71	51,385,481,354.52	19.73%
Net assets attributable to shareholders of the Company (CNY)	35,086,468,059.34	34,207,871,130.03	2.57%

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

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

Applicable  N/A

No such differences for the reporting period.

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

Applicable  N/A

No such differences for the reporting period.

## 6. Non-recurring gains and losses

Applicable  N/A

Unit: CNY

Item	Amount	Note
Gain or loss from disposal of non-current assets (including the write-off portion of the impairment provision)	-477,479.38	See "Section X Note 5.46" for details.
Government grants accounted for, in the profit or loss for the current period (except for the government grants closely related to the business of the Company and consistently given at a fixed amount or quantity in accordance with the national policies or standards)	21,166,337.88	See "Section X Note 5.42 and 5.47" for details.
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	37,839,310.52	See "Section X Note 5.43 and 5.44" for details.
Other non-operating income and expenditure except above-mentioned items	7,506,932.03	See "Section X Note 5.47 and 5.48" for details.
Less: Corporate income tax	16,427,670.44	
Minority interests (after tax)	119,219.17	
Total	49,488,211.44	

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

Applicable  N/A

No such cases for the reporting period.

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

Applicable  N/A

No such cases for the reporting period.



## Section III Management Discussion and Analysis

### 1. Business scope in the reporting period

The Company operates within the baijiu subdivision industry which belongs to the liquor & wine, beverage and refined tea production industry with specialized baijiu product design, production and sales as its main business model. Its primary products include baijiu series such as "National Cellar 1573" and "Luzhou Laojiao", and its main comprehensive performance indicators rank high in the baijiu industry.

Affected by the population size, demographic structure as well as changes in supply and demand, the baijiu industry has entered into an era of competition for existing customers, facing multiple pressures such as consumption downturn and intensified competition. Since the beginning of the year, the domestic consumer market has been recovering. With favorable national policies for expanding domestic demand and boosting consumption, the demand side may continue to improve and bring new development opportunities for the industry.

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

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

During the Reporting Period, with a focus on the development theme of "promoting reform, enhancing collaboration, focusing on main areas and achieving leapfrog development", the Company seized the opportunities and went all out with a pragmatic and progressive attitude to promote the development of the Company to a new level. For H1 2023, operating revenue amounted to CNY 14.593 billion, up 25.11% year on year; and the net profit attributable to the shareholders of the listed company reached CNY 7.09 billion, up 28.17% year on year, maintaining good and rapid growth.

#### A. Main operations and results in the Reporting Period

##### a. Actively innovating marketing strategy and steadily enhancing market share and market competitiveness

The Company continuously focused on consumer cultivation, strategic market building and key project support. The offline consumer operation system was continuously improved, the construction of the online sales shop matrix was completed, the "Hundred Cities Program" was steadily promoted, and the Chunlei Action was effective. The Company's ability to enhance market share and market competitiveness has improved dramatically.

b. Continuously enhancing the brand connotation and achieving effective brand development

Relying on mainstream media, the Company further enhanced the brand's influence through public relations communication on the themes of "Living Dual National Treasures" and technological innovation. The brand's reputation was further improved by constructing emotional resonance with consumers through the Fengcang Dadian, the poetic drama tour of "Yellow River" and other activities. The brand image of Luzhou Laojiao was comprehensively established by integrating Luzhou Laojiao's branding activities and integrating online and offline information dissemination.

c. Continuously strengthening the reform of scientific research and making fruitful innovations and breakthroughs

The Company launched the construction of a scientific research center platform to promote the win-win development of the university and enterprises, conducted analysis and inventory of the effectiveness of scientific and technological projects to enhance result orientation, and boosted technological publicity and promotion to achieve technology-empowered brand marketing. In the first half of 2023, the Company declared nine vertical scientific research projects at all levels, and won seven honors of scientific and technological awards from associations including China National Light Industry Council and China Alcoholic Drinks Association. It participated in the formulation and revision of two national standards and five group standards, and was granted 42 patents. In addition, 17 scientific research papers of the Company were published.

d. Making every effort to promote the development of major projects to a new level

The Company accelerated the construction of the Technical Upgrade Project of Intelligent Brewing, completed the overall project plan design, preliminary design of the first phase of the project, bidding for participating units and project investigation. Major projects such as the display platform of the production scheduling command center and the Qu-preparation MES system of the Huangyi Brewery Eco-Park were advanced. The Company's intelligent brewing and supply chain system security achieved a higher level.

e. Firmly fulfilling social responsibilities and achieving preliminary results in party building empowerment

The Company continuously practiced the corporate philosophy of "Baijiu for the World, a Shared Future", and deeply implemented rural revitalization arrangements. The Company's village members stationed in Guntang Village, Maiwa Township, Hongyuan County, were awarded the "Excellent Village Members in Aba Prefecture", and Guntang Village under the paired assistance of the Company was awarded the "Excellent Key Village of Rural Revitalization in Aba Prefecture". The Company continuously played the integration role of party building position, and achieved preliminary results in "1 + N" party building clustering. The party group service center was upgraded, and a unique brand culture of party building was gradually formed.

B. Priorities in the second half of the year

a. Strengthening marketing and accelerating the layout of intelligent empowerment

By continuously following the marketing theme of "strategic concentration, accelerated breakthrough, operation upgrade, and full personnel activation", the Company will effectively promote the development of business standards. It will comprehensively advance the effective implementation of the "Hundred Cities Program" and fully integrate resources. With a focus on the digital upgrade of the front-line business, the Company will continuously improve the marketing service and guarantee capacity. Additionally, it will constantly boost digital empowerment for consumer development, adhere to the healthy and benign development of the market, and make every effort to promote sales expansion.

b. Strengthening culture cultivation and boosting brand empowerment

The Company will continuously integrate thematic marketing to effectively build consumer empathy and publicize brand stories. Activities such as poem and baijiu culture will be continuously organized to stimulate public resonance and enhance the enterprise's reputation. Platforms such as the mobile museum will be fully leveraged to revitalize the cultural communication of Luzhou Laojiao and shape a tangible and emotional brand culture. The publicity effect of creative activities will be strengthened to increase brand popularity and enhance consumer loyalty.

c. Strengthening the management model and enhancing collaboration efficiency

The Company will accelerate the formation of an integrated online and offline digital collaboration support system to promote professional, systematic and intelligent decision-making by the management. Centering on the actual needs of sales and production, the Company will make every effort to optimize procedures and policies. Information-based management will be enhanced to realize the empowerment of big data. The Company will strengthen the lean organization and management to improve collaboration efficiency.

d. Boosting project construction and supporting industrial upgrade

The Company will continue to promote the construction of major projects such as the Luzhou Laojiao Technical Upgrade Project of Intelligent Brewing, the conservation and restoration of cultural cellar caves of baijiu production workshops of Luzhou Laojiao in Xiaoshi region, the baijiu culture scenario building and the surrounding environment improvement project, and accelerate the layout of intelligent brewing, intelligent production as well as culture and tourism integration, to consolidate and expand the advantages of Luzhou Laojiao in production capacity guarantee and brand culture.

e. Strengthening talent efficiency gains and promoting talent development

Adhering to dynamic and fine management, the Company will continuously optimize talent allocation to support business development. Adhering to quality improvement and efficiency enhancement, the Company will continuously optimize the selection and appointment of talent to create a talent base. Adhering to the enhancement of personnel efficiency, the Company will optimize the talent structure and strengthened echelon building. Adhering to a multi-dimensional orientation, the Company will optimize talent incentives and stimulated self-motivation. Adhering to a people-oriented spirit, the Company will optimize employee services to create a harmonious corporate atmosphere.

f. Enhancing the leadership of party building to boost the development of the Company

The Company will further play the integration role of party building position, and create a benchmark position in sales, production and other grassroots front lines to provide better education-based guidance and services to party members and present the Company's development achievements in a three-dimensional manner. It will refine work to support rural revitalization and social welfare, strongly promote regional development, and make due contribution to consolidating and expanding poverty alleviation results and comprehensively boosting rural revitalization.

#### Brand operation

The Company has always insisted on "dual brands, three product series, and major single products": The National Cellar 1573 series has been one of the three high-end baijiu products in China; Luzhou Laojiao's brand rejuvenation plan saw remarkable results, and the product series showed a good momentum of development; innovative products such as Health, Gogoon and Chinese-style fruit baijiu continued to be cultivated, and have become the driving force for the Company's young, fashionable, healthy and international development.

#### 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	13,960,908,535.33	1,498,640,545.49	89.27%	28.82%	1.93%	2.84%
Emerging channel operation model	550,076,103.08	171,370,733.31	68.85%	-22.73%	36.69%	-13.54%

#### 2. Distributors

Unit: Number

Region	Number of	Increased	Decreased	YoY change of	Reason for any
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	distributors at the end of the reporting period	number during the reporting period	number during the reporting period	number of distributors (%)	significant change
Domestic	1701	13	15	11.47%	
Overseas	111	0	15	-0.89%	

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

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

### 4. Top five distributors

Total sales to top five customers (CNY)	9,102,705,218.08
Total sales to top five customers as % of the total sales	62.38%
Total sales to related parties among top five customers as % of the total sales	0.00%

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

### 5. Information on top five distributors

No.	Customer	Sales amount (CNY)	As % of the total sales for the reporting period
1	Customer A	6,911,120,831.82	47.36%
2	Customer B	751,936,693.91	5.15%
3	Customer C	636,824,277.10	4.36%
4	Customer D	501,692,179.67	3.44%
5	Customer E	301,131,235.58	2.07%
Total	--	9,102,705,218.08	62.38%

Store sales terminals accounted for more than 10%

Applicable  N/A

Online direct sales

Applicable  N/A

For the main sales models of the Company, please refer to the contents under the heading "Distribution models" in "1. Business scope in the reporting period" of Section III. For the sales of the Company's main products, please refer to the contents under the heading "Business segment, products or geographical segments contributing over 10% of the operating revenues or profits" in "3. Analysis of main business" of Section III. The Company's main products are sold online. Its main cooperation platforms include JD.com and Tmall.

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

Applicable  N/A

Purchase model and purchase content

Unit: CNY

Purchase model	Purchase content	Amount of main purchase content
Organic raw grains are purchased through cooperative model and supplied by organic raw grain bases; other raw grains and packaging materials are purchased through bid invitation	Raw materials	1,904,661,332.91
Purchase based on the unified pricing of the Development and Reform Commission of Luzhou and the Price Bureau of Luzhou, and purchase through bid invitation	Fuels and energies	92,495,405.92
Purchase through bid invitation	Low-value consumables	24,502,517.66

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 2023		H1 2022		YoY Change
		Amount	As % of cost of sales	Amount	As % of cost of sales	
Baijiu	Raw materials	1,411,571,489.11	84.52%	1,362,639,995.08	85.40%	3.59%
Baijiu	Labor costs	117,395,758.18	7.03%	97,048,667.74	6.08%	20.97%
Baijiu	Manufacturing overhead	141,044,031.51	8.45%	135,902,902.04	8.52%	3.78%

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	16,156.97	16,930.17	42,103.81	-25.10%	-3.00%	-2.75%	
Other baijiu	25,552.95	26,485.26	10,763.18	12.28%	21.20%	-26.19%	

2. Inventory at the end of the reporting period

Unit: Ton

Finished baijiu	Semi-finished baijiu (including base baijiu)
52,866.99	431,179.15

### 3. Capacity

Unit: Ton

Main products	Design capacity	Actual capacity	Capacity in progress
Baijiu	170000	170000	80000

## 2. Analysis of core competitiveness

### A. Geographical advantage

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

### B. Advantage of cellars and brewing technique

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

### C. Brand advantage

Brand is a key business resource for baijiu producers. The Company's reputation is greatly built on its superiority in brand. National Cellar 1573, which is of a connoisseurship level, is a world-famous high-

end brand. Luzhou Laojiao Tequ, a classic brand for strong aromatic baijiu, was selected in 1952 by the first national tasting competition judges as one of the four most famous baijiu brands in China. It is the only strong aromatic baijiu brand that won the title of “National Famous Baijiu” for five consecutive times, as well as the pioneer with regard to the “Tequ” variety of baijiu. In recent years, the Company has successfully put in place a brand system of “dual brands, three product series, and major single products” with great clarity and focus. The programs carried out to promote the brand of National Cellar 1573 and revive the brand of Luzhou Laojiao have produced remarkable results, with significant improvement in brand influence. The Company’s baijiu is increasingly known by consumers as a national brand of strong aromatic baijiu and of authentic flavor.

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

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

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

The Company has 1 inheritor of national intangible cultural heritage, 4 masters of Chinese brewing, 2 masters of Chinese baijiu, 2 Chinese liquor connoisseurs, 1 master of Chinese baijiu technique, 11 senior professor engineers, 7 experts who receive special allowances from the State Council, 4 national technicians, 2 national model workers, 5 national Labor Day Medal winners, 3 academic and technologic leaders of Sichuan province, 1 expert with outstanding contribution in Sichuan province, 1 innovation leader of Tianfu, 1 excellent engineer of Tianfu, 3 craftsmen of Tianfu, 2 craftsmen of Sichuan province, 1 technological elite of Tianfu, 4 technicians of Sichuan province, as well as hundreds of highly skilled personnel including national baijiu judges, senior brewing technicians and brewing technicians. The comprehensive and professional personnel system assures the sound development of the Company.

### **3. Analysis of main business**

#### Overview

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



## Year-on-year changes in key financial data

Unit: CNY

	H1 2023	H1 2022	YoY Change	Reason for any significant change
Operating revenues	14,593,051,774.14	11,664,377,552.94	25.11%	
Cost of sales	1,700,263,105.68	1,642,310,550.61	3.53%	
Selling and distribution expenses	1,463,196,830.61	1,213,861,984.66	20.54%	
General and administrative expenses	539,879,241.31	542,666,754.49	-0.51%	
Finance expenses	-125,783,791.43	-126,988,421.10		
Corporate income tax	2,385,359,516.12	1,800,020,542.39	32.52%	Mainly due to the increased sales revenue from baijiu, resulting in the increased profit
R&D investments	85,012,075.06	93,892,252.85	-9.46%	
Net cash flows from operating activities	5,647,760,797.04	4,077,014,965.34	38.53%	Mainly due to the increased cash received from sale of goods in the current period
Net cash flows from investing activities	732,254,553.22	-1,158,401,612.09		Mainly due to the redemption of wealth management product (collective asset management plan) from securities firm in the current period
Net cash flows from financing activities	6,194,950,118.71	579,368,826.99	969.26%	Mainly due to the bank loans received in the current period
Net increase in cash and cash equivalents	12,582,529,016.13	3,512,307,170.67	258.24%	Mainly due to the increased net cash flows from operating, investing and financing activities in the current period

## 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 2023		H1 2022		YoY Change
	Amount	As % of operating revenues	Amount	As % of operating revenues	
Total	14,593,051,774.14	100%	11,664,377,552.94	100%	25.11%
By business segment					
Baijiu	14,510,984,638.41	99.44%	11,549,327,272.44	99.01%	25.64%
Other revenues	82,067,135.73	0.56%	115,050,280.50	0.99%	-28.67%
By product					
Mid- and high-end baijiu	12,990,085,081.50	89.02%	10,372,408,380.45	88.92%	25.24%
Other baijiu	1,520,899,556.91	10.42%	1,176,918,891.99	10.09%	29.23%
Other revenues	82,067,135.73	0.56%	115,050,280.50	0.99%	-28.67%
By geographical segment					
Domestic	14,516,179,307.86	99.47%	11,570,386,785.08	99.19%	25.46%
Overseas	76,872,466.28	0.53%	93,990,767.86	0.81%	-18.21%

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	14,510,984,638.41	1,670,011,278.80	88.49%	25.64%	4.66%	2.31%
By product						
Mid- and high-end baijiu	12,990,085,081.50	975,940,155.33	92.49%	25.24%	-2.31%	2.12%
Other baijiu	1,520,899,556.91	694,071,123.47	54.36%	29.23%	16.35%	5.05%
By geographical segment						
Domestic	14,516,179,307.86	1,688,065,142.75	88.37%	25.46%	5.72%	2.17%

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

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

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

Unit: CNY

Selling and distribution expenses	H1 2023	H1 2022	YoY Change	Reason for any significant change
Advertising expenses	585,741,219.56	691,914,456.49	-15.34%	
Sales promotion expenses	486,391,918.30	142,494,942.50	241.34%	Increased sales promotion activities in the current period
Warehousing and logistics expenses	95,488,340.44	63,874,054.36	49.49%	Increased stock for sale
Labor costs	210,781,737.74	204,443,388.51	3.10%	
Other	84,793,614.57	111,135,142.80	-23.70%	

#### B. Breakdown of advertising expenses

Unit: CNY

Advertising	Expenses
-------------	----------

Online advertising (exclusive of TV advertising)	53,376,655.14
Offline advertising	161,825,375.75
TV advertising	138,219,714.09
Other (inclusive of branding ideas, exhibitions & showcases, advertising materials, activity planning, etc.)	232,319,474.58

## 4. Analysis of non-core business

Applicable  N/A

## 5. Assets and liabilities

### 5.1. Significant change of asset items

Unit: CNY

	30 June 2023		31 December 2022		Change in percentage	Explanation about any material change
	Amount	As % of total assets	Amount	As % of total assets		
Cash and cash equivalents	30,344,475,538.13	49.32%	17,757,528,211.25	34.56%	14.76%	Mainly due to the positive net cash flows from operating activities and bank loans received in the current period
Accounts receivable	14,720,743.59	0.02%	5,939,420.78	0.01%	0.01%	
Inventories	10,794,156,136.00	17.54%	9,840,742,374.85	19.15%	-1.61%	
Investment property	38,467,435.50	0.06%	39,149,454.22	0.08%	-0.02%	
Long-term equity investments	2,721,676,735.14	4.42%	2,667,500,553.17	5.19%	-0.77%	
Fixed assets	8,616,388,591.11	14.00%	8,856,258,598.78	17.23%	-3.23%	
Construction in progress	1,209,595,255.85	1.97%	808,919,047.21	1.57%	0.40%	
Right-of-use assets	29,616,062.33	0.05%	39,952,525.63	0.08%	-0.03%	
Contract liabilities	1,933,610,554.94	3.14%	2,566,374,718.76	4.99%	-1.85%	
Long-term loans	9,515,100,000.00	15.47%	3,179,600,000.00	6.19%	9.28%	Mainly due to the bank loans received in the current period
Lease liabilities	26,095,309.94	0.04%	29,096,969.66	0.06%	-0.02%	

### 5.2. Main assets overseas

Applicable  N/A

### 5.3. Assets and liabilities measured at fair value

Applicable  N/A

Unit: CNY

Item	Opening balance	Changes in fair value through profit or loss	Changes in cumulative fair value recorded into equity	Provision for impairment	Amount of purchase	Amount of sale	Other changes	Closing balance
Financial asset								
1. Held-for-trading financial assets (exclusive of derivative financial assets)	1,073,466,780.37	32,781,678.42			200,000,000.00	1,106,191,742.66		200,056,716.13
4. Investments in other equity instruments	1,136,736,978.11		189,135,818.57			391,086,685.52		445,414,722.85
Accounts receivables financing	4,583,352,503.37						1,818,022,490.60	2,765,330,012.77
Subtotal of financial assets	6,793,556,261.85	32,781,678.42	189,135,818.57		200,000,000.00	1,497,278,428.18	1,818,022,490.60	3,410,801,451.75
Total	6,793,556,261.85	32,781,678.42	189,135,818.57		200,000,000.00	1,497,278,428.18	1,818,022,490.60	3,410,801,451.75
Financial liability	0.00							0.00

Information about other changes

N/A

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

 Yes  No**5.4. Restricted asset rights as of the end of this reporting period**

Unit: CNY

Item	Closing Balance	Reason
Bank deposits	22,939,930.13	Accrued interest on term deposits, and amount frozen by court of law
Other cash and cash equivalents	10,000,000.00	Bank guarantees
<b>Total</b>	<b>32,939,930.13</b>	

**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
686,415,706.04	1,669,795,904.73	-58.89% <sup>1</sup>

Note 1: Mainly due to the purchase of a larger amount of wealth management product (collective asset management plan product) from securities firm in the same period of last year.

## 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)
Luzhou Laojiao Technical Upgrade Project of Intelligent Brewing (Phase I)	Self-built	Yes	Baijiu	10,193,333.83	593,493,579.50	Self-financing	1.00%	N/A	N/A	N/A	13 July 2022	Announcement No. 2022-24 on the Implementation of Luzhou Laojiao Technical Upgrade Project of Intelligent Brewing (Phase I) by Subsidiary
Total	--	--	--	10,193,333.83	593,493,579.50	--	--	N/A	N/A	--	--	--

## 6.4. Financial assets investment

### 6.4.1. Securities investment

Applicable  N/A

Unit: CNY

Category of securities	Stock code	Abbreviation of securities	Initial investment cost	Accounting measurement model	Beginning book balance	Changes in fair value recognized in profit or loss	Changes in the cumulative fair value 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	160,049,389.21		152,041,031.25			6,241,808.41	164,760,188.01	Investments in other equity instruments	Own fund
Domestic and foreign stock	002246	SNC	1,030,000.00	Fair value measurement	14,931,950.24		13,761,230.29			78,177.75	14,791,230.29	Investments in other equity instruments	Own fund
Domestic and foreign stock	01983	LZBANK	51,120,000.00	Fair value measurement	120,158,392.72		60,898,357.27				112,018,357.27	Investments in other equity instruments	Own fund
Domestic and foreign stock	01880	CTG Duty-Free	542,285,380.80	Fair value measurement	807,139,120.07		-31,811,873.87		391,086,685.52	977,280.00	119,386,821.41	Investments in other equity instruments	Own fund
Total			607,154,537.56	--	1,102,278,852.24	0.00	194,888,744.94	0.00	391,086,685.52	7,297,266.16	410,956,596.98	--	--

### 6.4.2. Derivative investment

Applicable  N/A

No such cases in the reporting period

## 6.5. Use of funds raised

Applicable  N/A

### 6.5.1. General use of funds raised

Applicable  N/A

Unit: CNY 10,000

Year	Method	Total amount of funds raised	Total amount of raised funds used in the reporting period	Accumulated amount of raised funds used	Total amount of re-purposed funds raised in the reporting period	Total amount of accumulated re-purposed funds raised	Accumulated re-purposed funds raised as % of total funds raised	Total amount of unused funds raised	Purpose and direction of unused funds raised	Amount of funds raised idle for more than two years
2020	Public offering of corporate bond	149,400	12,139.37	98,243.6	0	0	0.00%	59,296.16	Deposited in special account for raised funds	0
2022	Public offering of corporate bond	149,880	0	149,880	0	0	0.00%	0	N/A	0
Total	--	299,280	12,139.37	248,123.6	0	0	0.00%	59,296.16	--	0

Notes for general use of funds raised

The total amounts of used and unused funds raised include interest on the funds.

### 6.5.2. Fund raised for committed projects

Applicable  N/A

Unit: CNY 10,000

Committed investment projects and direction of over-raised funds	Whether the project has been changed (including partial change)	Total amount of funds raised for committed investment	Adjusted investment total amount (1)	Investment amount in the reporting period	Accumulated input by the end of the reporting period (2)	Investment progress by the end of reporting period (3) = (2)/(1)	Date of the projects reach the working condition for their intended use	Realized benefits during the reporting period	Whether the expected benefits have been achieved	Whether the feasibility of the project has changed significantly
Committed investment projects										
Technical Renovation Project of Brewing (Phase II)	No			11,074.11	325,002.74		30 June 2021		Yes	No
Project of Intelligent Upgrading and Building of the Information Management System	No	398,400	398,400	1,065.26	9,299.15	88.18%	N/A	N/A	N/A	No
Project of Acquiring Sealing Equipment for the Cellar of	No			0	12,043.3		30 June 2021		Yes	No

Huangyi Brewing Base										
Project of Acquiring Accessory Equipment for Leaven Making for Huangyi Brewing Base	No			0	4,980.25		30 June 2021		Yes	No
Subtotal of committed investment projects	--	398,400 <sup>1</sup>	398,400	12,139.37	351,325.44	--	--	N/A	--	--
Use of over-raised funds										
None	No									
Total	--	398,400	398,400	12,139.37	351,325.44	--	--	N/A	--	--
Explain project by project the situation and reason for not reaching plan progress or expected benefits (including reason for inputting "N/A" for "Whether the expected benefits have been achieved")	N/A									
Significant changes of project feasibility	N/A									
Amount, purpose and progress of over-raised funds	N/A									
Change of implementation site of investment projects	N/A									
Adjustment of the implementation mode of raised	N/A									



funds investment projects	
Situation of advance investment and replacement	Applicable On 14 May 2019, the Company held the First Extraordinary General Meeting of Shareholders of 2019, which considered and approved the <i>Proposal on Requesting the Company's General Meeting of Shareholders to Fully Authorize Chairman of the Board or Other Personnel Authorized by the Board to Go Through Procedures for the Public Offering of Corporate Bond</i> . According to the Proposal, in the event of inconsistency between the payment of the raised funds and the progress of the project implementation, the Company may make advance investments using other funds (including self-owned funds, bank project loans, etc.) according to the actual situation, and replace fund investment other than capital funds when the raised funds are in place. As of 30 June 2023, the Company had replaced advance investments of self-pooled funds of CNY 573,178,496.64 using the raised funds.
Idle raised funds used for temporary supplementary liquidity	N/A
Amount and reason for surplus of funds raised	N/A
Purpose and whereabouts of unused funds raised	The idle raised funds are deposited in the special account No. 9550880046723000135 for raised funds in the Chengdu Branch of China Guangfa Bank Co., Ltd., the special account No. 51751746001300000860 for raised funds in the Luzhou Branch of Bank of Communications Co., Ltd., and the special account No. 631395395 for raised funds in the Chengdu Branch of China Minsheng Banking Corp., Ltd.
Problems and other situation when raised funds are used and disclosed	N/A

Note 1: The subtotal of funds raised for committed projects was CNY 3,984 million, which was the combined amount of CNY 4,000 million (CNY 2,500 million of corporate bonds issued in August 2019 plus CNY 1,500 million of corporate bonds issued in March 2020) minus the total issuance costs of CNY 16 million.

Note 2: Because there are uncertainties in the approval and issue time for bond, in order to ensure smooth progress of the projects and protect the interests of the Company's shareholders, the investment sequence and specific amounts of the corresponding raised funds should be determined by the Chairman of the Board as authorized by the general meeting of shareholders or other persons as authorized by the Board of Directors within the scope of the four raised funds investment projects according to the actual needs, provided that the capital funds for each project is no less than 20% of the total investment.

Note 3: As of 30 June 2023, the Project of Intelligent Upgrading and Building of the Information Management System was in the process.

Note 4: These raised funds investment projects have helped further expand the Company's production and sales, and increase its comprehensive competitiveness. The economic benefits of these projects cannot be measured separately.

### 6.5.3. Re-purposed funds raised

Applicable  N/A

No such cases in the reporting period

## 7. Sale of major assets and equity interests

### 7.1. Sale of major assets

Applicable  N/A

No such cases in the reporting period.

### 7.2. Sale of major equity interests

Applicable  N/A

## 8. Analysis of major subsidiaries

Applicable  N/A

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

Unit: CNY

Company name	Company type	Business scope	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Luzhou Laojiao Sales Co., Ltd.	Subsidiary	Luzhou Laojiao series unified package Baijiu sales	100,000,000.00	11,303,459,162.06	7,572,099,954.44	14,047,111,152.15	6,996,142,338.04	5,241,722,614.52 <sup>1</sup>

Note 1: Operating profit and net profit increased year on year, mainly due to the increased sales revenue in the current period.

Acquisition and disposal of subsidiaries during the reporting period

Applicable  N/A

Notes for major holding companies and joint stock companies

There were no major holding companies or joint stock companies during the reporting period of which information shall be disclosed.

## 9. Structured entities controlled by the Company

Applicable  N/A

## 10. Risks facing the Company and countermeasures

A. Macroeconomic risk. The baijiu industry has a strong relevance with the macroeconomy. At present, the economy is in a major process of factor-driven shift to high-quality development, and there are problems such as insufficient domestic demand, complex and severe external environment, and tortuous economic recovery, which may have an impact on the industry and enterprises. In this regard, the Company will face up to the impact of the economic environment, maintain strategic determination, boost confidence in development, strengthen the spirit of optimism, competition, innovation and solidarity, and endeavor to embark on a new journey of high-quality development.

B. Risk of aggravating industrial competition. In recent years, the baijiu output and the number of large enterprises have declined while the concentration has climbed, continuously intensifying the industry competition. To this end, the Company will adhere to the blueprint, always move forward in the right direction with exertion, courage and determination, and compete for new development opportunities in industry concentration and brand competition with a long history, deep culture, strong technology and excellent quality.

## Section IV Corporate Governance

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

#### 1.1 General meeting of shareholders convened during the reporting period

Meeting	Type	Investor participation ratio	Date of the meeting	Date of disclosure	Resolution of the meeting
The 2022 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	63.51%	29 June 2023	30 June 2023	Announcement No.: 2023-19 of Luzhou Laojiao Co., Ltd. on Resolutions of the 2022 Annual General Meeting of Shareholders ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )

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

Applicable  N/A

### 2. Changes in directors, supervisors, and senior management

Applicable  N/A

Name	Title	Type	Date	Reason
Li Yong	Secretary of the board	Appointed	9 March 2023	
Wang Hongbo	Secretary of the board	Resignation	3 March 2023	Voluntary resignation

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

Applicable  N/A

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

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

Applicable  N/A

### 4.1. Equity incentives

A. On 26 September 2021, relevant proposals such as the Proposal on the 2021 Restricted Share Incentive Plan (Draft) and Summary of Luzhou Laojiao Co., Ltd. were approved at the Seventh Meeting of the 10th Board of Directors and the Third Meeting of the 10th Board of Supervisors of the Company, respectively.

B. On 2 December 2021, the Company received the Approval of Luzhou State-owned Assets Supervision and Administration Commission on the Implementation of the Second Phase of the Equity Incentive Plan for Listed Companies by Luzhou Laojiao Co., Ltd. (L.G.Z.K.P. [2021] No. 62) from the Luzhou State-owned Assets Supervision and Administration Commission, which approved in principle to the implementation of the Restricted Share Incentive Plan by the Company.

C. On 24 December 2021, the Board of Supervisors of the Company issued the review opinion, i.e., Explanation on the Review and Announcement of the List of Awardees of the 2021 Restricted Share Incentive Plan.

D. On 29 December 2021, the relevant proposals such as the Proposal on the 2021 Restricted Share Incentive Plan (Draft) and Summary of Luzhou Laojiao Co., Ltd. were approved at the First Extraordinary General Meeting of Shareholders of 2021. Meanwhile, a self-inspection on the trading of the Company's shares by insiders of the Incentive Plan and the proposed awardees was conducted, and the Self-Inspection Report on the Trading of the Company's Shares by Insiders and Awardees in the 2021 Restricted Share Incentive Plan was disclosed.

E. On 29 December 2021, the Company held the 12th Meeting of the 10th Board of Directors and the Sixth Meeting of the 10th Board of Supervisors and reviewed and approved the Proposal on the Grant of Restricted Shares to Awardees respectively. The independent directors consented to the relevant matters.

F. On 21 February 2022, the Company disclosed the Announcement on the Completion of Registration of Restricted Share Grant, completed the registration of the first grant of restricted shares. Upon the registration of the grant, 6,862,600 restricted shares were granted to 437 objects, the grant price was CNY 92.71 per share and the listing date was 22 February 2022.

G. On 25 July 2022, the Company held the 18th Meeting of the 10th Board of Directors and the Ninth Meeting of the 10th Board of Supervisors and reviewed and approved the Proposal on the Grant of Reserved Restricted Shares to Awardees respectively. The independent directors consented to this

matter.

H. On 4 August 2022, the Board of Supervisors of the Company issued the review opinion, i.e., Explanation on the Review and Announcement of the List of Awardees for the Reserved Restricted Shares of the 2021 Restricted Share Incentive Plan.

I. On 2 September 2022, the Company held the 22nd Meeting of the 10th Board of Directors and the 13th Meeting of the 10th Board of Supervisors, at which the Proposal on the Repurchase and Retirement of Certain Restricted Shares and the Adjustment of Repurchase Price and the Proposal on the Adjustment of the Granted Price of Reserved Restricted Shares of 2021 Restricted Share Incentive Plan were reviewed and approved respectively. In accordance with the relevant provisions of the incentive plan of the Company and the authorization of the First Extraordinary General Meeting of Shareholders of 2021, the Board of Directors of the Company agreed to adjust the grant price and repurchase price of the reserved restricted shares under the incentive plan from CNY 92.71 per share to CNY 89.466 per share in view of the implementation of the Company's profit distribution plan for 2021. The independent directors consented to this matter.

J. On 3 September 2022, the Company disclosed the Announcement on the Repurchase and Cancellation of Some Restricted Shares to Reduce Registered Capital and Notice to Creditors. By the expiration of the declaring period, the Company had not received any declaration from the relevant creditors for early payout of debts or provision of guarantee.

K. On 26 September 2022, the Company disclosed the Announcement on the Completion of the Registration of the Grant of the Reserved Restricted Shares under the 2021 Restricted Share Incentive Plan. Upon the registration of the grant of the reserved restricted shares, 342,334 restricted shares were granted to 46 objects, the grant price was CNY 89.466 per share and the listing date was 28 September 2022.

L. On 29 November 2022, the Company disclosed the Announcement on the Completion of the Repurchase and Cancellation of Some Restricted Shares. The Company proposed to repurchase and cancel a total of 62,310 restricted shares granted but not lifted from restricted sales. As at 29 November 2022, the Company completed the aforesaid repurchase and cancellation of restricted shares.

M. On 29 December 2022, the Company held the 26th Meeting of the 10th Board of Directors and the 15th Meeting of the 10th Board of Supervisors and reviewed and approved the Proposal on the Grant of Reserved Restricted Shares to Awardees respectively. The independent directors consented to this matter.

N. On 13 January 2023, the Board of Supervisors of the Company issued the review opinion, i.e., Explanation on the Review and Announcement of the List of Awardees for the Reserved Restricted Shares of the 2021 Restricted Share Incentive Plan.

O. On 16 February 2023, the Company disclosed the Announcement on the Completion of the Registration of the Grant of the Reserved Restricted Shares under the 2021 Restricted Share Incentive

Plan. Upon the registration of the grant of the reserved restricted shares, 92,669 restricted shares were granted to 17 objects, the grant price was CNY 89.466 per share and the listing date was 17 February 2023.

#### **4.2. Implementation of employee stock ownership plans**

Applicable  N/A

#### **4.3. Other incentive measures for employees**

Applicable  N/A

## Section V Environmental and Social Responsibility

### 1. Information about environment protection

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

Yes  No

Policies and industry standards on environmental protection

In the process of production and operation, the Company strictly follow the laws, regulations and industry standards related to environmental protection, such as the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Environmental Impact Assessment, Law of the People's Republic of China on Atmospheric Pollution Prevention and Control, Law of the People's Republic of China on Water Pollution Prevention and Control, Administrative Measures for the Legal Disclosure of Enterprise Environmental Information, Regulations on the Administration of Environmental Protection of Construction Projects of the People's Republic of China, Regulations on Administration of Pollutant Discharge Permits, Policies and Industry Standards on Environmental Protection, Standard for Pollution Control on Hazardous Waste Storage, Standards for the Emission of Water Pollutants in the Fermented Alcohol and Baijiu Industry, Regulations on the Prevention and Control of Environmental Pollution by Solid Waste in Sichuan Province, and Regulations on Environmental Protection of Sichuan Province.

Environmental protection administrative permission

In the first half of 2023, the Company obtained six ecological and environmental administrative permits, including a total of three permits for change and renewal of discharge permits and three approval of environmental impact assessment reports.

Name of permit	Administrative permit No.	Review and issuance authority	Acquiring time	Valid term	Permitted matter	Remark
Discharge Permit for Luzhou Laojiao Co., Ltd. (Xiaoshi Brewery Base)	91510500204706718H002V	Luzhou Municipal Ecology and Environment Bureau	17 April 2023	5 years	Concentration limit on fugitive emission of air pollutants: 2.0 mg/Nm <sup>3</sup> for non-methane hydrocarbon (NMHC) and 20 dimensionless for odor concentration.	Change
Discharge Permit for Luzhou Laojiao Co., Ltd. (Huangyi Brewery Eco-	91510500204706718H004Q	Luzhou Municipal Ecology and Environment Bureau	6 June 2023	5 years	Permitted annual discharge limits for wastewater: 440.18t/a for chemical oxygen demand (COD), 33.01t/a for ammonia nitrogen, 55.02t/a for total	Re-application



Park)					nitrogen (TN), and 3.3t/a for total phosphorus (TP).	
Luzhou Laojiao Brewing Co., Ltd. (Energy Center of Sichuan Luzhou Baijiu Industrial Park)	91510500204755181G002V	Luzhou Municipal Ecology and Environment Bureau	30 March 2023	5 years	Permitted annual organized emission limits for air pollutants: 8.64t/a for particulate matters, 18.88t/a for sulfur dioxide, and 136.08t/a for nitrogen oxides.	Change
Reply to the Report of Luzhou Laojiao on the Environmental Impact of Phase I Construction Project of Flexible Intelligent Filling Pilot Line	L.SH.H.J.H. [2023] No. 21	Luzhou Municipal Ecology and Environment Bureau	1 March 2023	Permanent	In the 19# and 20# workshops in the south area of Sichuan Luzhou Baijiu Industrial Park, three 7,000-bottle/h manual filling production lines were utilized and supported with new equipment such as code-scanning devices for the production of small-scale and customized baijiu products, and one 24,000-bottle/h filling line was newly added for the production of a wide range of small-volume products. After the project is completed and put into production, a baijiu filling capacity of 27,000 tons/year will be developed.	Newly acquired
Reply to the Report of Luzhou Laojiao on the Environmental Impact of Phase II Construction Project of Flexible Intelligent Filling Pilot Line	L.SH.H.J.H. [2023] No. 19	Luzhou Municipal Ecology and Environment Bureau	1 March 2023	Permanent	A 5,000-bottle/h filling line was constructed in 18# workshop in the south area of Sichuan Luzhou Baijiu Industrial Park for the automated production of small-scale and customized gift-boxed products. After the project is completed and put into production, a baijiu filling capacity of 9,600 tons/year will be developed.	Newly acquired
Reply to the Report of Luzhou Laojiao Custom Liquor Co., Ltd. on the Environmental Impact of No. 21 Production Workshop Renovation Project in the South Area of Huangyi Brewery Eco-Park	L.SH.H.J.H. [2023] No. 20	Luzhou Municipal Ecology and Environment Bureau	1 March 2023	Permanent	An 8,000-bottle/h of conventional production and packaging line for custom products, a 3,000-bottle/h of production and packaging line for shaped-bottle custom products, and a box packaging line for small single personalized custom products were constructed in 21# workshop in the south area of Sichuan Luzhou Baijiu Industrial Park. After the project is completed and put into production, a baijiu filling	Newly acquired

					capacity of 7,000 tons/year will be developed.
--	--	--	--	--	--

## Industry discharge standards and pollutants in producing and operating activities

Company name	Type of main pollutant and particular pollutant	Name of main pollutant and particular pollutant	Discharge type	Number of discharge outlet	Distribution of discharge outlet	Emission concentration/intensity	Pollution discharge standard	Total emission	Approved total emission	Excessive discharge
Luzhou Laojiao Co., Ltd.	Water pollutant	COD	Direct discharge	1	Luohan Brewery Eco-Park	21.72mg/L	50mg/L	4.2256t	23.183t/a	No
Luzhou Laojiao Co., Ltd.	Water pollutant	Ammonia nitrogen	Direct discharge	1	Luohan Brewery Eco-Park	0.34mg/L	5mg/L	0.0385t	2.017t/a	No
Luzhou Laojiao Co., Ltd.	Water pollutant	Total nitrogen	Direct discharge	1	Luohan Brewery Eco-Park	5.72mg/L	15mg/L	1.1287t	5.796t/a	No
Luzhou Laojiao Co., Ltd.	Water pollutant	Total phosphorus	Direct discharge	1	Luohan Brewery Eco-Park	0.07mg/L	0.5mg/L	0.0116t	0.232t/a	No
Luzhou Laojiao Co., Ltd.	Air pollutant	PM	Organized discharge	2	Luohan Brewery Eco-Park	0.95mg/L	20mg/m <sup>3</sup>	0.0640t	3.900t/a	No
Luzhou Laojiao Co., Ltd.	Air pollutant	Sulfur dioxide	Organized discharge	2	Luohan Brewery Eco-Park	0.62mg/L	50mg/m <sup>3</sup>	0.0474t	11.500t/a	No
Luzhou Laojiao Co., Ltd.	Air pollutant	Oxynitride	Organized discharge	2	Luohan Brewery Eco-Park	34.06mg/L	150mg/m <sup>3</sup>	2.3940t	45.400t/a	No
Luzhou Laojiao Co., Ltd.	Water pollutant	COD	Indirect discharge	1	Huangyi Brewery Eco-Park	29.30mg/L	400mg/L	8.1865t	440.180t/a	No
Luzhou Laojiao Co., Ltd.	Water pollutant	Ammonia nitrogen	Indirect discharge	1	Huangyi Brewery Eco-Park	0.57mg/L	30mg/L	0.1662t	33.010t/a	No
Luzhou Laojiao Co., Ltd.	Water pollutant	Total nitrogen	Indirect discharge	1	Huangyi Brewery Eco-Park	16.94mg/L	50mg/L	4.7322t	55.020t/a	No
Luzhou Laojiao Co., Ltd.	Water pollutant	Total phosphorus	Indirect discharge	1	Huangyi Brewery Eco-Park	0.74mg/L	3.0mg/L	0.2080t	3.300t/a	No
Luzhou Laojiao Brewing Co., Ltd.	Air pollutant	Dust	Organized discharge	2	Energy Center of Sichuan Luzhou Baijiu Industrial Park	1.12mg/L	5mg/m <sup>3</sup>	0.4049t	5.640t/a	No
Luzhou Laojiao Brewing Co., Ltd.	Air pollutant	PM	Organized discharge	1	Energy Center of Sichuan Luzhou Baijiu Industrial Park	0	20mg/m <sup>3</sup>	0	3.000t/a	No
Luzhou Laojiao Brewing Co., Ltd.	Air pollutant	Sulfur dioxide	Organized discharge	2	Energy Center of Sichuan Luzhou Baijiu Industrial Park	0.49mg/L	35mg/m <sup>3</sup>	0.1578t	16.680t/a	No
Luzhou Laojiao Brewing Co., Ltd.	Air pollutant	Sulfur dioxide	Organized discharge	1	Energy Center of Sichuan Luzhou Baijiu Industrial Park	0	50mg/m <sup>3</sup>	0	2.200t/a	No
Luzhou Laojiao Brewing Co., Ltd.	Air pollutant	Oxynitride	Organized discharge	2	Energy Center of Sichuan Luzhou Baijiu Industrial	42.53mg/L	100mg/m <sup>3</sup>	15.1651t	113.400t/a	No

					Park					
Luzhou Laojiao Brewing Co., Ltd.	Air pollutant	Oxynitride	Organized discharge	1	Energy Center of Sichuan Luzhou Baijiu Industrial Park	0	150mg/m <sup>3</sup>	0	22.680 t/a	/

### Treatments of pollutants

**A. Waste water:** Areas of the Company that produce wastewater are National Cellar, Zaojiaoxiang Brewery Base, Xiaoshi Brewery Base, Anning Technology Park, Luohan Brewery Eco-Park, and Huangyi Brewery Eco-Park. In National Cellar, Zaojiaoxiang Brewery Base, Xiaoshi Brewery Base, and Anning Technology Park, the high-concentration brewing wastewater is temporarily collected in pools (or tanks), and is later transferred to the wastewater treatment station of Huangyi Brewery Eco-Park by truck for treatment. The wastewater treatment stations of Luohan Brewery Eco-Park and Huangyi Brewery Eco-Park are equipped with online monitors to automatically monitor COD, ammonia nitrogen, total phosphorus, total nitrogen, pH value and flows, and transmit the monitoring data to the supervision platform of the higher authority. The Company's facilities for prevention and control of wastewater pollution are under normal operations, ensuring up-to-standard discharge through general discharging outlets. Compared with last year, suspended matter discharge was reduced by 50.36%, and COD discharge by 6.36%.

**B. Waste gas:** Areas of the Company that produce exhaust gas are National Cellar, Zaojiaoxiang Brewery Base, Xiaoshi Brewery Base, Luohan Brewery Eco-Park, and Huangyi Brewery Eco-Park. In National Cellar Brewery Base, natural gas boilers are used, while in Xiaoshi Brewery Base and Zaojiaoxiang Brewery Base, direct-fired bottom boilers are used. The natural gas boilers of Luohan Brewery Eco-Park (20t/h, 30t/h) and the natural gas boilers of Huangyi Brewery Eco-Park (20t/h, 75t/h, 75t/h) are equipped with online monitors to automatically monitor exhaust gas, and transmit the monitoring data to the supervision platform of the higher authority. Low NOx 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. Compared with last year, PM discharge was reduced by 24.96%, and sulphur dioxide discharge by 9.64%.

### Emergency plan for environmental emergencies

In the first half of 2023, the Company organized the revision and issuance of the Contingency Plan for Environmental Emergencies in Jiangyang District of Luzhou Laojiao Co., Ltd. (2023), the Contingency Plan for Environmental Emergencies in Longmatan District of Luzhou Laojiao Co., Ltd. (2023), and completed the corresponding Report on Environmental Emergency Resource Investigation, Environmental Risk Assessment Report, Special Contingency Plan and On-site Disposal Plan.

### Input in environmental management and protection and the payment of environmental protection-related taxes

During the Reporting Period, more than CNY 4.9 million was input in environmental governance and protection, and CNY 83.2 thousand was paid in environmental protection tax as required.

## Environmental self-monitoring plan

Monitoring site	Monitoring indicator	Implementation standard	Emission limit	Monitoring frequency	Monitoring form	Monitoring compliance rate in H1 2023
Unorganized monitoring points 1#-4# for the exhaust gas emission outlets of Luohan Brewery Eco-Park	Odor concentration	Emission Standards for Odor Pollutants (GB14554-93)	20 (dimensionless)	1 time/half-year	Manual	100%
	Hydrogen sulfide		0.06 mg/m <sup>3</sup>			
	Ammonia		1.5 mg/m <sup>3</sup>			
	NMHC	Sichuan Emission Control Standard for Volatile Organic Compounds (DB51/2377-2017)	2 mg/m <sup>3</sup>			
	Particulate matters	Integrated Emission Standards for Air Pollutants (GB16297-1996)	1 mg/m <sup>3</sup>			
Exhaust gas emission outlets DA022, DA021 (unused) and DA020 of Luohan Brewery Eco-Park	Ringelman emittance	Emission Standards for Air Pollutants for Boiler (GB13271-2014)	≤ 1	1 time/quarter	Manual	100%
	Nitrogen oxide		150 mg/m <sup>3</sup>		Automatic	
	Particulate matters		20 mg/m <sup>3</sup>			
	Sulfur dioxide:		50 mg/m <sup>3</sup>			
Exhaust gas emission outlet DA019 of Luohan Brewery Eco-Park	Hydrogen sulfide	Emission Standards for Odor Pollutants (GB14554-93)	15,000 /	1 time/half-year	Manual	100%
	Ammonia		1.8 kg/h			
	Odor concentration		27 kg/h			
Exhaust gas emission outlet DA018 of Luohan Brewery Eco-Park	Sulfur dioxide:	Integrated Emission Standards for Air Pollutants (GB16297-1996)	240 mg/m <sup>3</sup> 0.77 kg/h	1 time/quarter	Manual	100%
	Particulate matters		120 mg/m <sup>3</sup> 3.5 kg/h			
	Nitrogen oxide		550 mg/m <sup>3</sup> 2.6 kg/h			
	Volatile organic compounds	Sichuan Emission Control Standard for Volatile Organic Compounds (DB51/2377-2017)	60 mg/m <sup>3</sup> 3.4 kg/h			
Exhaust gas emission outlet DA017 of Luohan Brewery Eco-Park	NMHC	Sichuan Emission Control Standard for Volatile Organic Compounds (DB51/2377-2017)	60 mg/m <sup>3</sup> 3.4 kg/h	1 time/quarter	Manual	100%
Exhaust gas emission outlets DA001-DA016 of Luohan Brewery Eco-Park	Particulate matters	Integrated Emission Standards for Air Pollutants (GB16297-1996)	120 mg/m <sup>3</sup>	1 time/half-year	Manual	100%
Main outlet DW001 of the wastewater treatment station of Luohan Brewery Eco-Park	Flow	Standards for the Emission of Water Pollutants in the Fermented Alcohol and Baijiu Industry (GB27931-2011)	/	1 time/quarter	Automatic	100%
	PH value		6-9			
	COD		50 mg/L			
	Ammonia nitrogen		5 mg/L			
	TP		0.5 mg/L	1 time/month	Manual	
	TN		15 mg/L			
	Suspended solids		20 mg/L			
	Five-day BOD		20mg/L			
Chroma	20					
Rainwater outlets DW002-DW006 of Luohan Brewery Eco-Park	Suspended solids	Standards for the Emission of Water Pollutants in the Fermented Alcohol and Baijiu Industry (GB2731-2011)	20 mg/L	1 time/month (1 time/quarter in case of no abnormalities monitored)	Manual	100%
	COD		50 mg/L			
Noise monitoring points 1-4# at	Boundary noise	Emission Standard for Noise of Industrial	Daytime: 60 dB (A); nighttime: 50 dB (A)	1 time/quarter	Manual	100%

the boundary of Luohan Brewery Eco-Park		Enterprises at Boundary (GB12348-2008)				
Circulating cooling water outlet DW002 of the Energy Center of Sichuan Luzhou Baijiu Industrial Park	PH value, COD, TP	/	/	1 time/quarter	Manual	100%
Wastewater outlet DW001 of the Energy Center of Sichuan Luzhou Baijiu Industrial Park	PH value	Integrated Wastewater Discharge Standard (GB8978-1996)	6-9	1 time/quarter	Manual	100%
	Total dissolved solids (TDS)		/			
	Suspended solids		140 mg/L			
	Five-day BOD		80 mg/L			
	COD		400 mg/L			
	TN		50 mg/L			
	Ammonia nitrogen		30 mg/L			
	TP	3 mg/L				
Boiler exhaust gas vents DA001-DA002 of the Energy Center of Sichuan Luzhou Baijiu Industrial Park	Ringelman emittance	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011)	≤ 1	1 time/quarter	Manual	100%
	Nitrogen oxide		100 mg/m <sup>3</sup>		Automatic	
	Soot		5 mg/m <sup>3</sup>			
	Sulfur dioxide:		35 mg/m <sup>3</sup>			
Boiler exhaust gas vent DA003 of the Energy Center of Sichuan Luzhou Baijiu Industrial Park	Ringelman emittance	Emission Standards for Air Pollutants for Boiler (GB13271-2014)	≤ 1	1 time/quarter	Manual	100%
	Nitrogen oxide		150 mg/m <sup>3</sup>		Automatic	
	Particulate matters		20 mg/m <sup>3</sup>			
	Sulfur dioxide:		50 mg/m <sup>3</sup>			
Rainwater outlets DW004-DW010 of Huangyi Brewery Eco-Park	Suspended solids	Standards for the Emission of Water Pollutants in the Fermented Alcohol and Baijiu Industry (GB2731-2011)	50 mg/L	1 time/month (1 time/quarter in case of no abnormalities monitored)	Manual	100%
	COD		100 mg/L			
Unorganized monitoring points 1#-4# at the boundary of Huangyi Brewery Eco-Park	Odor concentration	Emission Standards for Odor Pollutants (GB14554-93)	20 (dimensionless)	1 time/quarter	Manual	100%
	Hydrogen sulfide		0.06 mg/m <sup>3</sup>			
	Ammonia		1.5 mg/m <sup>3</sup>			
	NMHC	Sichuan Emission Control Standard for Volatile Organic Compounds (DB51/2377-2017)	2 mg/m <sup>3</sup>			
	Particulate matters	Integrated Emission Standards for Air Pollutants (GB16297-1996)	1 mg/m <sup>3</sup>			
DA041 and DA042 of Huangyi Brewery Eco-Park	Odor concentration	Emission Standards for Odor Pollutants (GB14554-93)	2,000 (dimensionless)	1 time/half-year	Manual	100%
	Ammonia		4.9 kg/h			
	Hydrogen sulfide		0.33 kg/h			
DA087, DA096-DA097 and DA072-DA075 of Huangyi Brewery Eco-Park	NMHC	Sichuan Emission Control Standard for Volatile Organic Compounds (DB51/2377-2017)	60 mg/m <sup>3</sup> 4.76 kg/h	1 time/quarter	Manual	100%
DA034-DA040, DA043-DA070, DA076-DA086, DA088-DA095, DA098, and DA099 of Huangyi Brewery Eco-Park	Particulate matters	Integrated Emission Standards for Air Pollutants (GB16297-1996)	120 mg/m <sup>3</sup>	1 time/half-year	Manual	100%
Main outlet of the wastewater	Flow	Standards for the Emission of Water	/	1 time/quarter	Automatic	100%
	PH value		6-9			

treatment station of Huangyi Brewery Eco-Park	COD	Pollutants in the Fermented Alcohol and Baijiu Industry (GB2731-2011)	400 mg/L	1 time/month	Manual	
	Ammonia nitrogen		30 mg/L			
	TP		3 mg/L			
	TN		50 mg/L			
	Suspended solids		140 mg/L			
	Five-day BOD		80 mg/L			
	Chroma		80			
Noise monitoring points 1-4# at the boundary of Huangyi Brewery Eco-Park	Boundary noise	Emission Standard for Noise of Industrial Enterprises at Boundary (GB12348-2008)	Daytime: 65 dB (A); nighttime: 55 dB (A)	1 time/quarter	Manual	100%
Unorganized monitoring points 1#-7# at Xiaoshi Brewery Base	Odor concentration	Emission Standards for Odor Pollutants (GB14554-93)	20	1 time/half-year	Manual	100%
	NMHC	Sichuan Emission Control Standard for Volatile Organic Compounds (DB51/2377-2017)	2.0 mg/m <sup>3</sup>			
Boiler exhaust gas vents DA001-DA010 of Xiaoshi Brewery Base	Ringelmann emittance	Emission Standards for Air Pollutants for Boiler (GB13271-2014)	≤ 1	1 time/year	Manual	100%
	Soot		20 mg/m <sup>3</sup>			
	Sulfur dioxide:		50 mg/m <sup>3</sup>			
	Nitrogen oxide		150 mg/m <sup>3</sup>	1 time/month		
Noise monitoring points at the boundary of Xiaoshi Brewery Base	Boundary noise	Emission Standard for Noise of Industrial Enterprises at Boundary (GB12348-2008)	Daytime: 60 dB (A)	1 time/quarter	Manual	100%
Unorganized monitoring points of National Cellar and Zaojiaoxiang Brewery Bases	Odor concentration	Emission Standards for Odor Pollutants (GB14554-93)	20	1 time/half-year	Manual	100%
	NMHC	Sichuan Emission Control Standard for Volatile Organic Compounds (DB51/2377-2017)	2.0 mg/m <sup>3</sup>			
Boiler exhaust gas vents DA001-DA003 of National Cellar and Zaojiaoxiang Brewery Bases	Ringelmann emittance	Emission Standards for Air Pollutants for Boiler (GB13271-2014)	≤ 1	1 time/year	Manual	100%
	Soot		20 mg/m <sup>3</sup>			
	Sulfur dioxide:		50 mg/m <sup>3</sup>			
	Nitrogen oxide		150 mg/m <sup>3</sup>	1 time/month		
Noise monitoring points at the boundary of National Cellar and Zaojiaoxiang Brewery Bases	Boundary noise	Emission Standard for Noise of Industrial Enterprises at Boundary (Class 4 for street frontage)	Daytime: 60 dB (A)	1 time/quarter	Manual	100%
Rainwater outlet DW003 of National Cellar and Zaojiaoxiang Brewery Bases	Suspended solids	Standards for the Emission of Water Pollutants in the Fermented Alcohol and Baijiu Industry (GB2731-2011)	20 mg/L	1 time/month (1 time/quarter in case of no abnormalities monitored)	Manual	100%
	COD		50 mg/L			

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

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

## Other information about environmental protection that should be disclosed

N/A

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

Applicable  N/A

The Company reduced CO<sub>2</sub> emissions through resource recycling. It developed a WSR energy-saving system for bran steamers, and achieved the pressure recovery and utilization of waste heat steam through the exchange of waste heat steam of the bran steamer. During the Reporting Period, the energy-saving system saved steam of approximately 7,995 tons and reduced carbon dioxide of approximately 1,900 tons. The Company recycled the marsh gas generated from the wastewater treatment process as boiler fuel, with more than 1.7 million cubic meters of marsh gas recycled during the Reporting Period, and more than 25,000 tons of carbon dioxide emissions were reduced.

Other information about environment protection

N/A

## 2. Social responsibility

The Company effectively enhanced its political and social responsibilities, thoroughly implemented the arrangements and deployments by the Party committees at all levels for rural revitalization, consolidated and expanded the results of poverty alleviation with high quality, and solidly promoted comprehensive rural revitalization. In the first half of 2023, the Company went to Xiangtian Village, Longshan Township, Gulin County, to carry out 2023 Chinese New Year greeting activities, distributing cash and supplies to 467 poverty-stricken households, needy households and ordinary farmers. It launched the 2022 Leaders in Rural Revitalization and Moral Awards as well as Advanced Models to select excellent contributors and distribute incentives to them. In addition, the Company launched public welfare activities such as the Public Service Action of the National Team and the "Rural Revitalization" Public Welfare Project of Luzhou Laojiao as well as the distribution of chicks in 2023. The Company visited Guntang Village, Maiwa Township, Hongyuan County for the 2023 Chinese New Year greeting activities, distributing cash and supplies to 101 assisted households. CNY 670,000 was donated to support rural revitalization projects such as infrastructure construction. The Company continuously carried out the activity of "purchase instead of donation" by buying designated supported agricultural products with CNY 1,011,200. The Company's village members stationed in Guntang Village, Maiwa Township, Hongyuan County, were awarded the "Excellent Village Members in Aba Prefecture", and Guntang Village under the paired assistance of the Company was awarded the "Excellent Key Village of Rural Revitalization in Aba Prefecture".

## 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 board of supervisors regarding the "Non-standard audit opinion" for the reporting period

Applicable  N/A

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

Applicable  N/A

## 7. Bankruptcy and reorganization

Applicable  N/A

No such cases in the reporting period.

## 8. Litigation

Material litigation and arbitration

Applicable  N/A

Profile of litigation (arbitration)	Amount involved in the case (CNY 10,000)	Whether it forms an estimate liability	Progress in litigation (arbitration)	Trial results and impacts of litigation (arbitration)	Execution of judgment of litigation (arbitration)	Date of disclosure	Disclosure index
The Company filed a lawsuit with ABC Changsha Yingxin Branch over a deposit dispute, and the case has been completed in the first instance of Hunan Province Higher People's Court and the final trial of the Supreme People's Court. The case is now at the stage of enforcement.	14,942.5	No	The second trial has been concluded, and the case is now at the stage of enforcement.	For the losses that the Company cannot recover through criminal execution procedures, 40% shall be borne by ABC Changsha Yingxin Branch, 20% shall be borne by ABC Changsha Hongxin Branch and the rest shall be borne by the Company itself.	The Company applied to Hunan Province Higher People's Court for enforcement of the verdict. Hunan Province Higher People's Court ruled that Hunan Changsha Intermediate People's Court should see to the execution of the verdict. Upon the enforcement, the banks have paid part of the	15 October 2014	See Section VI "Other significant events"

					compensation s.		
The Company filed a lawsuit with ICBC Nanyang Zhongzhou Branch over a deposit dispute, and the case has been completed in the first instance of Henan Province Higher People's Court and the final trial of the Supreme People's Court. The case is now at the stage of enforcement.	15,000	No	The second trial has been concluded, and the case is now at the stage of enforcement.	ICBC Nanyang Zhongzhou Branch, ICBC Nanyang Branch, and Sanya Rural Commercial Bank Hongsha Branch shall pay compensation s of CNY 75 million, CNY 7.5 million and CNY 6.105 million respectively with the relevant interest to the Company, and the rest of the loss shall be borne by the Company itself.	The banks have paid part of the compensation s. As there was a dispute over the verdict, the Company applied to Henan Province Higher People's Court for enforcement of the verdict. Henan Province Higher People's Court ruled that Nanyang Intermediate People's Court should see to the execution of the verdict. The case is now at the stage of enforcement by Nanyang Intermediate People's Court.	10 January 2015	See Section VI "Other significant events"

### Other litigation

Applicable  N/A

Profile of litigation (arbitration)	Amount involved in the case (CNY 10,000)	Whether it forms an estimate liability	Progress in litigation (arbitration)	Trial results and impacts of litigation (arbitration)	Execution of judgment of litigation (arbitration)	Date of disclosure	Disclosure index
Other litigations that do not meet the standard of a material litigation which is required to be disclosed	539.08	No	Pending	No significant impact	Pending		

## 9. Punishments and rectifications

Applicable  N/A

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

Applicable  N/A

## **11. Significant related party transactions**

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

Applicable  N/A

No such cases in the reporting period.

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

Applicable  N/A

No such cases in the reporting period.

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

Applicable  N/A

No such cases in the reporting period.

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

Applicable  N/A

No such cases in the reporting period.

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

Applicable  N/A

The Company did not make deposits in, receive loans or credit from and was not involved in any other finance business with any related finance company or any of its related parties.

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

Applicable  N/A

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

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

Applicable  N/A

No such cases in the reporting period.

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

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

#### **12.1.1. Trusteeship**

Applicable  N/A

No such cases in the reporting period.

#### **12.1.2. Contracting**

Applicable  N/A

No such cases in the reporting period.

#### **12.1.3. Leasing**

Applicable  N/A

No such cases in the reporting period.

### **12.2. Major guarantees**

Applicable  N/A

No such cases in the reporting period.

### 12.3. Entrust assets management

Applicable  N/A

Unit: CNY 10,000

Type	Fund source for entrusted assets management	Amount of entrusted assets management	Undue balance	Overdue outstanding amount	Impairment allowances for the overdue outstanding amount
Wealth management product of securities company	Own funds	60,000	20,000	0	0
Wealth management product of trust company	Own funds	30,000	0	0	0
Others	Own funds	20,000	0	0	0
<b>Total</b>		<b>110,000</b>	<b>20,000</b>	<b>0</b>	<b>0</b>

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

Applicable  N/A

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

Applicable  N/A

### 12.4. Other significant contracts

Applicable  N/A

No such cases in the reporting period.

### 13. Other significant events

Applicable  N/A

The Company disclosed in October 2014 and January 2015 respectively the contract disputes involving three savings deposits of CNY 500 million in total with banks including ABC Changsha Yingxin Branch and ICBC Nanyang Zhongzhou Branch. Upon criminal booty recovery, criminal and civil enforcement, as of the date of this Report, the Company had recovered a total amount of CNY 371 million for the three disputes.

See details in the Company's announcements:

Date of announcement	No.	Catalogue	Official website
15 October 2014	2014-35	Announcement of significant litigation	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

12 November 2014	2014-41	Announcement of significant litigation progress
6 December 2014	2014-43	Announcement of significant litigation progress part II
10 January 2015	2015-1	Announcement of significant events
4 February 2015	2015-4	Announcement of significant events progress
25 March 2015	2015-11	Announcement of significant litigation progress part III
18 April 2015	2015-20	Announcement of significant litigation progress part IV
22 April 2015	2015-21	Announcement of significant events progress part II
24 April 2015	2015-25	Announcement of significant litigation progress part V
15 July 2015	2015-44	Announcement of significant litigation progress part VI
22 July 2015	2015-45	Announcement of significant litigation progress part VII
6 June 2018	2018-17	Announcement of significant litigation progress part VIII
7 May 2019	2019-11	Announcement of significant litigation progress part IX
17 May 2019	2019-13	Announcement of significant litigation progress part X
24 March 2020	2020-6	Announcement of significant litigation progress part XI
6 May 2020	2020-14	Announcement of significant litigation progress part XII
7 November 2020	2020-34	Announcement of significant litigation progress part XIII
6 July 2021	2021-30	Announcement of significant litigation progress part XIV
15 December 2021	2021-57	Announcement of significant litigation progress part XV
30 December 2021	2021-64	Announcement of significant litigation progress part XVI

## 14. Significant events of subsidiaries

Applicable  N/A

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

## 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	7,390,545	0.50%	92,669			-14,625	78,044	7,468,589	0.51%
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Shares held by other domestic investors	7,390,545	0.50%	92,669			-14,625	78,044	7,468,589	0.51%
Of which: shares held by domestic corporations									
Shares held by domestic individuals	7,390,545	0.50%	92,669			-14,625	78,044	7,468,589	0.51%
4. Shares held by foreign corporations									
Of which: shares held by foreign corporations									
Shares held by foreign individuals									
II. Non-restricted shares	1,464,504,555	99.50%				14,625	14,625	1,464,519,180	99.49%
1. CNY common shares	1,464,504,555	99.50%				14,625	14,625	1,464,519,180	99.49%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Other									

III. Total shares	1,471,895,100	100.00%	92,669				92,669	1,471,987,769	100.00%
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## Reasons for the change in shares

Applicable  N/A

The Company's reserved restricted shares for 2021 Restricted Share Incentive Plan were listed on 17 February 2023 and 92,669 restricted shares were added.

14,625 locked-up shares of senior management of the Company's Deputy General Manager Mr. Shen Caihong were lifted from restricted sales on 3 January 2023.

## Approval of share changes

Applicable  N/A

On 29 December 2022, the *Proposal on the Grant of Reserved Restricted Shares to Awardees* was deliberated and approved at the 26th Meeting of the 10th Board of Directors and the 15th Meeting of the 10th Board of Supervisors, respectively. As such, it was decided to grant the restricted shares to eligible awardees and the grant was completed and registered on 16 February 2023. A total of 92,669 restricted shares were granted to 17 awardees as registered, which were listed on 17 February 2023.

## 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	Decrease in restricted shares during	Increase in restricted shares during	Number of restricted shares held at	Reason for restriction	Date of unlocking
---------------------	-------------------------------------	--------------------------------------	--------------------------------------	-------------------------------------	------------------------	-------------------



	the beginning of the reporting period	the reporting period	the reporting period	the end of the reporting period		
Shen Caihong	180,481	14,625	0	165,856	Locked-up shares of senior management, and shares granted under restricted share incentive plan	For locked-up shares of senior management, 25% of such shares are unlocked and become transferable on a yearly basis as legally allowed. For restricted shares, see Announcement No. 2022-1 on the Completion of the Grant of Restricted Shares for the unlocking dates.
2021 Restricted Share Incentive Plan	7,142,624	0	92,669	7,235,293	Restricted shares for equity incentive	In accordance with the relevant provisions governing lifting the restriction of the Company's 2021 Restricted Share Incentive Plan
<b>Total</b>	<b>7,323,105</b>	<b>14,625</b>	<b>92,669</b>	<b>7,401,149</b>	<b>--</b>	<b>--</b>

## 2. Issuance and listing of securities

Applicable  N/A

Name of stock and derivative securities	Date of offering	Offering price (or interest rate)	Number offered	Date of listing	Number approved for public trading	Date of termination of trading	Index to disclosed information	Date of disclosure
<b>Stocks</b>								
Restricted shares		CNY 89.466/share	92,669	17 February 2023	92,669		Announcement No. 2023-3 on	16 February 2023

							the Completion of the Grant of Reserved Restricted Shares for 2021 Restricted Share Incentive Plan disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>	
Convertible corporate bonds, convertible corporate bonds with warrants, or corporate debt								
Other derivative securities								

#### Notes to the offering of securities during the reporting period

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

### 3. Total number of shareholders and their shareholdings

Unit : Share

Total number of common shareholders at the end of the reporting period		94,905		Total number of preferred shareholders with resumed voting rights by the end of the reporting period (if any)(see Note 8)			0	
Shareholdings of common shareholders with a shareholding percentage over 5% or the top 10 common shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total common shares held by the end of the reporting period	Increase/decrease during the reporting period	Number of holding restricted common shares	Number of holding non-restricted common shares	Pledged, marked or frozen shares	
							Status of shares	Number of shares
Luzhou Laojiao Group Co., Ltd.	State-owned corporation	25.89%	381,088,389	0	0	381,088,389		
Luzhou XingLu Investment Group Co., Ltd.	State-owned corporation	24.86%	365,971,142	0	0	365,971,142		
Hong Kong Securities Clearing Company Limited	Outbound corporation	3.76%	55,338,732	9,726,076	0	55,338,732		
Bank of China Co., Ltd. – Baijiu index classification securities investment fund by China Merchants Fund	Other	2.33%	34,242,713	-11,833,513	0	34,242,713		

China Securities Finance Corporation Limited	Other	2.30%	33,842,059	0	0	33,842,059		
Bank of China Co., Ltd. – Blue chip selected hybrid securities investment fund by E Fund	Other	1.48%	21,800,000	-1,130,000	0	21,800,000		
Industrial and Commercial Bank of China Co., Ltd.-Newly growth hybrid securities investment fund by Invesco Great Wall	Other	1.01%	14,929,100	-2,744,677	0	14,929,100		
Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.92%	13,539,862	0	0	13,539,862		
China Life Insurance Company Limited-Tradition-common insurance product-005L – CT001 Hu	Other	0.67%	9,879,080	1,285,066	0	9,879,080		
Agricultural Bank of China Co., Ltd. - Consumption industry stock - based securities investment fund by E Fund	Other	0.64%	9,432,832	-1,140,461	0	9,432,832		
Strategic investors or general corporations become the top-ten shareholders due to placing of new shares (if any) (see note 3)	N/A							
Related parties or acting-in-concert	<p>1. Luzhou Laojiao Group Co., Ltd. and Luzhou XingLu Investment Group Co., Ltd. are both holding state-owned companies under the jurisdiction of SASAC of Luzhou. The two companies signed the agreement of persons acting in concert on 31 December 2015. For details, please refer to the announcement of the Company on 5 January 2016 - <i>Announcement on the agreement of persons acting in concert signed by shareholders</i>. The announcement number is 2016-1 (<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>). The two companies signed the renewed agreement of persons acting in concert on 27 May 2021. For details, please refer to the announcement of the Company on 29 May 2021 - <i>Announcement on the renewed agreement of persons acting in concert signed by shareholders</i>. The announcement number is 2021-18 (<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>).</p> <p>2. In addition, whether there is an association between the remaining shareholders or they belong to persons acting in concert is unknown.</p>							
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	N/A							
Special account for repurchased shares among the top 10 shareholders (if	N/A							

any) (see note 11)			
Shareholdings of the top 10 non-restricted shareholders			
Name of shareholder	Number of non-restricted shares held in by the end of the reporting period	Type of shares	
		Type	Number
Luzhou Laojiao Group Co., Ltd.	381,088,389	CNY common shares	381,088,389
Luzhou XingLu Investment Group Co., Ltd.	365,971,142	CNY common shares	365,971,142
Hong Kong Securities Clearing Company Limited	55,338,732	CNY common shares	55,338,732
Bank of China Co., Ltd. – Baijiu index classification securities investment fund by China Merchants Fund	34,242,713	CNY common shares	34,242,713
China Securities Finance Corporation Limited	33,842,059	CNY common shares	33,842,059
Bank of China Co., Ltd. – Blue chip selected hybrid securities investment fund by E Fund	21,800,000	CNY common shares	21,800,000
Industrial and Commercial Bank of China Co., Ltd.- Newly growth hybrid securities investment fund by Invesco Great Wall	14,929,100	CNY common shares	14,929,100
Central Huijin Asset Management Co., Ltd.	13,539,862	CNY common shares	13,539,862
China Life Insurance Company Limited-Tradition-common insurance product-005L—CT001 Hu	9,879,080	CNY common shares	9,879,080
Agricultural Bank of China Co., Ltd. - Consumption industry stock - based securities investment fund by E Fund	9,432,832	CNY common shares	9,432,832
The statement of association or acting-in-concert between the top 10 shareholders of unrestricted shares and between the top 10 shareholders of unrestricted shares and top 10 shareholders	See the table above		
Top 10 common shareholders participating in securities margin trading (if any) (see note 4)	N/A		

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

Yes  No

The top 10 non-restricted common shareholders, the top10 common shareholders did not conduct any promissory repurchase during the reporting period.

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

Applicable  N/A

Name	Office title	Incumbent/ former	Opening sharehold- ing (share)	Increase in sharehold- ing in the current period (share)	Decrease in sharehold- ing in the current period (share)	Closing sharehold- ing (share)	Opening restricted shares held (share)	Restricted shares granted in the current period (share)	Closing restricted shares held (share)
Shen Caihong	Deputy general manager	Incumbent	195,575	0	15,094	180,481	0	0	0
Total	--	--	195,575	0	15,094	180,481	0	0	0

#### 5. Change of controlling shareholder or actual controller

Change of the controlling shareholder during the reporting period

Applicable  N/A

No such cases in the reporting period.

Change of the actual controller during the reporting period

Applicable  N/A

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

## Section VIII Preferred Shares

Applicable  N/A

No preferred stock in the Company during the reporting period.

## Section IX Information about Bond

Applicable  N/A

### 1. Enterprise bonds

Applicable  N/A

No such cases in the reporting period.

### 2. Corporate bonds

Applicable  N/A

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

Unit: CNY

Name	Abbr.	Code	Issue date	Value date	Due date	Bond balance	Interest rate	Way of redemption	Place of trading
2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	20 Lao Jiao 01	149062.SZ	16 March 2020	17 March 2020	17 March 2025	150,000	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
2022 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Professional Investors (Phase I)	22 Lu Jiao 01	148133.SZ	2 December 2022	2 December 2022	2 December 2025	150,000	2.85%	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	Shenzhen Stock Exchange

								will be paid once every year and the interests for the last installment will be paid together with the principal.	
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

## 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

## 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 2023	31 December 2022	Change
Current ratio	3.26	3.15	3.49%
Debt/asset ratio	42.72%	33.19%	9.53%
Quick ratio	2.45	2.20	11.36%
	H1 2023	H1 2022	Change
Net profits before non-recurring gains and losses	704,093.86	549,626.58	28.10%
EBITDA/debt ratio	80.25%	190.37%	-110.12%
Interest cover (times)	37.35	62.60	-40.34%
EBITDA-to-interest cover (times)	38.64	65.13	-40.67%

## 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 2023

Monetary Unit: CNY

Item	Balance as at 30 June 2023	Balance as at 1 January 2023
<b>Current assets:</b>		
Cash and cash equivalents	30,344,475,538.13	17,757,528,211.25
Settlement reserves		
Lending funds		
Held-for-trading financial assets	200,056,716.13	1,073,466,780.37
Derivative financial assets		
Notes receivables		
Accounts receivables	14,720,743.59	5,939,420.78
Accounts receivables financing	2,765,330,012.77	4,583,352,503.37
Prepayment	182,055,446.82	114,257,506.26
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		
Other receivables	31,543,283.03	23,396,533.98
Including : Interests receivable		
Dividends receivable	15,482,200.48	
Buying back the sale of financial assets		
Inventories	10,794,156,136.00	9,840,742,374.85
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	109,151,844.19	153,035,946.94
<b>Total current assets</b>	<b>44,441,489,720.66</b>	<b>33,551,719,277.80</b>
<b>Non-current assets:</b>		
Disbursement of loans and advances		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	2,721,676,735.14	2,667,500,553.17
Investments in other equity	445,414,722.85	1,136,736,978.11

instruments		
Other non-current financial assets		
Investment property	38,467,435.50	39,149,454.22
Fixed assets	8,616,388,591.11	8,856,258,598.78
Construction in progress	1,209,595,255.85	808,919,047.21
Productive biological assets		
Oil and gas assets		
Use right assets	29,616,062.33	39,952,525.63
Intangible assets	3,057,058,000.96	3,083,271,852.79
Development expenses		
Goodwill		
Long-term deferred expenses	449,989.24	710,010.92
Deferred tax assets	667,166,561.57	1,005,167,353.80
Other non-current assets	297,385,638.50	196,095,702.09
<b>Total non-current assets</b>	<b>17,083,218,993.05</b>	<b>17,833,762,076.72</b>
<b>Total assets</b>	<b>61,524,708,713.71</b>	<b>51,385,481,354.52</b>
<b>Current liabilities:</b>		
Short-term loans		
Borrowings from the central bank		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	2,164,798,164.42	2,311,665,585.04
Advance from customer		
Contract liabilities	1,933,610,554.94	2,566,374,718.76
Financial assets sold for repurchase		
Deposits from customers and inter-bank		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee benefits payable	512,496,183.96	675,034,885.31
Taxes payable	1,266,525,574.18	3,481,150,728.98
Other payable	7,411,558,110.90	1,202,409,278.49
Including : Interests payable		
Dividends payable	6,235,743,174.61	16,594,850.58
Handling charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	80,331,921.57	81,879,466.63
Other current liabilities	251,369,372.14	333,627,225.47
<b>Total current liabilities</b>	<b>13,620,689,882.11</b>	<b>10,652,141,888.68</b>
<b>Non-current liabilities:</b>		
Insurance contract reserves		
Long-term loans	9,515,100,000.00	3,179,600,000.00
Bonds payable	2,996,918,980.27	2,996,099,571.86
Including : Preferred shares		
Perpetual bonds		
Lease liabilities	26,095,309.94	29,096,969.66
Long-term payables		
Long-term payroll payables		
Accrued liabilities		
Deferred income	29,474,054.74	33,704,323.80
Deferred tax liabilities	92,383,522.19	166,043,663.88
Other non-current liabilities		

<b>Total non-current liabilities</b>	12,659,971,867.14	6,404,544,529.20
<b>Total liabilities</b>	26,280,661,749.25	17,056,686,417.88
<b>Owners' equity</b>		
Share capital	1,471,987,769.00	1,471,895,100.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserves	5,004,570,088.84	4,800,154,468.99
Less: treasury stock	616,743,610.59	639,021,998.78
Other comprehensive income	95,067,381.86	330,751,245.84
Special reserves		
Surplus reserves	1,471,895,100.00	1,471,895,100.00
General risk reserve		
Undistributed profits	27,659,691,330.23	26,772,197,213.98
Total equity attributable to owners of the parent company	35,086,468,059.34	34,207,871,130.03
Non-controlling interests	157,578,905.12	120,923,806.61
<b>Total owners' equity</b>	35,244,046,964.46	34,328,794,936.64
<b>Total liabilities and owners' equity</b>	61,524,708,713.71	51,385,481,354.52

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 2023

Monetary Unit: CNY

Item	Balance as at 30 June 2023	Balance as at 1 January 2023
<b>Current assets:</b>		
Cash and cash equivalents	29,113,981,970.11	17,009,231,873.64
Held-for-trading financial assets	200,056,716.13	974,505,894.18
Derivative financial assets		
Notes receivables		
Accounts receivables	268,133.64	47,500.00
Accounts receivables financing		
Prepayment	31,417,459.45	2,141,256.01
Other receivables	14,222,162,555.22	12,042,401,844.84
Including : Interests receivable		
Dividends receivable	15,482,200.48	
Inventories	2,109,542.02	2,499,333.08
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	1,583,315.11	34,163.66
<b>Total current assets</b>	43,571,579,691.68	30,030,861,865.41
<b>Non-current assets:</b>		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	6,441,833,480.01	6,278,966,093.87
Investments in other equity instruments	445,110,801.22	1,136,433,056.48
Other non-current financial assets		
Investment property	38,467,435.50	39,149,454.22

Fixed assets	984,217,783.36	1,021,509,077.72
Construction in progress	53,342,460.87	49,136,390.14
Productive biological assets		
Oil and gas assets		
Use right assets	394,608.65	600,190.05
Intangible assets	605,083,818.49	617,211,243.56
Development expenses		
Goodwill		
Long-term deferred expenses	311,133.65	548,507.41
Deferred tax assets	165,886,388.87	147,351,049.81
Other non-current assets	26,051,835.42	14,808,459.12
<b>Total non-current assets</b>	<b>8,760,699,746.04</b>	<b>9,305,713,522.38</b>
<b>Total assets</b>	<b>52,332,279,437.72</b>	<b>39,336,575,387.79</b>
<b>Current liabilities:</b>		
Short-term loans		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	14,098,047.06	51,174,790.68
Advance from customer		
Contract liabilities	2,369,943.95	1,510,508.26
Employee benefits payable	234,339,145.78	241,471,148.70
Taxes payable	205,614,877.02	381,259,266.93
Other payables	14,293,353,474.50	1,730,335,596.91
Including : Interests payable		
Dividends payable	6,219,148,324.03	
Liabilities held for sale		
Non-current liabilities due within one year	71,289,637.58	67,673,936.27
Other current liabilities	308,092.71	196,366.07
<b>Total current liabilities</b>	<b>14,821,373,218.60</b>	<b>2,473,621,613.82</b>
<b>Non-current liabilities:</b>		
Long-term loans	9,515,100,000.00	3,179,600,000.00
Bonds payable	2,996,918,980.27	2,996,099,571.86
Including : Preferred shares		
Perpetual bonds		
Lease liabilities	205,664.46	203,920.20
Long-term payables		
Long-term payroll payables		
Accrued liabilities		
Deferred income		
Deferred tax liabilities	59,507,481.05	132,565,131.74
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>12,571,732,125.78</b>	<b>6,308,468,623.80</b>
<b>Total liabilities</b>	<b>27,393,105,344.38</b>	<b>8,782,090,237.62</b>
<b>Owners' equity</b>		
Share capital	1,471,987,769.00	1,471,895,100.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserves	4,996,441,364.97	4,789,603,151.65
Less: treasury stock	616,743,610.59	639,021,998.78
Other comprehensive income	91,695,375.87	328,542,995.36
Special reserves		
Surplus reserves	1,471,895,100.00	1,471,895,100.00
Undistributed profits	17,523,898,094.09	23,131,570,801.94
<b>Total owners' equity</b>	<b>24,939,174,093.34</b>	<b>30,554,485,150.17</b>

<b>Total liabilities and owners' equity</b>	52,332,279,437.72	39,336,575,387.79
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## Consolidated income statement

Monetary Unit: CNY

Item	H1 2023	H1 2022
<b>1. Total operating revenue</b>	14,593,051,774.14	11,664,377,552.94
Including: Operating revenue	14,593,051,774.14	11,664,377,552.94
Interest income		
Earned premium		
Fee and commission income		
<b>2. Total operating costs</b>	5,234,429,060.11	4,392,197,692.56
Including: Cost of sales	1,700,263,105.68	1,642,310,550.61
Interest expense		
Handling charges and commission expenses		
Refunded premiums		
Net payments for insurance claims		
Net provision for insurance contracts		
Bond insurance expense		
Reinsurance Expenses		
Taxes and surcharges	1,593,958,974.95	1,045,859,768.74
Selling and distribution expenses	1,463,196,830.61	1,213,861,984.66
General and administrative expenses	539,879,241.31	542,666,754.49
Research and Development expenses	62,914,698.99	74,487,055.16
Financial expenses	-125,783,791.43	-126,988,421.10
Including : Interest expenses	261,543,693.36	119,589,682.10
Interest income	384,116,432.10	237,072,806.72
Plus: Other income	23,395,940.16	10,744,728.17
Investment income ("-" for losses)	85,024,194.55	57,499,481.86
Including: income from investment in associates and joint ventures	70,278,286.49	37,796,914.64
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)	32,781,678.42	5,862,846.29
Credit impairment losses ("-" for losses)	130,161.94	-584,263.98
Impairment losses("-" for losses)		
Gains from disposal of assets("-" for losses)	-477,479.38	19,789,402.07
<b>3. Operating profits ("-" for losses)</b>	9,499,477,209.72	7,365,492,054.79
Plus: non-operating income	14,479,518.98	11,135,733.33
Less: non-operating expenses	6,972,586.95	1,949,009.51

<b>4. Total profits before tax ("-" for total losses)</b>	9,506,984,141.75	7,374,678,778.61
Less: income tax expenses	2,385,359,516.12	1,800,020,542.39
<b>5. Net profit ("-" for net loss)</b>	7,121,624,625.63	5,574,658,236.22
5.1 By operating continuity		
5.1.1 Net profit from continuing operation ("-" for losses)	7,121,624,625.63	5,574,658,236.22
5.1.2 Net profit from discontinued operation ("-" for losses)		
5.2 By ownership		
1) Attributable to shareholders of the parent company ("-" for losses)	7,090,426,787.07	5,531,926,340.44
2) Attributable to non-controlling interests ("-" for losses)	31,197,838.56	42,731,895.78
<b>6. Net of tax from other comprehensive income</b>	-218,514,527.93	-25,120,502.64
Net of tax from other comprehensive income to the owner of the parent company	-219,468,210.77	-26,408,043.89
6.1 Other comprehensive income cannot reclassified into the profit and loss:	-221,898,677.10	-18,914,133.57
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	131,244.39	
3) Changes in fair value of investments in other equity instruments	-222,029,921.49	-18,914,133.57
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	2,430,466.33	-7,493,910.32
1) Share in other comprehensive income that will be classified into profit and loss under equity method	1,266,710.82	-9,066,533.27
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	1,163,755.51	1,572,622.95
7) Others		
Net of tax from other comprehensive income to non-controlling interests	953,682.84	1,287,541.25
<b>7. Total comprehensive income</b>	6,903,110,097.70	5,549,537,733.58
Total comprehensive income attributable to owners of the parent company	6,870,958,576.30	5,505,518,296.55
Total comprehensive income attributable to non-controlling interests	32,151,521.40	44,019,437.03
<b>8. Earnings per share</b>		
(1) Basic earnings per share	4.82	3.76
(2) Diluted earnings per share	4.82	3.76

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 2023	H1 2022
<b>1. Operating revenue</b>	4,014,540,328.02	2,067,048,989.06
Less: Cost of sales	3,042,254,948.12	1,385,687,450.52
Taxes and surcharges	37,573,415.96	21,846,321.17
Selling and distribution expenses		
General and administrative expenses	461,675,917.45	471,587,969.18
Research and Development expenses	26,515,628.81	21,774,399.61
Financial expenses	-227,960,702.16	-213,866,445.14
Including : Interest expenses	160,806,004.01	22,117,787.32
Interest income	389,316,203.47	236,000,565.63
Plus: Other income	15,751,969.90	2,964,466.60
Investment income ("-" for losses)	69,703,790.61	52,812,442.16
Including: income from investment in associates and joint ventures	55,379,409.84	25,579,283.02
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)	30,742,662.63	5,862,846.29
Credit impairment losses ("-" for losses)	930,108.70	-103,576.90
Asset impairment losses ("-" for losses)		
Gains from disposal of assets("-" for losses)	-651,767.48	19,786,813.38
<b>2. Operating profits ("-" for losses)</b>	790,957,884.20	461,342,285.25
Plus: non-operating income	11,214,036.19	5,439,905.79
Less: non-operating expenses	5,679,506.55	1,671,093.97
<b>3. Total profits before tax ("-" for total losses)</b>	796,492,413.84	465,111,097.07
Less: income tax expenses	201,232,450.87	85,788,728.92
<b>4. Net profit ("-" for net loss)</b>	595,259,962.97	379,322,368.15
4.1 Net profit from continuing operation ("-" for losses)	595,259,962.97	379,322,368.15
4.2 Net profit from discontinued operation ("-" for losses)		
<b>5. Net of tax from other comprehensive income</b>	-220,631,966.28	-27,980,666.84
5.1 Other comprehensive income cannot reclassified into the profit and loss:	-221,898,677.10	-18,914,133.57
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	131,244.39	



profit and loss under equity method		
3) Changes in fair value of investments in other equity instruments	-222,029,921.49	-18,914,133.57
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	1,266,710.82	-9,066,533.27
1) Share in other comprehensive income that will be classified into profit and loss under equity method	1,266,710.82	-9,066,533.27
2) Changes in fair value of investments in other debt obligations		
3) Other comprehensive income arising from the reclassification of financial assets		
4) Allowance for credit impairments in investments in other debt obligations		
5) Reserve for cash-flow hedge		
6) Balance arising from the translation of foreign currency financial statements		
7) Others		
<b>6. Total comprehensive income</b>	<b>374,627,996.69</b>	<b>351,341,701.31</b>
<b>7. Earnings per share</b>		
(1) Basic earnings per share	0.39	0.24
(2) Diluted earnings per share	0.39	0.24

### Consolidated statement of cash flows

Monetary Unit: CNY

Item	H1 2023	H1 2022
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services	17,584,367,655.42	15,086,273,014.66
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	268,904.22	89,261,122.49

Cash received from other operating activities	459,253,580.98	287,930,011.44
<b>Subtotal of cash inflows from operating activities</b>	<b>18,043,890,140.62</b>	<b>15,463,464,148.59</b>
Cash paid for goods purchased and services received	3,091,976,431.75	3,622,026,296.99
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	742,681,965.47	699,560,416.16
Cash paid for taxes and surcharges	7,376,131,406.36	5,713,535,332.59
Cash paid for other operating activities	1,185,339,540.00	1,351,327,137.51
<b>Subtotal of cash outflows from operating activities</b>	<b>12,396,129,343.58</b>	<b>11,386,449,183.25</b>
<b>Net cash flows from operating activities</b>	<b>5,647,760,797.04</b>	<b>4,077,014,965.34</b>
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	1,502,335,883.94	814,171,770.96
Cash received from returns on investments	2,391,009.80	6,795,921.96
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,151,397.95	47,943,500.00
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
<b>Subtotal of cash inflows from investing activities</b>	<b>1,510,878,291.69</b>	<b>868,911,192.92</b>
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	578,623,738.47	587,312,805.01
Cash paid for investments	200,000,000.00	1,440,000,000.00
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
<b>Subtotal of cash outflows from investing activities</b>	<b>778,623,738.47</b>	<b>2,027,312,805.01</b>
<b>Net cash flows from investing activities</b>	<b>732,254,553.22</b>	<b>-1,158,401,612.09</b>
<b>3. Cash flows from financing activities</b>		
Cash received from investors	10,373,040.14	636,231,646.00
Including: cash received by subsidiaries from investments by minority shareholders	2,082,314.40	
Cash received from borrowings	6,350,000,000.00	
Cash received from other financing activities		
<b>Subtotal of cash inflows from financing activities</b>	<b>6,360,373,040.14</b>	<b>636,231,646.00</b>

Cash paid for debt repayments	10,100,000.00	
Cash paid for distribution of dividends and profits or payment of interest	154,205,652.79	52,502,625.00
Including: dividends and profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	1,117,268.64	4,360,194.01
<b>Subtotal of cash outflows from financing activities</b>	165,422,921.43	56,862,819.01
<b>Net cash flows from financing activities</b>	6,194,950,118.71	579,368,826.99
<b>4. Effect of fluctuation in exchange rate on cash and cash equivalents</b>	7,563,547.16	14,324,990.43
<b>5. Net increase in cash and cash equivalents</b>	12,582,529,016.13	3,512,307,170.67
Plus: balance of cash and cash equivalents at the beginning of the period	17,729,006,591.87	13,402,528,941.83
<b>6. Balance of cash and cash equivalents at the end of the period</b>	30,311,535,608.00	16,914,836,112.50

### Cash flow statements of parent company

Monetary Unit: CNY

Item	H1 2023	H1 2022
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services	4,537,069,372.71	2,334,856,499.28
Refunds of taxes and surcharges		
Cash received from other operating activities	4,098,127,059.26	3,758,977,124.59
<b>Subtotal of cash inflows from operating activities</b>	8,635,196,431.97	6,093,833,623.87
Cash paid for goods purchased and services received	2,851,101,478.66	1,596,587,859.22
Cash paid to and on behalf of employees	238,227,114.39	639,918,889.87
Cash paid for taxes and surcharges	634,932,605.73	451,760,425.43
Cash paid for other operating activities	134,540,090.19	120,449,483.46
<b>Subtotal of cash outflows from operating activities</b>	3,858,801,288.97	2,808,716,657.98
<b>Net cash flows from operating activities</b>	4,776,395,143.00	3,285,116,965.89
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	1,400,914,454.67	814,131,144.12
Cash received from returns on investments	2,391,009.80	6,795,921.96
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	271,899.30	47,943,500.00
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		

<b>Subtotal of cash inflows from investing activities</b>	1,403,577,363.77	868,870,566.08
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	52,057,717.59	53,052,249.25
Cash paid for investments	220,000,000.00	1,440,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
<b>Subtotal of cash outflows from investing activities</b>	272,057,717.59	1,493,052,249.25
<b>Net cash flows from investing activities</b>	1,131,519,646.18	-624,181,683.17
<b>3. Cash flows from financing activities</b>		
Cash received from investors	8,290,725.74	636,231,646.00
Cash received from loans	6,350,000,000.00	
Cash received from other financing activities		
<b>Subtotal of cash inflows from financing activities</b>	6,358,290,725.74	636,231,646.00
Cash paid for debt repayments	10,100,000.00	
Cash paid for distribution of dividends and profits or payment of interest	154,205,652.79	52,502,625.00
Cash paid for other financing activities	76,680.00	261,142.60
<b>Subtotal of cash outflows from financing activities</b>	164,382,332.79	52,763,767.60
<b>Net cash flows from financing activities</b>	6,193,908,392.95	583,467,878.40
<b>4. Effect of fluctuation in exchange rate on cash and cash equivalents</b>	290,791.42	
<b>5. Net increase in cash and cash equivalents</b>	12,102,113,973.55	3,244,403,161.12
Plus: balance of cash and cash equivalents at the beginning of the period	16,991,891,937.50	12,938,983,758.82
<b>6. Balance of cash and cash equivalents at the end of the period</b>	29,094,005,911.05	16,183,386,919.94

**Consolidated statement of changes in owners' equity**  
For the six months ended 30 June 2023

Monetary Unit: CNY

Item	H1 2023													Non-controlling interests	Total owners' equity
	Equity attributable to owners of the parent company														
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Other	Subtotal		
	Preferred stock	Perpetual bond	Other												
<b>1. Balance as at 31 December of last year</b>	1,471,895,100.00				4,800,154,468.99	639,021,998.78	330,751,245.84		1,471,895,100.00		26,772,197,213.98		34,207,871,130.3	120,923,806.61	34,328,794,936.64
Plus: adjustments															

for changes in accounting policies															
Adjustments for correction of accounting errors in prior year															
Business combinations under common control															
Others															
<b>2. Balance as at 1 January of the current year</b>	1,47 1,89 5,10 0.00				4,80 0,15 4,46 8.99	639, 021, 998. 78	330, 751, 245. 84		1,47 1,89 5,10 0.00		26,7 72,1 97,2 13.9 8		34,2 07,8 71,1 30.0 3	120, 923, 806. 61	34,3 28,7 94,9 36.6 4
<b>3. Increases/decreases in the current period (“+” for increases) (“-” for decreases)</b>	92,6 69.0 0				204, 415, 619. 85	- 22,2 78,3 88.1 9	- 235, 683, 863. 98			887, 494, 116. 25		878, 596, 929. 31	36,6 55,0 98.5 1	915, 252, 027. 82	
(1) Total comprehensive income							- 219, 468, 210. 77			7,09 0,42 6,78 7.07		6,87 0,95 8,57 6.30	32,1 51,5 21.4 0	6,90 3,11 0,09 7.70	
(2) Capital contributed or reduced by owners	92,6 69.0 0				204, 415, 619. 85	- 22,2 78,3 88.1 9						226, 786, 677. 04	4,50 3,57 7.11	231, 290, 254. 15	
Capital contributions by owners	92,6 69.0 0				8,19 8,05 5.74	8,29 0,72 4.74							2,08 2,31 4.40	2,08 2,31 4.40	
Capital contributions by other equity instruments holders															
Amounts of share-based payments recognized in owners' equity					196, 217, 564. 11	- 30,5 69,1 12.9 3						226, 786, 677. 04	2,42 1,26 2.71	229, 207, 939. 75	
Others															
(3) Profit distribution										- 6,21 9,14 8,32 4.03		- 6,21 9,14 8,32 4.03		- 6,21 9,14 8,32 4.03	
Withdrawal of surplus reserves															
Withdrawal of general risk reserve															
Profit distributed to owners (or shareholders)										- 6,21 9,14 8,32		- 6,21 9,14 8,32		- 6,21 9,14 8,32	

											4.03		4.03		4.03
Others															
(4) Internal carry-forward of owners' equity							-				16,2				
							16,2				15,6				
							53.2				53.2				
							1				1				
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							-				16,2				
							16,2				15,6				
							53.2				53.2				
							1				1				
Others															
(5) Special reserves															
Withdrawal for the period															
Use for the period															
(6) Others															
<b>4. Balance as at 30 June of the current year</b>	1,47				5,00	616,	95,0		1,47		27,6		35,0	157,	35,2
	1,98				4,57	743,	67,3		1,89		59,6		86,4	578,	44,0
	7,76				0,08	610.	81.8		5,10		91,3		68,0	905.	46,9
	9.00				8.84	59	6		0.00		30.2		59.3	12	64.4
											3		4		6

## For the six months ended 30 June 2022

Monetary Unit: CNY

Item	H1 2022														
	Equity attributable to owners of the parent company													Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Other	Subtotal		
	Prefere d stock	Perpetua l bond	Othe r												
<b>1. Balance as at 31 December of last year</b>	1,46				3,75		167,		1,46		21,1		28,0	97,0	28,1
	4,75				5,35		527,		4,75		87,8		40,2	14,1	37,2
	2,47				4,66		152.		2,47		60,2		47,0	16.8	61,1
	6.00				5.73		32		6.00		35.8		05.9	9	22.8
											9		4		3
Plus: adjustments for changes in accounting															

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

Others																	
(4) Internal carry-forward of owners' equity																	
Conversion of capital reserves into paid-in capital																	
Conversion of surplus reserves into paid-in capital																	
Surplus reserves offsetting losses																	
Carry-forward of retained earnings from changes in defined benefit plans																	
Carry-forward of retained earnings from other comprehensive income																	
Others																	
(5) Special reserves																	
Withdrawal for the period																	
Use for the period																	
(6) Others										15,626.84		15,626.84		15,626.84		15,626.84	
<b>4. Balance as at 30 June of the current year</b>	1,471,615.076.00				4,573,224.059.40	613,969,371.60	141,119,108.43		1,464,752,476.00		21,945,882,896.63		28,982,624,244.86	143,274,260.45		29,125,898,505.31	

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

For the six months ended 30 June 2023

Monetary Unit: CNY

Item	H1 2023											Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Other	
		Preferred stock	Perpetual bond	Other								
<b>1. Balance as at 31 December of last year</b>	1,471,895,100.00				4,789,603,151.65	639,021,998.78	328,542,995.36		1,471,895,100.00	23,131,570,801.94		30,554,485,150.17
Plus: adjustments for changes in accounting policies												
Adjustments for correction of accounting												



errors in prior year												
Others												
<b>2. Balance as at January 1 of the current year</b>	1,471,895,100.00				4,789,603,151.65	639,021,998.78	328,542,995.36		1,471,895,100.00	23,131,570,801.94		30,554,485,150.17
<b>3. Increases/decreases in the current period ("-" for decreases)</b>	92,669.00				206,838,213.32	-22,278,388.19	-236,847,619.49			-5,607,672,707.85		-5,615,311,056.83
(1) Other comprehensive income							-220,631,966.28			595,259,962.97		374,627,996.69
(2) Capital contributed or reduced by owners	92,669.00				206,838,213.32	-22,278,388.19						229,209,270.51
Capital contributions by owners	92,669.00				8,198,055.74	8,290,724.74						0.00
Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity					198,640,157.58	-30,569,112.93						229,209,270.51
Others												
(3) Profit distribution										-6,219,148.324.03		-6,219,148.324.03
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)										-6,219,148.324.03		-6,219,148.324.03
Others												
(4) Internal carry-forward of owners' equity							-16,215,653.21			16,215,653.21		
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										-16,215		

of retained earnings from other comprehensive income							16,215,653.21			,653.21		
Others												
(5) Special reserves												
Withdrawal for the period												
Use for the period												
(6) Others												
<b>4. Balance as at 30 June of the current year</b>	1,471,987.76 9.00				4,996,441.36 4.97	616,743,610.59	91,695,375.87		1,471,895.10 0.00	17,523,898.0 94.09		24,939,174.0 93.34

## For the six months ended 30 June 2022

Monetary Unit: CNY

Item	H1 2022											
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplu s reserve	Undistribut ed profit	Other	Total owners' equity
		Prefer red stock	Perpet ual bond	Other								
<b>1. Balance as at 31 December of last year</b>	1,464,752.47 6.00				3,739,666.10 8.27		167,572,013.86		1,464,752.47 6.00	18,872,792.7 75.01		25,709,535.8 49.14
Plus: adjustments for changes in accounting policies												
Adjustments for correction of accounting errors in prior year												
Others												
<b>2. Balance as at January 1 of the current year</b>	1,464,752.47 6.00				3,739,666.10 8.27		167,572,013.86		1,464,752.47 6.00	18,872,792.7 75.01		25,709,535.8 49.14
<b>3. Increases/ decreases in the current period ("-" for decreases)</b>	6,862,600.00				819,952,517.52	613,969,371.60	-27,980,666.84			-4,394,596.93 8.39		-4,209,731.85 9.31
(1) Other comprehensive income							-27,980,666.84			379,322,368.15		351,341,701.31
(2) Capital contributed or reduced by owners	6,862,600.00				819,952,517.52	613,969,371.60						212,845,745.92
Capital contributions by owners					629,369,046.00	636,231,646.00						-6,862,600.00
Capital contributions by other equity instruments holders												
Amounts of share-based payments	6,862,600.00				190,583,471.52	-22,262.00						219,708,345.52

recognized in owners' equity					52	,274.4						92
Others						0						
(3) Profit distribution										-		-
Withdrawal of surplus reserves										4,773,919,306.54		4,773,919,306.54
Profit distributed to owners (or shareholders)										-		-
Others										4,773,919,306.54		4,773,919,306.54
(4) Internal carry-forward of owners' equity												
Conversion of capital reserves into paid-in capital												
Conversion of surplus reserves into paid-in capital												
Surplus reserves offsetting losses												
Carry-forward of retained earnings from changes in defined benefit plans												
Carry-forward of retained earnings from other comprehensive income												
Others												
(5) Special reserves												
Withdrawal for the period												
Use for the period												
(6) Others												
<b>4. Balance as at 30 June of the current year</b>	1,471,615.07				4,559,618.62	613,969,371.60	139,591,347.02		1,464,752.47	14,478,195.836.62		21,499,803.989.83

### 3. Company Profile

#### 3.1 Company Overview

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

As the end of 31 December 2004, the Company's total share capital reached 841,399,673 shares after multiple rights issues, among which the controlling shareholder, State Assets Management Bureau of Luzhou (later renamed as State-owned Assets Supervision and Administration Commission of Luzhou, hereinafter referred to as "SASAC of Luzhou") held 585,280,800 shares of the Company, with a shareholding ratio of 69.56%.

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

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

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

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

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

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

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

On 23 August 2017, the Company issued CNY 62,500,000 ordinary shares (A shares) privately, raising a total capital of CNY 3,000,000,000. After the additional issuance, the total capital stock of the Company was changed to 1,464,752,476 shares. In addition, from 2017 to 2018, Laojiao Group decreased 13,137,100 shares that were increased through the secondary market from April 2014 to

December 2015. After share reduction, Laojiao Group, Xinglu Group and SASAC of Luzhou held 381,088,389 shares, 365,971,142 shares and 1,111,930 shares respectively, with the shareholding ratios of 26.02%, 24.99% and 0.08% respectively. Laojiao Group still was the first majority shareholder and SASAC of Luzhou still was the actual controller.

In February 2022, the registration of 6,862,600 shares of the Restricted Share Incentive Plan granted by the Company for the first time were completed; in September 2022, the Company granted 342,334 shares of the Restricted Share Incentive Plan for the second time; in September 2022, with seven awardees no longer eligible, the Company decided to repurchase and retire the 62,310 restricted shares of them which had been granted but not lifted from restricted sales; in December 2022, the Company granted 92,669 shares of the Restricted Share Incentive Plan for the third time; so far, the above grant and repurchase of the Restricted Share Incentive Plan had all been registered and the total shares of the Company changed to 1,471,987,769 shares. The grant and repurchase of the Restricted Share Incentive Plan this year caused no changes in the controlling shareholders and the actual controller of the Company.

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

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

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

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

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

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

### 3.4 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 28 August 2023.

### 3.5 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.

### 3.6 Consolidated financial statement scope and their changes

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

Name of subsidiary	Abbreviation	Shareholding proportion(%)		Voting rights (%)
		Direct	Indirect	
Luzhou Laojiao Brewing Co., Ltd.	Brewing Company	100.00		100.00
Luzhou Red Sorghum Modern Agricultural Development Co., Ltd.	Red Sorghum Company		60.00	60.00

Luzhou Laojiao Sales Co., Ltd.	Sales Company	100.00		100.00
Luzhou Laojiao Nostalgic Liquor Marketing Co., Ltd.	Nostalgic Company		100.00	100.00
Luzhou Laojiao Custom Liquor Co., Ltd. <b>Note 1</b>	Custom Liquor Company		15.00	60.00
Luzhou Laojiao Selected Supply Chain Management Co., Ltd.	Selected Company		100.00	100.00
Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd.	Guangxi Imported Liquor Industry		100.00	100.00
Luzhou Dingli Liquor Industry Co., Ltd.	Dingli Company		100.00	100.00
Luzhou Dingyi Liquor Industry Sales Co., Ltd. <b>Note 2</b>	Dingyi Company		100.00	100.00
Luzhou Laojiao New Liquor Industry Co., Ltd.	New Liquor Industry Company		100.00	100.00
Luzhou Laojiao I & E Co., Ltd.	I & E Company		100.00	100.00
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	Boda Marketing		75.00	75.00
Luzhou Laojiao Fruit Wine industry Co., Ltd. <b>Note 3</b>	Fruit Wine Industry		41.00	60.00
Mingjiang Co., Ltd.	Mingjiang Company		54.00	54.00
Luzhou Laojiao International Trade (Hainan) Co., Ltd.	Hainan Company		100.00	100.00
Luzhou Pinchuang Technology Co., Ltd.	Pinchuang Company	100.00		100.00
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	Hong Kong Company	55.00		55.00
Luzhou Laojiao Commercial Development (North America) Co., Ltd.	North America Company		55.00	55.00
Luzhou Laojiao Electronic Commerce Co., Ltd.	Electronic Commerce Company	90.00		90.00
Luzhou Laojiao Whitail Liquor Industry Co., Ltd. <b>Note 4</b>	Whitail Liquor Industry		31.50	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
Luzhou Laojiao New Retail Co., Ltd.	New Retail Company	40.00	100.00	100.00
Luzhou Laojiao Technology Innovation Co., Ltd.	Technology Innovation Company	40.00	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:** Luzhou Dingyi Liquor Industry Sales Co., Ltd. was renamed Luzhou Laojiao Chateau Qiankun Custom Liquor Sales Co., Ltd. in July 2023.

**Note 3:** 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 4:** Although the Company holds less than 51% of the equity of Whitail Liquor Industry, among the seven members of the board of directors, the Company has sent five 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 “7.1. Interests in subsidiaries”

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

N/A

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

N/A

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

## **4. Basis of preparation of financial statements**

### **4.1. Basis of preparation of financial statements**

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

### **4.2. Going concern**

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

## **5. Significant accounting policies and accounting estimates**

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

### **5.1 The declaration about compliance with ASBE**

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

## 5.2 Accounting period

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

## 5.3 Business Cycle

The Company's business cycle is 12 months.

## 5.4 Functional currency

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

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

### (1) Business combination under common control

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

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

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

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

## 5.6 Preparation of consolidated financial statements

### (1) Consolidated Financial Statement Scope

The scope of the Company's consolidated financial statements is based on control, and all subsidiaries



controlled are included in the consolidation scope of the consolidated financial statements.

## (2) Consolidation procedures

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

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

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

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

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

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

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

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

## **Disposal of subsidiaries and business**

### General treatments

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

In case of loss of control over the investee due to partial disposal of the equity investment or other reasons, the Company shall re-measure the remaining equity investment at its fair value at the date of loss of control. The amount of the consideration obtained from the disposal of the equity and the fair

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

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

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

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

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

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

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

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

insufficient, any excess shall be adjusted against retained earnings.

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

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

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

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

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

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

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

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

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

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

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

## **5.8 Cash and cash equivalents**

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

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

### **(1) Foreign currency transactions**

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

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

of available-for-sale financial assets, the differences are recorded into other comprehensive income.

## (2) Translation of foreign currency statements

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

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

## 5.10 Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

(2) Classification, recognition and measurement of financial liabilities

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

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

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

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

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

## 2) Other financial liabilities

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

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

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

If the enterprise neither transfers nor retains almost all the risks and remunerations in respect of the ownership of the financial asset and does not abandon its control over the asset, the involved financial



asset shall be recognized according to the level of continuous involvement of the transferred financial asset and the relevant liabilities shall be recognized accordingly. The level of continuous involvement of the transferred financial asset refers to the level of risk faced by the enterprise due to changes in the value of the financial asset.

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

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

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

#### (4) Derecognition of financial liabilities

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

When a financial liability (or a part of it) is derecognized, the Company will include the difference between its carrying value and the consideration paid (including non-cash assets or liabilities borne that

are transferred out) into current profits/losses.

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

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

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

Fair value refers to the price that a market participant can receive for selling an asset or transferring a liability in an orderly transaction on the measurement date. For an existing financial instrument in an active market, the Company adopts the quotations in the active market to determine its fair value. Quotations in the active market refer to prices that can be easily obtained from exchanges, brokers, industrial associations and pricing service institutions and represent the actual prices in the market transactions happening in a fair trade. For a non-existing financial instrument in an active market, the Company adopts the valuation technique to determine its fair value. The valuation technique includes references to familiar situations and the prices used by the parties voluntarily participating in the recent market transactions, as well as references to the present fair value of other financial instruments of the same nature, discounted cash flow method and options pricing model. In the valuation, the Company uses a valuation technique that is applicable in the current situation with sufficient data available and other information support, chooses input values that are consistent with the asset or liability characteristics considered by market players in related asset or liability transactions, and make maximum effort to use related observable input values on a preferential basis. When it is unable or unfeasible to obtain related observable input values, unobservable will be used.

#### (7) Equity instruments

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

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

#### (8) Impairment of financial instruments

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

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

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

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

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

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

### 5.11 Notes receivable

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

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

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

### 5.12 Accounts receivables

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

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

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

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

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

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

The Company combines the accounts receivables classified as risk portfolio in accordance with similar credit risk characteristics (aging), and calculates the expected credit loss through the exposure at default and expected credit loss rate over the entire life based on the current situation and prediction of

future economic situation consulting historical credit loss experience. The comparative table of the credit loss rate is as follows:

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

### 5.13 Accounts receivables financing

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

### 5.14 Other receivables

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

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

- (1) When there is objective evidence showing that the other receivable has incurred credit impairment, the Company shall make bad debt provision for the other receivable and recognize the expected credit loss.
- (2) When the information about the expected credit loss of a single financial asset cannot be evaluated at a reasonable cost, the Company shall divide the other receivables portfolio according to credit risk characteristics and measure the expected credit loss based on portfolios.

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

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

The Company combines the other receivables classified as risk portfolio in accordance with similar credit risk characteristics (aging), and calculates the expected credit loss through the exposure at

default and expected credit loss rate in the next 12 months or over the entire life based on the current situation and prediction of future economic situation consulting historical credit loss experience. The comparative table of the credit loss rate is as follows:

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

## 5.15 Inventory

### (1) Classification of inventory

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

### (2) Measurement method of dispatched inventories

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

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

At the end of the period, inventory is measured according to the lower of cost and net realizable value. The difference between inventory cost and net realizable value is higher than the provision for stock obsolescence, which is recorded into current profit and loss. For inventories that are related to product ranges produced and sold in the same district or used for the same or similar ultimate purpose and are difficult to be measured separately from other inventories, the Company provides for stock obsolescence as a whole. For inventories that have large quantities but low value, the Company provides for stock obsolescence on a category basis.

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

value.

#### (4) Inventory system

The Company adopts perpetual inventory system.

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

It is amortized in full at once.

### **5.16 Contract assets**

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

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

### **5.17 Contract costs**

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

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

Assets recognized from costs incurred to obtain a contract and costs for contract performance (hereinafter referred to as "assets related to contract costs") will be amortized based on the basis the same with the income from commodities or services related to the assets, and will be recognized as profit and loss of the current period. In case that the book value of assets related to contract costs is

higher than the difference of the two items below, the Company will set aside provisions for assets impairment to deal with the extra part, and recognize that part as impairment losses: a) Estimated residual consideration to be obtained from transfer of commodities or services related to the assets; b) Estimated costs incurred from transfer of the relevant commodities or services.

## 5.18 Assets held for sale

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

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

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

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

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

#### a. Initial measurement and subsequent measurement

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

For the non-current assets or disposal groups divided into held-for-sale category on the acquisition date, they shall be measured as the lower of the initial measurement amount and the net amount after



deducting the selling expenses from the fair value under the assumption that it is not divided into held-for-sale categories at the initial measurement. Except for the non-current assets or the disposal groups obtained in the enterprise merger, the difference caused by the non-current assets or the disposal groups taking the net amount after the fair value minus the selling expenses as the initial measurement amount shall be recorded into the current profit and loss.

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

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

b. Accounting treatment of reversal of impairment loss

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

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

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

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

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

and recoverable amount.

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

### **5.19. Investments in debt obligations**

N/A

### **5.20 Investments in other debt obligations**

N/A

### **5.21 Long-term receivables**

For more details, see Note 5.10 Financial instruments.

### **5.22 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.

### **5.23 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.

#### **(1) 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.

#### **(2) 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.

## 5.24. Fixed assets

### (1) Recognition of fixed assets

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

### (2) Depreciation of fixed assets

Category	Depreciation method	Estimated useful life (Year)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings and Constructions	Straight-line method	10-45	5%	9.50%—2.11%
Special equipment	Straight-line method	5-35	5%	19.00%—2.71%
Universal equipment	Straight-line method	4-25	5%	23.75%—3.80%
Transportation equipment	Straight-line method	6	5%	15.83%
Other equipment	Straight-line method	4-16	5%	23.75%—5.94%

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

Based on the nature and use of fixed assets, the Company determines their service life and estimated net salvage value and reviews their service life, estimated net salvage value and

depreciation method at the end of the year. Changes in the service life, estimated net salvage value and depreciation method of the same type of assets are treated as changes in accounting estimation.

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

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

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

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

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

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

## **5. 25. 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. 26. 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.

## **5.27. Biological assets**

N/A

## **5.28. Oil and gas assets**

N/A

## **5.29. Using right assets**

Refer to Note 5.42 Lease for the detail.

## 5. 30. Intangible assets

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

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

#### Measurement method

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

#### Useful life and amortization method

For intangible assets with limited useful life, amortization shall be carried out according to the straight-line method within the period that brings economic benefits to the enterprise. At the end of each period, the useful life and amortization method of intangible assets with limited service life shall be reviewed. If there are differences with the original estimates, corresponding adjustments shall be made.

Intangible assets whose useful life is uncertain shall be regarded as intangible assets if it is impossible to foresee the term in which intangible assets bring economic benefits to the enterprise. Intangible assets with uncertain useful life shall not be amortized during the holding period, and the life of intangible assets shall be reviewed at the end of each period. If it is still uncertain after the review at the end of the period, the impairment test shall continue during each accounting period. At the end of each period, the useful life of intangible assets with uncertain service life shall be reviewed.

#### Impairment test

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

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

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

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

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

### **5. 31. 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. 32. 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. 33. 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. 34. 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. 35. Lease liabilities**

Refer to the Note 5.42 Lease for details.

**5. 36. 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. 37. 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).

### **5.38. Other financial instruments such as preferred shares and perpetual bonds**

N/A

## **5. 39. Revenue**

### **Accounting policies for recognition and measurement of revenue**

(1) Basic principles of revenue identification

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

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

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

The Company will evaluate the contract on the contract start date, identify each individual performance obligation contained in the contract, and judge whether each individual performance obligation will be



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

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

## (2) The methods of revenue identification

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

## 5. 40. 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. 41. 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. 42. Lease

### (1) Lease

From the effectiveness date of a contract, the Company assessed whether the contract was a lease or includes any lease. If a party to the contract transferred the right allowing the control over the use of one or more assets that had been identified within a certain period, in exchange for a consideration, such contract was a lease or includes a lease.

### (1) Accounting treatment with the Company as lessee

On the commencement date of the lease term, the Company recognizes the right-of-use assets and lease liabilities for the lease, unless it is a simplified short-term lease or a low-value asset lease.

Right-of-use assets are initially measured at costs, including: A. The initial measurement amount of lease liabilities; B. If there is a lease incentive for the lease payment paid on or before the start date of the lease term, the relevant amount of the lease incentive already enjoyed shall be deducted; C. Initial direct expenses incurred by the Company; D. The expected cost to be borne by the Company in order to dismantle and remove the assets leased, restore original state of the place where the assets leased are in, or restore the assets leased to the state stipulated in the lease terms.

The Company initially measures the lease obligation at the present value of the lease payments outstanding at the commencement date of the lease term. When calculating the present value of lease payments, the Company uses the interest rate implicit in lease as the rate of discount. If the interest rate implicit in lease cannot be determined, the Company's incremental lending rate is used as the rate of discount.

After the commencement of the lease term, the Company uses the cost model for subsequent measurement of right-of-use assets, depreciates right-of-use assets on a straight-line basis, calculates the interest expense on the lease liability within the lease term and includes it in the current profit or loss, unless such interest charge is stipulated to be included in the underlying asset cost. Variable lease payments that are not included in the measurement of the lease obligation should be included in the current profit or loss when they are actually incurred, unless such payments are stipulated to be included in the underlying asset cost.

After the commencement of the lease term, the Company remeasures the lease liability and adjusts the corresponding right-of-use asset, and if the carrying value of the right-of-use asset has been reduced to zero but the lease liability is subject to further reduction, the difference is recorded in current profit or

loss: (1) When there is a change in the valuation of the purchase option, renewal option or termination option, or actual exercise, the Company remeasures the lease liabilities at the present value of the lease payments after the change and the revised discount rate; (2) When there is a change in the actual fixed payment, the estimated payable of the residual value of the guarantee, the index or rate used to confirm the lease payment, the Company calculated the present value based on the changed lease payment amount and the original discount rate to remeasure the lease liabilities. However, where changes in lease payments arise from changes in floating interest rates, a revised discount rate was used to calculate the present value.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, which are included in the profit or loss for the current period or the cost of relevant assets on a straight-line basis during each period of the lease term.

## (2) Accounting treatment with the Company as lessor

### ① Lease classification

The Company classifies leases into finance leases and operating leases at the inception of leases. A finance lease refers to a lease where almost all the risks and rewards, related to the ownership of the leased asset, are substantially transferred, regardless of whether the ownership is eventually transferred or not. All leases other than finance leases are classified as operating leases.

### ② Accounting treatment of finance leases

On the commencement date of the lease term, the Company recognizes the finance lease receivables for the finance lease and derecognizes the leased asset of the finance lease. In the initial measurement of finance lease receivables, the sum of the unsecured residual value and the present value of the lease payments receivable not yet received on the commencement date of the lease term discounted at the interest rate implicit in lease is the entry value of the finance lease receivables. The Company calculates and recognizes the interest income in each period within the lease term at a fixed interest rate implicit in the lease. The received variable lease payments that are not included in the measurement of the net investment in the lease are included in profit or loss for the current period when they are actually incurred.

### ③ Accounting treatment of operating leases

The Company recognizes the lease payments receivable of the operating lease as rental earnings in each period within the lease term on a straight-line basis or according to other systematic and reasonable methods. The initial direct costs related to the operating lease are capitalized, amortized within the lease term on the same basis as the recognition of rental earnings, and included in profit or loss for the current period. The received variable lease payments related to the operating lease that are not included in the lease payments receivable are included in profit or loss for the current period when they are actually incurred.

### 5.43. Income tax expenses

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:

1. Temporary differences are highly likely to be reversed in the foreseeable future;
2. 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.

### 5.44 Changes in significant accounting policies and accounting estimates

#### 5.44.1. Changes in significant accounting policies

Applicable  N/A

#### 5.44.2. Changes in significant accounting estimates

Applicable  N/A

#### 5.44.3. Adjustments to Financial Statement Items at the Beginning of the Year of the First Implementation of the New Accounting Standards Implemented since 2023

Applicable  N/A

### 5.45. Other

N/A

## 6. Taxes

### 6.1. Major tax types and rates

Tax type	Tax base	Tax rate
Value-added tax	Taxable sales income	13 %, 9%, 6%
Urban maintenance and construction tax	Taxable turnover tax	7%

Corporate income tax	Taxable income	25%, 15%, 16.5%, 9%, 0%
Consumption tax (based on price)	Baijiu tax price or ex-factory price	20%
Consumption tax (based on quantity)	Quantity of baijiu	CNY 1.00/kg
Education surcharge	Taxable turnover tax	3%
Local education surcharge	Taxable turnover tax	2%
Property tax	Original value of the property*70%; house rent	1.2%, 12%
Land use tax	Land area	CNY 5-18.00/m <sup>2</sup>
Others	According to national regulation	

Tax payment subject using different corporate income tax rates, the corporate income tax rates are as follows:

Company name	Corporate income tax rate
Luzhou Pinchuang Technology Co., Ltd.	15%
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	16.5%
Luzhou Laojiao Commercial Development (North America) Co., Ltd.	21%-40%
Mingjiang Co., Ltd.	21%-40%
Luzhou Red Sorghum Modern Agricultural Development Co., Ltd.	Exempted from corporate income tax
Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd.	9%
Luzhou Laojiao International Trade (Hainan) Co., Ltd.	15%

## 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), the Company's wholly-owned 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.

(5) According to Announcement on Preferential Corporate Income Tax Policies in Hainan Free Trade Port (Cai Shui [2020] No. 31), the Company's wholly-owned subsidiary, Luzhou Laojiao International Trade (Hainan) Co., Ltd., whose primary business income meet the requirements of scope and standard of the Catalogue of Encouraged Industries in Hainan Free Trade Port, is paid at the rate of 15% for corporate income tax.

## 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	34,319.35	28,711.93
Bank deposit	30,324,182,733.78	17,729,643,050.90
Other cash and cash equivalents	20,258,485.00	27,856,448.42
Total	30,344,475,538.13	17,757,528,211.25
Including: Total deposit outbound	81,637,756.42	68,948,954.39
Total amount with restriction to use due to mortgage, pledge or freeze	32,939,930.13	28,521,619.38

Other statements:

Note 1: The deposit outbound is the balance of cash and cash equivalents of the foreign holding subsidiary of the Company.

Note 2: The closing balance of other cash and cash equivalents is the balance of CNY 10,258,485.00 deposited by the subsidiary, Luzhou Laojiao Electronic Commerce Co., Ltd., Luzhou Laojiao Selected Supply Chain Management Co., Ltd. and Luzhou Laojiao Nostalgic Liquor Marketing Co., Ltd. on the third-party e-commerce platform, and guaranty letter deposit of CNY 10,000,000.00 by the subsidiary, Luzhou Laojiao Sales Co., Ltd., in the bank.

Note 3: The closing balance increased by CNY 12,586,947,326.88, up 70.88% compared with the beginning of the period, which was mainly due to the combined effect of net positive cash flows from operating activities and the acquisition of bank borrowings in the current period.

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. Held-for-trading financial assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Financial assets measured at fair value with their changes included into current profits/losses	200,056,716.13	1,073,466,780.37
Including:		
Wealth management products measured at fair value with their changes included into current profits/losses	200,056,716.13	1,073,466,780.37
Including:		
Total	200,056,716.13	1,073,466,780.37

Other statements:

Note 1: The closing balance is the Company's wealth management products of the collective asset management plan purchased from securities-type companies which are measured at fair value based on the amount calculated on the basis of the net value of relevant asset units published on the official website of the asset manager.

Note 2: The closing balance decreased by CNY 873,410,064.24, down 81.36% compared with the beginning of the period, which was mainly due to the redemption of wealth management products of the collective asset management plan from securities-type companies in the current period.

## 7.3. Accounts receivable

### 7.3.1. Classification of accounts receivable

Monetary Unit: CNY

Type	Closing Balance					Opening Balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Accounts receivable tested for impairment by the portfolio	15,537,126.37	100.00%	816,382.78	5.25%	14,720,743.59	6,265,890.81	100.00%	326,470.03	5.21%	5,939,420.78
Including:										
Accounts receivable tested for impairment on the	15,537,126.37	100.00%	816,382.78	5.25%	14,720,743.59 <sup>1</sup>	6,265,890.81	100.00%	326,470.03	5.21%	5,939,420.78



portfolio with characteristics of credit risk										
Total	15,537,126.37	100.00%	816,382.78	5.25%	14,720,743.59	6,265,890.81	100.00%	326,470.03	5.21%	5,939,420.78

Note: 1. The closing book value increased by CNY 8,781,322.81, up 147.85% compared with the opening book value, which was mainly due to the sales of overseas business.

Accounts receivable tested for impairment on the portfolio:

Monetary Unit: CNY

Name	Closing Balance		
	Book balance	Provision for bad debt	Proportion
Risk portfolio	15,537,126.37	816,382.78	5.25%
Other portfolio			
Total	15,537,126.37	816,382.78	

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)	15,273,616.57
2-3 years	263,509.80
Total	15,537,126.37

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

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Provision allowance by risk portfolio	326,470.03	489,912.75				816,382.78 <sup>1</sup>
Total	326,470.03	489,912.75				816,382.78

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

### 7.3.3. Top five entities with the largest balances of accounts receivable

Monetary Unit: CNY

Company name	Closing Balance	Proportion to total closing balance of accounts receivable	Closing balance of provision for bad debt
China Duty Free International LTD	12,586,453.78	81.01%	629,322.69
Sazerac Distiller LLC	1,226,993.73	7.90%	61,349.69
BAIWAN WINES INC.	720,621.23	4.64%	36,031.06
Tai Fung Castelmor. Ltd	361,259.42	2.33%	18,062.97
Beijing Secoo Trading Limited	263,509.80	1.70%	52,701.96
Total	15,158,837.96	97.58%	

#### 7.4. Accounts receivable financing

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Bank acceptance bill	2,765,330,012.77 <sup>1</sup>	4,583,352,503.37
Total	2,765,330,012.77	4,583,352,503.37

Note: 1. The business mode to manage notes receivable aims to collect contract cash flow as well as to sell the financial assets, and thus the notes receivable is presented as accounts receivable financing; since the timing and price of bills discounted may not be reliably estimated due to the short maturity of the bills all being less than one year and the endorsement of the negotiable bills being valued at book value, the face value is regarded as the fair value of accounts receivable financing by the Company.

2. There was no allowance of provision for bad debt at the end of the reporting period.

3. The closing balance decreased by CNY 1,818,022,490.60, down 39.67% compared with the opening balance, which was mainly due to the impact of bill discount and remittance of bills for collection at maturity.

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

Applicable  N/A

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

Applicable  N/A

Other statements:

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

(2) There is CNY 11,948,776,869.96 as follows of accounts receivable financing that have been endorsed to other parties by the Company but have not expired at the end of the period:

Item	Derecognition at period-end	Not derecognition at period-end
Bank acceptance bill	11,948,776,869.96	
Subtotal	11,948,776,869.96	

Note: The acceptor of the bank acceptance bill is a commercial bank. The probability of not being paid due is very low, and the possibility of being recourse is very low, so the confirmation has been terminated.

(3) There are no accounts receivable financing transferred to accounts receivable due to the non-

performance of the agreements by the issuers.

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

## 7.5. Prepayment

### 7.5.1. Aging analysis

Monetary Unit: CNY

Aging	Closing Balance		Opening Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	176,583,433.39	97.00%	108,917,843.70	95.33%
1-2 years	4,448,878.90	2.44%	3,541,174.81	3.10%
2-3 years	894,649.47	0.49%	1,633,422.20	1.43%
Over 3 years	128,485.06 <sup>1</sup>	0.07%	165,065.55	0.14%
Total	182,055,446.82		114,257,506.26	

Note: 1. The Closing balance increased by CNY 67,797,940.56, up 59.34% compared with the opening balance, which was mainly due to the increase in prepayments for suppliers.

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

There is no significant prepayment whose aging is longer than 1 year.

### 7.5.2. Top five entities with the largest balances of prepayment

Company Name	Closing Balance	Proportion to the total closing balance of prepayment
Shanghai Merlot Advertising Co., Ltd.	62,911,313.05	34.56%
Sichuan Branch of Taiping Pension Co.,Ltd.	22,085,460.00	12.13%
Luzhou Western Gas Co., Ltd.	18,236,095.48	10.02%
Luzhou Power Supply Company of State Grid Sichuan Electric Power Company	6,984,742.47	3.84%
Beijing Jingshi Satellite Media Co., Ltd.	5,885,135.14	3.23%
<b>Subtotal</b>	<b>116,102,746.14</b>	<b>63.78%</b>

## 7.6. Other receivables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Dividend receivable	15,482,200.48	
Other receivables	16,061,082.55	23,396,533.98
Total	31,543,283.03	23,396,533.98

### 7.6.1. Dividend receivable

#### 7.6.1.1. Classification of dividend receivable

Monetary Unit: CNY

Item (investee)	Closing Balance	Opening Balance
Guotai Junan Securities Co., Ltd.	6,241,808.41	
Huaxi Securities Co., Ltd.	8,184,934.32	

North Chemical Industries Co., Ltd.	78,177.75	
China Tourism Group Duty Free Corporation Limited	977,280.00	
<b>Total</b>	<b>15,482,200.48</b>	

### 7.6.1.2. Allowance of provision for bad debt

Applicable  N/A

Other statements:

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

### 7.6.2. Other receivables

#### 7.6.2.1. Other receivables disclosed by nature

Monetary Unit: CNY

Nature	Closing book balance	Opening book balance
Intercourse funds and others	10,522,277.29	18,516,591.35
Petty cash	698,041.59	326,785.39
Saving deposits involving contract disputes <sup>1</sup>	128,717,028.72	129,049,496.98
<b>Total</b>	<b>139,937,347.60<sup>1</sup></b>	<b>147,892,873.72</b>

Note 1: The saving deposits involving contract disputes are 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 disclosed by the Company in the 2014 Annual Report. The deposits have lost the nature of monetary fund due to their involvement in contract disputes and have thus been transferred into “other receivables”.

#### 7.6.2.2. 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 2023	4,496,339.74		120,000,000.00	124,496,339.74
Balance of 1 January 2023 in the current period				
Recovery	620,074.69			620,074.69
Balance of 30 June 2023	3,876,265.05		120,000,000.00	123,876,265.05

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	Closing balance
Within 1 year (including 1 year)	7,268,179.00
1-2 years	159,551.76
2-3 years	331,759.00
Over 3 years	132,177,857.84
3-4 years	13,800.00
4-5 years	110,000.00
Over 5 years	132,054,057.84
Total	139,937,347.60

## 7.6.2.3. Provision and recovery for bad and doubtful other receivables in the current period

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Other receivables tested for impairment individually	120,000,000.00					120,000,000.00
Other receivables tested for impairment by the portfolio	4,496,339.74		620,074.69			3,876,265.05
Total	124,496,339.74		620,074.69			123,876,265.05

Of which, bad debt provision recovered or reversed with significant amount:

No changes with significant amount of loss provision in the current period.

## 7.6.2.4. Top five entities with the largest balances of the other receivables

Monetary Unit: CNY

Company Name	Nature	Closing Balance	Aging	Proportion in total receivables	Provisioning amount at period end
Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank	Saving deposits involving contract disputes	128,717,028.72	Over 5 years	91.98%	120,000,000.00
Longmatan Power Supply Bureau of Luzhou Power Bureau	Security deposit	1,520,000.00	Over 5 years	1.09%	1,520,000.00
Online Banking	Security deposit	300,000.00	2-3 years, 4-5	0.21%	120,000.00

(Beijing) Technology Co., Ltd.			years		
Luzhou Aopulan Beer Co., Ltd.	Security deposit	300,000.00	Over 5 years	0.21%	300,000.00
Beijing Jingdong Century Trading Co.,Ltd.	Security deposit	100,000.00	Over 5 years	0.07%	100,000.00
Total		130,937,028.72		93.56%	122,040,000.00

## 7.7. Inventories

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

No

### 7.7.1. Categories of Inventories

Monetary Unit: CNY

Category	Closing Balance			Opening Balance		
	Book Balance	Provision for stock obsolescence or impairment provision of contract performance costs	Book Value	Book Balance	Provision for stock obsolescence or impairment provision of contract performance costs	Book Value
Raw materials	65,344,880.14		65,344,880.14	128,252,608.95		128,252,608.95
Goods in progress	8,352,044,350.69		8,352,044,350.69	7,305,642,685.28		7,305,642,685.28
Finished goods	2,364,086,883.35		2,364,086,883.35	2,382,939,263.97		2,382,939,263.97
Goods in transit	12,680,021.82		12,680,021.82	23,907,816.65		23,907,816.65
Total	10,794,156,136.00 <sup>1</sup>		10,794,156,136.00	9,840,742,374.85		9,840,742,374.85

Note: 1. The closing balance of inventories included no capitalized amount of borrowing expenses.

2. The closing balance included no restricted balance.

3. There were no unsettled assets of finished job caused by the construction contract at the end of the period.

## 7.8. Other current assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Value-added tax	96,411,696.20	139,165,221.10
Corporate income tax	7,333,423.79	9,447,204.77
Other taxes	5,406,724.20	4,423,521.07
<b>Total</b>	<b>109,151,844.19</b>	<b>153,035,946.94</b>

Other statements:

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

## 7.9. Long-term equity investments

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period								Closing Balance (book value)	Closing Balance of provision for impairment
		Increase	Decrease	Gain or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Other		
1. Joint Ventures											
2. Associate											
Huaxi Securities Co., Ltd.	2,497,540.59 2.05			54,493,747.57	1,397,955.21		8,184,934.32			2,545,247.36 0.51	2,567,098.80
Luzhou Laojiao Postdoctoral Workstation Technology Innovation Co., Ltd.	40,185,894.77			-499,830.20						39,686,064.57	
Sichuan Development Wine Investment Co., Ltd.	5,889,654.24			5,159.39						5,894,813.63	
Sichuan Tongniang Baijiu Industry	8,086,855.91			6,025.99						8,092,881.90	

Technology Research Institute Co., Ltd. Note											
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	115,797,556.20			6,958,058.33						122,755,614.53	
Subtotal	2,667,500,553.17			60,963,161.08	1,397,955.21		8,184,934.32			2,721,676,735.14	2,567,098.80
Total	2,667,500,553.17			60,963,161.08	1,397,955.21		8,184,934.32			2,721,676,735.14	2,567,098.80

## 7.10. Other equity instrument investment

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Financial assets designated to be measured at fair value through other comprehensive income		
Including:		
China Tourism Group Duty Free Corporation Limited	119,386,821.41	807,139,120.07
Guotai Junan Securities Co., Ltd.	164,760,188.01	160,049,389.21
Luzhou Bank Co., Ltd.	112,018,357.27	120,158,392.72
Guotai Junan Investment Management Co., Ltd.	22,611,834.24	22,611,834.24
North Chemical Industries Co., Ltd.	14,791,230.29	14,931,950.24
Guojiu 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	1,846,291.63	1,846,291.63
<b>Total</b>	<b>445,414,722.85</b>	<b>1,136,736,978.11</b>

Note: 1. The closing balance decreased by CNY 691,322,255.26, down 60.82% compared with the opening balance, which was mainly due to the partial disposal of H shares of China Tourism Group Duty Free Corporation Limited held in the current period.

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

Monetary Unit: CNY

Item	Recognized	Accumulative	Accumulative	Amount of	Reason for	Reason of
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	dividends income	gains	losses	other comprehensiv e income transferred to retained earnings	assigning to measure at fair value and changes recorded into other comprehen sive income	other comprehensiv e income transferred to retained earnings
China Tourism Group Duty Free Corporation Limited	977,280.00		31,811,873.87	16,215,653.21	According to the mode of managing assets by manageme nt layer	Partial disposal
Guotai Junan Securities Co., Ltd.	6,241,808.41	152,041,031.25			According to the mode of managing assets by manageme nt layer	
Luzhou Bank Co., Ltd.		60,898,357.27			According to the mode of managing assets by manageme nt layer	
Guotai Junan Investment Management Co., Ltd.					According to the mode of managing assets by manageme nt layer	
North Chemical Industries Co.,Ltd.	78,177.75	13,761,230.29			According to the mode of managing assets by manageme nt layer	
Guojia Big Data Co., Ltd.					According to the mode of managing assets by manageme nt layer	
Shenzhen Xingangfeng Development Co., Ltd.			2,354,000.00		According to the mode of managing assets by manageme nt layer	
Sichuan			2,000,000.00		According	

Deyang Jintai Hotel					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			398,926.37		According to the mode of managing assets by management layer	
Subtotal	7,297,266.16	226,700,618.81	37,564,800.24	16,215,653.21		

## 7.11. Investment property

### 7.11.1. Investment property with cost measurement model

Applicable  N/A

Monetary Unit: CNY

Item	Buildings and constructions	Land use right	Construction in progress	Total
I. Original cost:				
1. Opening balance	47,321,613.93	9,566,480.21		56,888,094.14
2. Increase in current period				
(1) External purchase				
(2) Transfer from inventories/fixed assets/construction in progress				
(3) Increase from business combination				
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Closing Balance	47,321,613.93	9,566,480.21		56,888,094.14
II. Accumulated depreciation and amortization				

1. Opening Balance	15,125,126.70	2,613,513.22		17,738,639.92
2. Increase in current period	331,448.96	350,569.76		682,018.72
(1) Provision or amortization	331,448.96	350,569.76		682,018.72
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Closing Balance	15,456,575.66	2,964,082.98		18,420,658.64
III. Provision for impairment				
1. Opening Balance				
2. Increase in current period				
(1) Provision				
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Closing Balance				
IV. Book Value				
1. Closing Book Value	31,865,038.27	6,602,397.23		38,467,435.50
2. Opening Book Value	32,196,487.23	6,952,966.99		39,149,454.22

### 7.11.2. Investment property adopting the fair value measurement mode

Applicable  Not applicable

### 7.11.3. Investment property without certification of right

Monetary Unit: CNY

Item	Book value	Reason for not having the certification of right
Buildings of the Company	31,865,038.27	In procedure

### 7.12. Fixed assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Fixed assets	8,599,184,607.11	8,853,348,204.83
Disposal of fixed assets	17,203,984.00	2,910,393.95
Total	8,616,388,591.11	8,856,258,598.78

#### 7.12.1. Details of fixed assets

Monetary Unit: CNY

Item	Buildings and constructions	Specialized equipment	General equipment	Transportation equipment	Other equipment	Total
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I. Original cost:						
1. Opening balance	7,584,141,471.95	1,174,111,092.25	1,093,021,145.63	46,364,595.04	1,604,593,254.93	11,502,231,559.80
2. Increase in current period	7,989,453.43	5,862,704.00	35,363,784.86	128,300.89	16,193,648.35	65,537,891.53
(1) External purchase	133,529.11	434,513.28	4,509,914.68	128,300.89	2,350,442.42	7,556,700.38
(2) Transfer from construction in progress	9,928,575.77	4,409,380.49	29,556,708.22		14,465,281.21	58,359,945.69
(3) Increase from business combination						
(4) Adjustment for completion settlement	-2,072,651.45	1,018,810.23	1,266,947.89		-622,075.28	-408,968.61
(5) Changes of exchange rates			30,214.07			30,214.07
3. Decrease in current period	74,568,052.45	3,839,252.39	10,684,164.03		4,734,301.12	93,825,769.99
(1) Disposal or retirement	74,568,052.45	3,839,252.39	10,684,164.03		4,734,301.12	93,825,769.99
4. Closing Balance	7,517,562,872.93	1,176,134,543.86	1,117,700,766.46	46,492,895.93	1,616,052,602.16	11,473,943,681.34
II. Accumulated depreciation						
1. Opening Balance	956,719,104.18	470,768,377.65	426,894,845.37	32,266,009.80	761,612,077.90	2,648,260,414.90
2. Increase in current period	124,927,931.52	68,724,090.30	63,162,919.79	1,501,935.38	33,608,050.98	291,924,927.97
(1) Provision	124,927,931.52	68,724,090.30	63,140,194.01	1,501,935.38	33,608,050.98	291,902,202.19
(2) Changes of exchange rates			22,725.78			22,725.78
3. Decrease in current period	48,686,667.20	2,814,782.90	10,075,878.44		4,471,880.17	66,049,208.71
(1) Disposal or retirement	48,686,667.20	2,814,782.90	10,075,878.44		4,471,880.17	66,049,208.71
4. Closing Balance	1,032,960,368.50	536,677,685.05	479,981,886.72	33,767,945.18	790,748,248.71	2,874,136,134.16
III. Provision for impairment						
1. Opening Balance	622,940.07					622,940.07
2. Increase in current period						
(1) Provision						
3. Decrease in current period						
(1) Disposal or retirement						
4. Closing Balance	622,940.07					622,940.07
IV. Book Value						
1. Closing Book Value	6,483,979,564.36	639,456,858.81	637,718,879.74	12,724,950.75	825,304,353.45	8,599,184,607.11
2. Opening Book Value	6,626,799,427	703,342,714.6	666,126,300.2	14,098,585.24	842,981,177.0	8,853,348,204

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### 7.12.2. Fixed assets leased out through operating lease

Monetary Unit: CNY

Item	Closing book value
Buildings and constructions	22,719,987.17
Equipment	13,027,819.00

### 7.12.3. Fixed assets without certification of right

Monetary Unit: CNY

Item	Book value	Reason for not having the certification of right
Buildings of the Company	23,174,737.57	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 the Company	229,630,310.67	In procedure
Buildings of the subsidiary-brewing company	4,354,608,197.50	In procedure
Buildings of the subsidiary- Guangxi Imported Liquor Industry	58,393,017.56	In procedure
Subtotal	4,665,806,263.30	

### 7.12.4. Disposal of fixed assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Disposal and retirement of assets	17,203,984.00	2,910,393.95
Total	17,203,984.00	2,910,393.95

### 7.13. Construction in progress

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Construction in progress	1,209,595,255.85	808,919,047.21
Total	1,209,595,255.85	808,919,047.21

#### 7.13.1. 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 of Luzhou	900,179,496.39		900,179,496.39	638,798,849.16		638,798,849.16

Laojiao Intelligent packaging center						
Technical renovation project of Luzhou Laojiao intelligent brewing (I)	22,477,396.18		22,477,396.18	12,284,062.35		12,284,062.35
Other projects	286,938,363.28		286,938,363.28	157,836,135.70		157,836,135.70
<b>Total</b>	<b>1,209,595,255.85<sup>1</sup></b>		<b>1,209,595,255.85</b>	<b>808,919,047.21</b>		<b>808,919,047.21</b>

Note: 1. The closing balance increased by CNY 400,676,208.64, up 49.53% compared with the opening balance, which was mainly due to the increase in input in the technical renovation of Luzhou Laojiao Intelligent packaging center in the current period.

### 7.13.2. Significant changes in construction in progress

Monetary Unit: CNY

Item	Budget	Opening Balance	Increase in current period	Transfer into fixed assets	Other decreases	Closing Balance	Proportion of accumulated project input in budget	Progress (%)	Accumulative capitalized interest	Including: Capitalized interest for the period	Capitalization rate for the period (%)	Source of funds
Technical renovation of Luzhou Laojiao Intelligent packaging center	1,886,176,000.00	638,798,849.16	262,494,354.73	507,480.08	606,227.42	900,179,496.39	51.66%	60.00%	150,769.29			Other
Technical renovation project of Luzhou Laojiao intelligent	4,782,509,000.00	12,284,062.35	10,193,333.83			22,477,396.18	12.28%	1.00%				Other

ent brewi ng (I)												
Total	6,668, 685,0 00.00	651,0 82,91 1.51	272,6 87,68 8.56	507,4 80.08	606,2 27.42	922,6 56,89 2.57			150,7 69.29			

## 7.14. Right-of-use assets

Monetary Unit: CNY

Item	Land use right	Buildings and constructions	Total
<b>I. Original cost</b>			
1. Opening Balance	32,680,786.33	24,896,637.03	57,577,423.36
2. Increase in current period		764,273.41	764,273.41
(1) Lease in		320,211.86	320,211.86
(2) Changes of exchange rates		444,061.55	444,061.55
3. Decrease in current period		13,862,366.91	13,862,366.91
(1) Adjustment for change of lease term		13,862,366.91	13,862,366.91
4. Closing Balance	32,680,786.33	11,798,543.53	44,479,329.86
<b>II. Accumulated amortization</b>			
1. Opening Balance	7,269,825.40	10,355,072.33	17,624,897.73
2. Increase in current period	1,817,456.35	4,423,463.02	6,240,919.37
(1) Provision	1,817,456.35	4,153,704.36	5,971,160.71
(2) Changes of exchange rates		269,758.66	269,758.66
3. Decrease in current period		9,002,549.57	9,002,549.57
(1) Disposal			
(1) Adjustment for change of lease term		9,002,549.57	9,002,549.57
4. Closing Balance	9,087,281.75	5,775,985.78	14,863,267.53
<b>III. Provision for impairment</b>			
1. Opening Balance			
2. Increase in current period			
(1) Provision			
3. Decrease in current period			
(1) Disposal			
4. Closing Balance			
<b>IV. Book Value</b>			
1. Closing Book Value	23,593,504.58	6,022,557.75	29,616,062.33
2. Opening Book Value	25,410,960.93	14,541,564.70	39,952,525.63

## 7.15. Intangible assets

### 7.15.1. 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	3,288,142,671.29	1,700,050.44		63,336,227.72	2,114,914.82	3,355,293,864.27
2. Increase in current period				14,120,082.63		14,120,082.63
(1) Acquired				1,540,088.66		1,540,088.66
(2) Internal developed						
(3) Business combination						
(4) Transferred from construction in progress				12,579,993.97		12,579,993.97
(5) Adjustment for completion settlement						
3. Decrease in current period	1,984,960.84			247,433.63		2,232,394.47
(1) Disposal	1,984,960.84					1,984,960.84
(2) Other				247,433.63		247,433.63
4. Closing Balance	3,286,157,710.45	1,700,050.44		77,208,876.72	2,114,914.82	3,367,181,552.43
II. Accumulated amortization						
1. Opening Balance	236,908,207.71	830,609.09		32,408,087.27	1,875,107.41	272,022,011.48
2. Increase in current period	36,286,981.77	65,002.52		2,838,932.03	19,984.81	39,210,901.13
(1) Provision	36,286,981.77	65,002.52		2,838,932.03	19,984.81	39,210,901.13
3. Decrease in current period	1,109,361.14					1,109,361.14
(1) Disposal	1,109,361.14					1,109,361.14
4. Closing Balance	272,085,828.34	895,611.61		35,247,019.30	1,895,092.22	310,123,551.47
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	3,014,071,882.11	804,438.83		41,961,857.42	219,822.60	3,057,058,000.96
2. Opening	3,051,234,463	869,441.35		30,928,140.45	239,807.41	3,083,271,852



Book Value	.58				.79
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There is no proportion of intangible assets formed by internal development to the balance of intangible assets at the period-end.

## 7.16. Long-term deferred expense

Monetary Unit: CNY

Item	Opening Balance	Increase	Amortization	Other decrease	Closing Balance
Improvement expense of rented fixed assets	710,010.92		262,861.76	-2,840.08	449,989.24
Total	710,010.92		262,861.76	-2,840.08 <sup>1</sup>	449,989.24

Note: 1 Other decrease was generated from changes of exchange rates.

## 7.17. Deferred tax assets/ deferred tax liabilities

### 7.17.1. 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	128,783,512.32	31,786,044.68	128,012,783.36	31,895,371.12
Unrealized profits from internal transactions	1,487,258,579.16	371,814,644.79	2,839,779,249.07	709,944,812.27
Deductible losses	9,102,050.75	2,275,512.69	9,551,262.70	2,312,572.68
Impact from salary	497,857,634.85	122,138,335.07	630,936,117.63	155,191,186.34
Impact from deferred earnings	29,474,054.74	7,368,513.69	33,704,323.80	8,426,080.95
Impact from fixed assets depreciation	670,245.94	110,590.58	227,859.62	37,596.84
Recognition costs of restricted shares for equity incentive in the vesting period	477,842,964.45	116,997,834.10 <sup>1</sup>	367,875,588.32	89,288,197.09
Impact from fair value changes of other equity instrument investment	54,989,996.72	13,747,499.18	5,752,926.37	1,438,231.59
Impact of income tax from fair value changes of held-for-trading financial assets			26,533,219.63	6,633,304.92
Lease liabilities	4,855,478.17	927,586.79		
Total	2,690,834,517.10	667,166,561.57 <sup>2</sup>	4,042,373,330.50	1,005,167,353.80

Note: 1. Deductible temporary differences of CNY 477,842,964.45 of costs and expenses recognized during the vesting period of restricted shares for share incentives represent the estimated future pre-tax deductible amounts based on the Company's share price less the grant price at the end of the

period.

2. The closing balance decreased by CNY 338,000,792.23, down 33.63% compared with the opening balance, which was mainly due to decline in unrealized profits of internal transactions.

### 7.17.2. 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	226,700,618.81	56,675,154.71	495,124,314.68	123,781,078.67
Fair value changes of held-for-trading financial assets	56,716.13	14,179.04		
Impact from the policy of one-time pre-tax deduction of fixed assets	142,720,543.44	35,056,395.58	172,516,000.07	42,262,585.21
Right-of-use assets	3,559,187.35	637,792.86		
<b>Total</b>	<b>373,037,065.73</b>	<b>92,383,522.19<sup>1</sup></b>	<b>667,640,314.75</b>	<b>166,043,663.88</b>

Note: 1. The closing balance decreased by CNY 73,660,141.69, down 44.36% compared with the opening balance, which was mainly due to the decline in fair value of equity investments.

### 7.17.3. Details of unrecognized deferred tax assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Deductible losses	158,312,771.24	72,503,754.75
Credit impairment losses and Asset impairment losses	93,109.37	65.28
Impact from employee benefits payable		2,369,328.86
Recognition costs of restricted shares for equity incentive in the lock-up period	9,725,391.12	
<b>Total</b>	<b>168,131,271.73</b>	<b>74,873,148.89</b>

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

Monetary Unit: CNY

Year	Closing Amount	Opening Amount	Notes
The 1st year	6,496,423.50	6,496,423.50	
The 2nd year	14,491,365.44	14,491,365.44	
The 3rd year	21,641,111.94	21,651,366.58	
The 4th year	11,572,224.60	11,572,224.60	
The 5th year	104,111,645.76	18,292,374.63	

Total	158,312,771.24	72,503,754.75
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## 7.18. 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	278,333,803.08		278,333,803.08	196,095,702.09		196,095,702.09
Cultural relics assets	19,051,835.42		19,051,835.42			
Total	297,385,638.50 <sup>1</sup>		297,385,638.50	196,095,702.09		196,095,702.09

Note: 1. The closing balance increased by CNY 101,289,936.41, up 51.65% compared with the opening balance, which was mainly due to the increase in prepayments for equipment to suppliers and lands in the current period.

## 7.19. Accounts payable

### 7.19.1. Presentation of accounts payable

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Materials and service expense	879,280,312.67	1,042,394,395.05
Engineering equipment expense	1,285,517,851.75	1,269,271,189.99
Total	2,164,798,164.42	2,311,665,585.04

### 7.19.2. Significant accounts payable whose aging is longer than 1 year

Monetary Unit: CNY

Category	Closing Balance	Reason for not payment or carrying forward
China Construction First Group Corporation Limited	323,441,430.59	Within the contract settlement period
Total	323,441,430.59	

## 7.20. Contract liabilities

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Within 1 year	1,904,776,798.39	2,540,635,630.98
1-2 years	13,310,795.06	10,654,577.66
2-3 years	1,868,476.86	1,199,843.23
Over 3 years	13,654,484.63	13,884,666.89
Total	1,933,610,554.94	2,566,374,718.76

## 7.21. Employee benefits payable

### 7.21.1. Employee benefits payable shown as follows

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
1. Short-term benefits	655,612,131.74	512,694,515.63	680,657,948.81	487,648,698.56
2. Post-employment benefits- defined contribution plans	19,413,782.04	75,165,629.22	69,740,897.39	24,838,513.87
3. Termination benefits	8,971.53	41,863.75	41,863.75	8,971.53
Total	675,034,885.31	587,902,008.60	750,440,709.95	512,496,183.96

### 7.21.2. Short-term employee benefits payable shown as follows

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
1. Wages, bonuses, allowances and grants	611,845,393.45	425,110,167.32	604,710,266.01	432,245,294.76
2. Employees' welfare		7,328,956.82	7,328,956.82	
3. Social insurance premiums	2,037,299.47	33,619,920.20	23,465,176.78	12,192,042.89
Including: Medical insurance premium	1,527,048.76	31,894,383.96	22,185,955.51	11,235,477.21
Work-related injury insurance	510,250.71	1,725,536.24	1,279,221.27	956,565.68
4. Housing funds	2,088,245.59	35,071,357.38	32,809,476.91	4,350,126.06
5. Labor union expenditures and employee education funds	39,641,193.23	11,564,113.91	12,344,072.29	38,861,234.85
Total	655,612,131.74	512,694,515.63	680,657,948.81	487,648,698.56

### 7.21.3. Defined contribution plan shown as follows

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
1. Basic endowment insurance premium	18,361,778.96	46,536,369.71	43,353,890.31	21,544,258.36
2. Unemployment insurance premium	326,819.86	1,800,869.68	1,802,420.95	325,268.59
3. Enterprise annuity	725,183.22	26,828,389.83	24,584,586.13	2,968,986.92
Total	19,413,782.04	75,165,629.22	69,740,897.39	24,838,513.87

## 7.22. Taxes payable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Value-added tax	150,481,155.11	502,641,326.22
Consumption tax	74,507,439.63	1,386,271,621.60
Enterprise income tax	1,002,960,198.35	1,345,243,541.07
Individual income tax	5,129,262.42	10,295,445.63
Urban maintenance and construction tax	15,224,919.52	131,841,222.44
Education surcharge	6,502,982.95	56,445,651.96
Local education surcharge	4,443,544.51	37,733,654.17
Stamp duty	6,487,529.28	9,937,931.91
Land use tax	437,618.74	437,618.74
Others	350,923.67	302,715.24
Total	1,266,525,574.18	3,481,150,728.98

Other statements:

The closing balance decreased by CNY 2,214,625,154.80, down 63.62% compared with the opening balance, mainly due to the taxes of the end of last year put into the treasury in the current period.

## 7.23. Other payables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Dividend payable	6,235,743,174.61	16,594,850.58
Other payables	1,175,814,936.29	1,185,814,427.91
Total	7,411,558,110.90	1,202,409,278.49

### 7.23.1. Dividend payable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Ordinary share dividends	6,205,174,061.68	16,594,850.58
Dividend of restricted shares	30,569,112.93	
Total	6,235,743,174.61	16,594,850.58

### 7.23.2. Other payables

#### 7.23.2.1. Categories by nature

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Security deposit	537,787,761.78	527,881,969.37
Intercourse funds	10,271,629.19	10,226,769.10
Repurchase obligations of restricted shares	616,743,610.59	639,021,998.78
Others	11,011,934.73	8,683,690.66
Total	1,175,814,936.29	1,185,814,427.91

#### 7.23.2.2. Significant other payables whose aging are longer than 1 year

Other statements:

Other payables whose aging are longer than 1 year are mainly security deposits collected from dealers.

## 7.24. Non-current liabilities due within one year

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Long-term loans due within one year	24,800,000.00	20,400,000.00
Lease liabilities due within one year	9,311,083.99	14,530,370.36
Interest of long-term loans due within one year	6,666,043.06	1,984,027.78
Interest of bonds payable due within one year	39,554,794.52	44,965,068.49
<b>Total</b>	<b>80,331,921.57</b>	<b>81,879,466.63</b>

## 7.25. Other current liabilities

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Output VAT to be transferred	251,369,372.14	333,627,225.47
<b>Total</b>	<b>251,369,372.14</b>	<b>333,627,225.47</b>

## 7.26. Long-term loans

### 7.26.1. Long-term loans

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Credit loans	9,539,900,000.00	3,200,000,000.00
Less: Long-term loans due within one year	-24,800,000.00	-20,400,000.00
<b>Total</b>	<b>9,515,100,000.00</b>	<b>3,179,600,000.00</b>

## 7.27. Bonds payable

### 7.27.1. Bonds payable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Corporate bonds in 2020 (Phase I)	1,498,077,519.80	1,497,461,348.61
Corporate bonds in 2022 (Phase I)	1,498,841,460.47	1,498,638,223.25
<b>Total</b>	<b>2,996,918,980.27</b>	<b>2,996,099,571.86</b>

### 7.27.2. 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	Issued in the	Withdrawal of	Amortization	Repayment in the	Closing Balance
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				t	Balance	current period	interest by par value	of premium and depreciation	reporting period	
Corporate bonds in 2020 (Phase I)	1,500,000.00	16 March 2020	5	1,494,000.00	1,497,461.348.61		25,890,410.96	616,171.19		1,498,077,519.80
Corporate bonds in 2022 (Phase I)	1,500,000.00	2 December 2022	3	1,498,800.00	1,498,638.223.25		21,199,315.07	203,237.22		1,498,841,460.47
Total				2,992,800.00	2,996,099.571.86		47,089,726.03	819,408.41		2,996,918,980.27

## 7.28. Lease liabilities

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Lease payment	39,764,571.57	48,776,000.46
Less: unrecognized financing cost	-4,358,177.64	-5,148,660.44
Lease liabilities due within one year	-9,311,083.99	-14,530,370.36
Total	26,095,309.94	29,096,969.66

## 7.29. Deferred income

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Reason
Government grants	33,704,323.80	364,559.08	4,594,828.14	29,474,054.74	Reception of financial allocation
Total	33,704,323.80	364,559.08	4,594,828.14	29,474,054.74	

Details:

Monetary Unit: CNY

Liability Item	Opening Balance	Increase in current period	Non-operating income in current period	Other income in current period	Cost reduction in current period	Other changes	Closing Balance	Related to assets/income
New mode application project of digital workshop for solid	4,684,300.00	364,559.08		776,747.55			4,272,111.53	Related to assets

state baijiu production								
Construction project of cellar of Luzhou Laojiao brewing technical renovation	4,550,000.00			700,000.00			3,850,000.00	Related to assets
Luzhou Laojiao automatic wine production line technical renovation project	1,135,238.10			174,652.02			960,586.08	Related to assets
Boiler reconstruction project of Luohan Brewing Base of Luzhou Laojiao	6,321,428.56			632,142.86			5,689,285.70	Related to assets
Brewing wastewater treatment project	11,142,857.14			1,714,285.71			9,428,571.43	Related to assets
Improvement and technical renovation project of Luzhou Laojiao production supporting	5,870,500.00			597,000.00			5,273,500.00	Related to assets
Total	33,704,323.80	364,559.08		4,594,828.14			29,474,054.74	

### 7.30. 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	1,471,895,100.00	92,669.00				92,669.00 <sup>1</sup>	1,471,987,769.00



shares							
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Note: 1. In February 2023, the registration of 92,669 shares of the Restricted Share Incentive Plan granted by the Company for the third time was completed. So far, the total number of shares of the Company changed to 1,471,987,769 shares.

### 7.31. Capital reserves

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
Share premium (capital premium)	4,197,109,156.66	8,198,055.74 <sup>1</sup>		4,205,307,212.40
Other capital reserves	603,045,312.33	196,217,564.11 <sup>2</sup>		799,262,876.44
Total	4,800,154,468.99	204,415,619.85		5,004,570,088.84

Note: 1. The increase of capital premium of the period is the premium payment received for the grant of restricted shares.

2. The increase in other capital reserves for the period was mainly due to the costs and expenses to be recognized in the period for the issuance of restricted shares.

### 7.32. Treasury shares

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
Perform the repurchase obligations under the equity incentive	639,021,998.78	8,290,724.74	30,569,112.93	616,743,610.59
Total	639,021,998.78	8,290,724.74	30,569,112.93	616,743,610.59

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

The Company recognized restricted shares repurchase obligations in the current period, raising the treasury stock by CNY 8,290,724.74; and the treasury stock was down by CNY 30,569,112.93 due to the expected cash dividend of unlockable restricted shares.

### 7.33. 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	366,978.5	-		16,215.65		-		128,864.2

comprehensive income that will not be reclassified into profit and loss	41.23	221,898,677.10		3.21		238,114,330.31		10.92
Other comprehensive income that will not be reclassified into profit and loss under equity method		131,244.39				131,244.39		131,244.39
Fair value changes of other equity instrument investment	366,978,541.23	- 222,029,921.49		16,215,653.21		- 238,245,574.70		128,732,966.53
II. Other comprehensive income that will be reclassified into profit and loss	- 36,227,295.39	3,384,149.17				2,430,466.33	953,682.84	- 33,796,829.06
Including: Other comprehensive income that will be reclassified into profit and loss under equity method	- 38,784,740.65	1,266,710.82				1,266,710.82		- 37,518,029.83
Difference from conversion of financial statements in foreign currency	2,557,445.26	2,117,438.35				1,163,755.51	953,682.84	3,721,200.77
Total	330,751,245.84	- 218,514,527.93		16,215,653.21		- 235,683,863.98	953,682.84	95,067,381.86

Other statements, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognized amount:

Note: The closing balance decreased by CNY 235,683,863.98, down 71.26% compared with the opening balance, which was mainly due to the decline in fair value of equity investments.

### 7.34. Surplus reserves

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
Statutory surplus reserves	1,471,895,100.00			1,471,895,100.00
Total	1,471,895,100.00			1,471,895,100.00

### 7.35. Undistributed profits

Monetary Unit: CNY

Item	Current Period	Previous Period
Undistributed profit before adjustment at the end of the last year	26,772,197,213.98	21,187,860,235.89
Undistributed profit after adjustment at the beginning of year	26,772,197,213.98	21,187,860,235.89
Plus: Net profit attributable to owners of the parent company for the current period	7,090,426,787.07	5,531,926,340.44
Ordinary share dividends payable	6,219,148,324.03	4,773,919,306.54
Plus: Other transfer in	16,215,653.21 <sup>1</sup>	15,626.84
Undistributed profits at the end of the period	27,659,691,330.23	21,945,882,896.63

Note: 1. Other transfers were the disposal of other equity instrument investments in the current period, which was due to the impact of transfers to retained earnings of relevant changes in fair value.

### 7.36. Operating revenue and cost of sales

Monetary Unit: CNY

Item	Current Period		Previous Period	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary business	14,369,036,994.33	1,591,479,349.36	11,549,327,272.44	1,595,591,564.86
Other business	224,014,779.81	108,783,756.32	115,050,280.50	46,718,985.75
Total	14,593,051,774.14	1,700,263,105.68	11,664,377,552.94	1,642,310,550.61

Details:

Monetary Unit: CNY

Contract category	Liquor sales	Total
Commodity type		
Including:		
Medium and high grade liquor	12,990,085,081.50	12,990,085,081.50

Other liquor	1,520,899,556.91	1,520,899,556.91
By operating segment		
Including:		
Domestic	14,434,112,172.13	14,434,112,172.13
Outbound	76,872,466.28	76,872,466.28
Market or customer type		
Including:		
Contract type		
Including:		
Commodity sales contract	14,510,984,638.41	14,510,984,638.41
By commodity transfer time		
Including:		
By contract term		
Including:		
By sales channel		
Including:		
Total	14,510,984,638.41	14,510,984,638.41

Information on performance obligation:

N/A

Other statements

N/A

### 7.37. Business taxes and surcharges

Monetary Unit: CNY

Item	Current Period	Previous Period
Consumption tax	1,203,032,837.64	759,217,972.85
Urban maintenance and construction tax	187,840,939.62	131,976,380.41
Educational surcharge	80,502,780.15	56,558,689.68
Property tax	39,107,945.82	34,169,290.28
Land use tax	17,656,012.34	17,874,337.59
Stamp duty	12,043,066.53	8,264,059.53
Local education surcharge	53,668,728.47	37,706,254.75
Others	106,664.38	92,783.65
Total	1,593,958,974.95	1,045,859,768.74

Other statements:

Note: The current period increased by CNY 548,099,206.21, up 52.41% compared with the previous period, which was mainly due to the increase in consumption tax for the current period.

**7.38. Selling and distribution expenses**

Monetary Unit: CNY

Item	Current Period	Previous Period
Advertising promotion expense	585,741,219.56	691,914,456.49
Promotion expense	486,391,918.30	142,494,942.50
Employee compensation	210,781,737.74	204,443,388.51
Storage and logistics costs	95,488,340.44	63,874,054.36
Others	84,793,614.57	111,135,142.80
<b>Total</b>	<b>1,463,196,830.61</b>	<b>1,213,861,984.66</b>

**7.39. General and administrative expenses**

Monetary Unit: CNY

Item	Current Period	Previous Period
Employee compensation	234,498,550.74	260,100,920.11
Depreciation and amortization	56,042,880.60	55,428,718.37
Management fee and service expense	27,605,235.72	15,223,826.86
Others	221,732,574.25	211,913,289.15
<b>Total</b>	<b>539,879,241.31</b>	<b>542,666,754.49</b>

**7.40. Research and development expenses**

Monetary Unit: CNY

Item	Current Period	Previous Period
Comprehensive research and development expenses	62,914,698.99	74,487,055.16
<b>Total</b>	<b>62,914,698.99</b>	<b>74,487,055.16</b>

**7.41. Financial expenses**

Monetary Unit: CNY

Item	Current Period	Previous Period
Interest expenses	261,543,693.36	119,589,682.10
Less: Interest income	384,116,432.10	237,072,806.72
Losses from currency exchange	-5,091,874.65	-10,795,717.36
Handling charges	1,233,960.31	913,004.25
Amortization of unrecognized financing costs	646,861.65	377,416.63
<b>Total</b>	<b>-125,783,791.43</b>	<b>-126,988,421.10</b>

**7.42. Other income**

Monetary Unit: CNY

Item	Current Period	Previous Period
Government grants	21,166,337.88	9,141,196.38
Other refund	2,229,602.28	1,603,531.79
<b>Total</b>	<b>23,395,940.16<sup>1</sup></b>	<b>10,744,728.17</b>

Note: 1. The current period increased by CNY 12,651,211.99, up 117.74% compared with previous period, which was mainly due to the increase in government grants received in the current period.

#### 7.43. Investment income

Monetary Unit: CNY

Item	Current Period	Previous Period
Investment income from long-term equity investments under the equity method	70,278,286.49	37,796,914.64
Investment income gained during the period of holding held-for-trading financial assets	2,391,009.80	6,795,921.96
Investment income from disposal of held-for-trading financial assets	5,057,632.10	4,827,927.32
Dividend income gained during the period of holding other equity instrument investment	7,297,266.16	8,078,717.94
Total	85,024,194.55	57,499,481.86

Other statements:

Note: 1. There is no major restriction on the repatriation of the Company's investment income.

2. The current period increased by CNY 27,524,712.69, up 47.87% compared with previous period, which was mainly due to the increase in profitability of the investee Huaxi Securities Co., Ltd.

#### 7.44. Gain on changes in fair value

Monetary Unit: CNY

Item	Current Period	Previous Period
Held-for-trading financial assets	32,781,678.42 <sup>1</sup>	5,862,846.29
Total	32,781,678.42	5,862,846.29

Note: 1. The current period increased by CNY 26,918,832.13 compared with previous period, which was mainly due to the increase in fair value of held-for-trading financial assets in the current period.

#### 7.45. Credit impairment loss

Monetary Unit: CNY

Item	Current Period	Previous Period
Bad debt loss of other receivables	620,074.69	-581,432.64
Bad debt loss of accounts receivable	-489,912.75	-2,831.34
Total	130,161.94	-584,263.98

#### 7.46. Gains from disposal of assets

Monetary Unit: CNY

Item	Current Period	Previous Period
Gains from disposal of non-current assets	-477,479.38	19,789,402.07
Including: Gains from disposal of	223,832.22	2,588.69

fixed assets		
Gains from disposal of intangible assets	-875,599.70	19,786,813.38
Gains from disposal of use right assets	174,288.10	
Total	-477,479.38 <sup>1</sup>	19,789,402.07

Note: 1. The current period decreased by CNY 20,266,881.45, down 102.41% compared with previous period, which was mainly due to the decrease in gains from disposal of intangible assets in the current period.

## 7.47. 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	2,393,459.62	3,384,765.95	2,393,459.62
Others	12,086,059.36	7,750,967.38	12,086,059.36
Total	14,479,518.98	11,135,733.33	14,479,518.98

Other statements:

Note: The current period increased by CNY 3,343,785.65, up 30.03% compared with previous period, which was mainly due to receiving income from anti-counterfeiting claims.

## 7.48. 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	4,171,120.00	1,500,000.00	4,171,120.00
Losses from damage retirement of non-current assets	1,164,068.35	70,762.97	1,164,068.35
Others	1,637,398.60	378,246.54	1,637,398.60
Total	6,972,586.95	1,949,009.51	6,972,586.95

## 7.49. Income tax expense

### 7.49.1. Statement of income tax expense

Monetary Unit: CNY

Item	Current Period	Previous Period
Current period income tax	2,041,614,849.97 <sup>1</sup>	1,366,370,466.01
Deferred income tax	343,744,666.15 <sup>2</sup>	433,650,076.38
Total	2,385,359,516.12	1,800,020,542.39

Note: 1. The current period increased CNY 585,338,973.73 compared with previous period with an increase by 32.52%, mainly due to the increase in profits with the increase in sales revenue of baijiu.

2. Details of income tax rates were shown on "6. Taxes".

**7.49.2. Adjustment for accounting profit and income tax expense**

Monetary Unit: CNY

Item	Current Period
Total profit	9,506,984,141.75
Income tax expenses determined by statutory/applicable tax rate	2,376,746,035.44
Impact from subsidiaries' different tax rates	-250,901.57
Impact from adjust for impact from income tax expense in previous period	-1,041,798.80
Impact from non-taxable income	-19,393,285.57
Impact from non-deductible costs, expenses and losses	2,138,983.12
Impact from deductible loss of unrecognized deferred income tax assets in prior period	-2,261,434.67
Impact from deductible temporary difference or losses due to unrecognized deferred tax asset in current period	16,561,687.70
Income tax impact of expected pre-tax deductible amounts of restricted shares in future periods that are less than the recognized cost and expenses	18,617,925.26
Deduction of research and development costs	-5,757,694.79
Income tax expense	2,385,359,516.12

**7.50. Other comprehensive income**

Details in Note 7.33. Other comprehensive income.

**7.51. Notes to the statement of cash flow****7.51.1. Cash received from other operation activities**

Monetary Unit: CNY

Item	Current Period	Previous Period
Recovery of saving deposits involving contract disputes	332,468.26	2,218,722.45
Government grants	16,936,068.82	5,906,207.21
Interest income from bank deposit	385,402,604.30	210,646,002.01
Others	56,582,439.60	69,159,079.77
Total	459,253,580.98	287,930,011.44

**7.51.2. Cash paid for other operating activities**

Monetary Unit: CNY

Item	Current Period	Previous Period
Cash paid for expenses	1,185,339,540.00	1,351,327,137.51
Total	1,185,339,540.00	1,351,327,137.51

**7.51.3. Cash paid for other financing activities**

Monetary Unit: CNY

Item	Current Period	Previous Period
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Cash paid for rent of right-of-use assets	1,117,175.97	4,353,331.41
Registration fee for equity incentive stocks	92.67	6,862.60
<b>Total</b>	<b>1,117,268.64</b>	<b>4,360,194.01</b>

## 7.52. Supplementary information to statement of cash flow

### 7.52.1. Supplementary information to statement of cash flow

Monetary Unit: CNY

Item	Current Period	Previous Period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	7,121,624,625.63	5,574,658,236.22
Plus: Provision for asset impairment	-130,161.94	584,263.98
Depreciation of fixed asset, oil and gas assets and productive biological assets	291,902,202.19	261,325,836.44
Depreciation of right-of-use assets	5,971,160.71	7,440,461.35
Amortization of intangible assets	39,210,901.13	33,148,347.68
Amortization of long-term deferred expense	262,861.76	421,016.50
Losses from disposal of fixed assets, intangible assets and other long-term assets (Gains use "-")	477,479.38	-19,789,402.07
Losses from retirement of fixed assets (Gains use "-")		
Losses from change in fair value (Gains use "-")	-32,781,678.42	-5,862,846.29
Financial expenses (Gains use "-")	-125,783,791.43	-126,988,421.10
Losses on investments (Gains use "-")	-85,024,194.55	-57,499,481.86
Decrease in deferred income tax assets (Increase uses "-")	350,308,835.48	433,730,715.02
Increase in deferred income tax liabilities (Decrease uses "-")	-6,554,217.73	
Decrease in inventories (Increase use "-")	-953,413,761.15	-1,435,707,467.48
Decrease in operating receivables (Increase use "-")	1,792,662,781.41	3,179,384,157.51
Increase in operating payables (Decrease use "-")	-2,750,972,245.43	-3,767,830,450.56
Others		
Net cash flows from operating activities	5,647,760,797.04	4,077,014,965.34
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	30,311,535,608.00	16,914,836,112.50
Less: Opening balance of cash	17,729,006,591.87	13,402,528,941.83
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net change in cash and cash equivalents	12,582,529,016.13	3,512,307,170.67

## 7.52.2. Composition of cash and cash equivalent

Monetary Unit: CNY

Item	Opening Balance	Closing Balance
1. Cash	30,311,535,608.00	17,729,006,591.87
Including: Cash on hand	34,319.35	28,711.93
Unrestricted bank deposit	30,301,242,803.65	17,711,121,431.52
Other unrestricted cash and cash equivalents	10,258,485.00	17,856,448.42
3. Closing balance of cash and cash equivalents	30,311,535,608.00	17,729,006,591.87
Including: Cash and cash equivalent with restriction to use of parent company and subsidiaries	32,939,930.13 <sup>1</sup>	28,521,619.38

Note: 1. The cash and cash equivalent with restriction to use are CNY 32,939,930.13, of which, CNY 10,000,000.00 is the bank cash deposits for L/G, CNY 21,982,447.95 is provision for fixed deposit interest on an accrual basis and CNY 957,482.18 is the frozen fund by the court.

## 7.53. Assets with restricted ownership or use rights

Monetary Unit: CNY

Item	Closing book balance	Reason for restriction
Cash and cash equivalents	21,982,447.95	Provision for fixed deposit interest on an accrual basis
Cash and cash equivalents	10,000,000.00	Bank cash deposits for L/G
Cash and cash equivalents	957,482.18	Frozen fund by the court <sup>1</sup>
Total	32,939,930.13	

Note: 1. According to the civil ruling issued by People's Court of Dongchangfu District, Liaocheng City, Shandong Province, a total of CNY 957,482.18 bank deposits of Boda Marketing Company, a subsidiary of the Company, were frozen in accordance with laws for the case of contractual dispute. On 4 August 2023, People's Court of Dongchangfu District, Liaocheng City, Shandong Province made a ruling of first instance and rejected the claims of the plaintiff Liaocheng Shunkang Import and Export Co., Ltd. The frozen fund has been released in August.

## 7.54. Foreign currency transactions

### 7.54.1. Foreign currency transactions

Monetary Unit: CNY

Item	Closing Balance in Foreign Currency	Exchange Rate	Closing Balance in CNY
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Cash at Bank and on Hand			
Including: USD	33,841,630.75	7.2258	244,532,855.47
EUR	11,706.91	7.8771	92,216.50
HKD	2,121,252.23	0.9220	1,955,794.56
GBP	39.89	9.1432	364.72
AUD	2,367.12	4.7992	11,360.28
Accounts Receivable			
Including: USD	191,311.93	7.2258	1,382,381.75
EUR			
HKD	14,083,424.85	0.9220	12,984,917.71
Long-term Loans			
Including: USD			
EUR			
HKD			
Other Receivables			
Including: HKD	31,660.81	0.9220	29,191.27
Accounts Payable			
Including: USD	273,541.40	7.2258	1,976,555.45
HKD	707,457.29	0.9220	652,275.62
Other Payables			
Including: HKD	17,821,977.82	0.9220	16,431,863.55
Non-current liabilities due within one year			
Including: USD	61,439.22	7.2258	443,947.54
HKD	2,891,683.10	0.9220	2,666,131.82
Lease liabilities			
Including: USD	177,499.09	7.2258	1,282,572.96
HKD			

**7.54.2. 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

## 7.55. Government grants

### 7.55.1. Details of government grants

Monetary Unit: CNY

Item	Amount	Presentation	Amount included in profit or loss of the current period
Related to assets	29,474,054.74	Deferred income	4,594,828.14
Related to income	16,571,509.74	Other income	16,571,509.74
Total	46,045,564.48		21,166,337.88

### 7.55.2. Return of government grants

Applicable  N/A

## 8. Changes in consolidated scope

### 8.1. Business combination not under common control

#### 8.1.1. Business combination not under common control during current period

Other statements:

There is no business combination not under common control during current period.

### 8.2. Business combination under common control

#### 8.2.1. Business combination under common control during current period

Other statements:

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

### 8.3. Reverse purchase

The basic information of the transaction, the basis of the transaction constitutes the reverse purchase, whether the assets and liabilities retained by the listed company constitute the business and its basis, the determination of the merger cost, and the adjustment of the equity amount and its calculation according to the equity transaction:

There is no reverse purchase during current period.

### 8.4. Disposing subsidiaries

Whether there is a situation of losing control after disposing the investment in the subsidiary only once

Yes  No

Whether there is a situation of disposing the investment in the subsidiary through several transactions step by step and losing control during the period

Yes  No

### 8.5. Consolidated scope changes due to other reasons

Explain other reasons for changing consolidated scope (such as establishing a new subsidiary, liquidating a subsidiary) and its related situation:

There are no consolidated scope changes due to other reasons during current period.

## 9. Interests in other entities

### 9.1. Interests in subsidiaries

#### 9.1.1. Group composition

Name of Subsidiaries	Major business location	Place of registration	Nature of business	Shareholding Proportion		Acquisition method
				Direct	Indirect	
Luzhou Laojiao Brewing Co., Ltd.	Luzhou	Luzhou	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
Luzhou Laojiao Sales Co., Ltd.	Luzhou	Luzhou	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 Laojiao New Liquor	Luzhou	Luzhou	Baijiu sales		100.00%	Investment

Industry Co., Ltd.						
Luzhou Laojiao I & E Co., Ltd.	Luzhou	Luzhou	Wine import and export trade		100.00%	Investment
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	Luzhou	Luzhou	Baijiu sales		75.00%	Investment
Luzhou Laojiao Fruit Wine Industry Co., Ltd. Note	Luzhou	Luzhou	Fruit wine sales		41.00%	Investment
Mingjiang Co., Ltd.	America	America	Baijiu sales		54.00%	Investment
Luzhou Laojiao International Trade (Hainan) Co., Ltd.	Hainan	Hainan	Food import and export		100.00%	Investment
Luzhou Pinchuang Technology Co., Ltd.	Luzhou	Luzhou	Technology development and service	100.00%		Investment
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Wine sales	55.00%		Investment
Luzhou Laojiao Commercial Development (North America) Co., Ltd.	America	America	Business development		55.00%	Investment
Luzhou Laojiao Electronic Commerce Co., Ltd.	Luzhou	Luzhou	Wine sales	90.00%		Investment
Luzhou Laojiao Whitail Liquor Industry Co., Ltd. Note	Luzhou	Luzhou	Wine sales		31.50%	Investment
Luzhou Baonuo Biotechnology Co., Ltd.	Luzhou	Luzhou	Fermented product manufacture	100.00%		Investment
Luzhou Laojiao Health Liquor Industry Co., Ltd.	Luzhou	Luzhou	Health care wine manufacture and sales	100.00%		Business combination under common control
Luzhou Laojiao Health Sales Co.,	Luzhou	Luzhou	Health care wine sales		100.00%	Business combination under

Ltd.						common control
Luzhou Laojiao New Retail Co., Ltd.	Luzhou	Luzhou	Baijiu sales	40.00%	100.00%	Investment
Luzhou Laojiao Technology Innovation Co., Ltd.	Chengdu	Chengdu	Technology development and service	40.00%	100.00%	Investment

Statement for that the proportion of share-holding is different from the proportion of voting rights:

Note: 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 members, two thirds or more are dispatched by the Company. The Company has substantial control over these companies, so they are included in the consolidation scope.

### 9.1.2. Important non-wholly-owned subsidiaries

Monetary Unit: CNY

Name of subsidiary	Proportion of share holdings of non-controlling shareholders	Gains and losses attributable to non-controlling shareholders during current period	Dividends paid to non-controlling shareholders during current period	Closing balance of non-controlling shareholders interest
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	25.00%	5,962,144.09		67,806,016.38

### 9.1.3. Major financial information of important non-wholly-owned subsidiaries

Monetary Unit: CNY

Name of subsidiary	Closing Balance						Opening Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	534,438,453.08		534,438,453.08	263,214,387.58		263,214,387.58	275,419,421.12		275,419,421.12	28,043,931.97		28,043,931.97

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

			nsive income				nsive income	
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	175,125,521.07	23,848,576.35	23,848,576.35	22,046,023.55	64,606,733.54	71,068,501.83	71,068,501.83	-4,572,218.59

#### 9.1.4. Significant restrictions on using the assets and liquidating the liabilities of the Company

No such cases for the reporting period.

#### 9.1.5. Financial support or other supports provided to structural entities incorporated into the scope of consolidated financial statements

There is no structural entity incorporated into the scope of consolidated financial statements in the reporting period.

### 9.2. Interests in joint ventures and associates

#### 9.2.1. Important joint ventures and associates

Name of joint venture/associates	Major business location	Place of registration	Business nature	Shareholding proportion		Accounting Method
				Direct	Indirect	
Important joint ventures: none						
Important associates:						
Huaxi Securities Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Securities	10.39%		Equity method <sup>1</sup>

Note: 1. The Company has the substantive decision-making power, so the Company still has significant influence on Huaxi Securities.

#### 9.2.2. Major financial information of important associates

Monetary Unit: CNY

	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Current assets	91,527,562,209.66	89,547,378,203.44
Non-current assets	5,780,617,417.09	8,199,779,781.47
Total assets	97,308,179,626.75	97,747,157,984.91
Current liabilities	55,374,217,751.79	54,767,331,978.36
Non-current liabilities	19,026,581,515.10	20,539,402,724.68
Total liabilities	74,400,799,266.89	75,306,734,703.04
Non-controlling shareholder interest	20,333,266.99	22,000,726.84



Shareholder interest attributable to parent company	22,887,047,092.87	22,418,422,555.03
Share of net assets calculated based on shareholding proportion	2,378,780,663.29	2,330,073,856.15
Adjusted		
--Goodwill		
--Unrealized profits of internal transactions		
--Others	167,466,735.90	167,466,735.90
Book value of equity investments in associate companies	2,545,247,360.51	2,497,540,592.05
Fair value of equity investments in associate companies that have public quote	2,267,226,806.64	2,054,418,514.32
Operating revenue	2,021,251,360.10	1,749,801,559.42
Net profit	522,815,192.43	290,468,284.96
Net profit from discontinued operation		
Other comprehensive income	22,891,885.56	-77,784,068.34
Total comprehensive income	545,707,077.99	212,684,216.62
Dividends from associate companies this year		

### 9.2.3. Financial information summarized of unimportant joint ventures and associate companies

Monetary Unit: CNY

	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Joint ventures:		
Total following items calculated on the basis of shareholding proportion		
Associate companies:		
Total book value of investments	176,429,374.63	169,959,961.12
Total following items calculated on the basis of shareholding proportion		
--Net profit	2,204,555.93	-11,746,550.86
-- Total comprehensive income	2,204,555.93	-11,746,550.86

Other statements:

Unimportant associate companies refer to Luzhou Laojiao Postdoctoral Workstation Technology Innovation Co., Ltd., Sichuan Development Wine Investment Co., Ltd., Sichuan Tongniang Baijiu Industry Technology Research Institute Co., Ltd. and CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.

### 9.2.4. Notes to the significant restrictions on the ability of joint ventures or associate companies to transfer funds to the Company

None

**9.2.5. The excess loss of joint ventures or associate companies**

Other statements

None

**9.2.6. The unrecognized commitment related to investment to joint ventures**

None

**9.2.7. Contingent liabilities related to investment to joint ventures or associate companies**

None

**9.3. Significant common operation**

Statement for that the proportion of shareholdings or shares in common operation is different from the proportion of voting rights:

None

**9.4. Equity in the Structured Entity Excluded in the Scope of Consolidated Financial Statements**

Statement for the structured entity excluded in the scope of consolidated financial statements:

None

**10. Risks related to financial instruments**

The Company's primary financial instruments include monetary capital, trading financial assets, accounts receivable, receivables financing, receivables other than tax refundable, other equity instruments, bills payable, accounts payable, other payables, lease liabilities, some other current liabilities and loans. A detailed description of each financial instrument is set out in Note V and notes to the Consolidated Financial Statement.

Risks related to these financial instruments, and risk management policies the Company has adopted to reduce these risks are described as follows. The Company management manages and monitors the risk exposure to ensure the above risks are controlled in a limited scope.

The Company adopts sensitivity analysis technology to analyze the possible impact of reasonable and possible changes of risk variables on current profits/losses or shareholders' equity. As any risk variable rarely changes in isolation, and the correlation between variables will have a significant effect on the final impact amount of the change of a risk variable, the following content is based on the assumption that the change of each variable is independent.

Risk management objective: The Company strikes an appropriate balance between risk and return, and strives to minimize the negative impact of risk on the Company's operating performance and maximize

the interests of shareholders and other equity investors.

Risk management policy: The Board of Directors shall be responsible for planning and establishing a risk management framework, formulating risk management policies and related guidelines, and supervising the implementation of risk management measures. The Risk Management Committee shall carry out risk management through close collaboration (including the identification, evaluation and avoidance of relevant risks) with other business units of the Company in accordance with the policies approved by the Board of Directors. The internal audit department shall conduct regular audits on risk management controls and procedures and report the results to the Audit Committee.

The Company has formulated risk management policies to identify and analyze the risks it faces, clarifying specific risks and covering many aspects such as credit risk, liquidity risk and market risk management. On a regular basis, the Company evaluates the specific marketing environment and various changes in the Company's business operations to determine whether any risk management policy and system should be updated. The Company diversifies the risks to financial instruments through appropriately diversified investments and business portfolios, and reduces the risk of concentration in any single industry, specific geographic area or specific counterparty by formulating appropriate risk management policies.

### **10.1. Credit risk**

Credit risk refers to the risk that one party to a financial instrument cannot perform its obligations, causing financial losses to the other party. The Company only trades with recognized, reputable, and large third parties. In accordance with the Company's policy, the terms of sale with customers are based on transactions of payment before delivery, with only a small amount of credit transactions, and credit review for all customers who require credit to trade. In addition, the Company continuously monitors and controls the balance of the receivables to ensure that the Company does not face significant bad debt risks. In addition, the Company makes full provision for expected credit losses at each balance sheet date based on the collection of receivables. Therefore, the Company's management believes that the Company's credit risk has been greatly reduced.

The Company's working capital is deposited in banks with high credit rating, so the credit risk of working capital is low.

The Company's risk exposures are spread across multiple contract parties and customers in multiple geographies, with customers in the commerce industry in addition to the alcohol distribution industry (the main industry). No systemic risk has been identified in the relevant industries. Therefore, the Company has no significant credit concentration risk. As at 30 June 2023, the balance of the top five customers of the Company's accounts receivable amounted to CNY 15,158,800, accounting for 97.58% of the balance of the Company's accounts receivable.

### **10.2. Liquidity risk**

Liquidity risk refers to the risk unable to obtain sufficient funds in time to meet business development

needs or to repay debts due and other payment obligations. The Company has sufficient working capital. The liquidity risk is extremely small. The Company's objective is to use a variety of financing instruments such as bank clearing and bank loans to maintain a balance between financing sustainability and flexibility. As at 30 June 2023, the Company has been able to meet its own continuing operation requirements through the use of cash flow from operations.

The analysis of the financial liabilities held by the Company based on the maturity period of the undiscounted remaining contractual obligations is as follows:

Item	Closing Balance					
	Book value	Contract amount not discounted	Within 1 year	1-2 years	2-3 years	Over 3 years
Notes payable						
Accounts payable	2,164,798,164.42	2,164,798,164.42	2,164,798,164.42			
Other payable	1,175,814,936.29	1,175,814,936.29	1,175,814,936.29			
Non-current liabilities due within one year	80,331,921.57	80,331,921.57	80,331,921.57			
Other current liabilities	251,369,372.14	251,369,372.14	251,369,372.14			
Long-term loans	9,515,100,000.00	9,515,100,000.00		24,800,000.00	8,260,300,000.00	1,230,000,000.00
Bonds payable	2,996,918,980.27	3,000,000,000.00		1,500,000,000.00	1,500,000,000.00	
Lease liabilities	26,095,309.94	30,453,487.58		5,697,572.62	5,195,257.74	19,560,657.22
<b>Subtotal</b>	<b>16,210,428,684.63</b>	<b>16,217,867,882.00</b>	<b>3,672,314,394.42</b>	<b>1,530,497,572.62</b>	<b>9,765,495,257.74</b>	<b>1,249,560,657.22</b>

### 10.3. Market risk

#### 10.3.1. Foreign exchange risk

The foreign exchange risk refers to the risk of loss due to exchange rate changes. Apart from the three subsidiaries of the Company which make purchases and sales in USD and HKD, the other major business activities are denominated and settled in CNY. The Company closely monitors the impact of exchange rate movements on the Company's foreign exchange risk. As at 30 June 2023, the Company's assets and liabilities are mainly in CNY balance. The Company's management considers the impact of changes in foreign exchange risk on the Company's financial statements to be minimal.

#### 10.3.2. Rate risk

The Company's interest rate risk mainly arises from the borrowings. Financial liabilities based on the floating interest rate will cause the cash flow interest rate risk to the Company, and financial liabilities based on the fixed interest rate the fair value interest rate risk. The Company will determine the corresponding proportion between the contracts with fixed interest rate and those with floating interest rate in combination with current market condition.

#### 10.3.3. Other price risks

Other price risk refers to the risk of fluctuation caused by market price changes other than foreign exchange risk and interest rate risk, whether these changes are caused by factors related to a single

financial instrument or its issuer or all similar financial instruments traded in the market. Other price risks faced by the Company mainly come from investments in other equity instruments measured at fair value.

## 11. Fair value disclosure

### 11.1. Closing fair value of assets and liabilities measured at fair value

Monetary Unit: CNY

Item	Closing fair value			
	Level 1	Level 2	Level 3	Total
1. Continuous measurement at fair value	--	--	--	--
1.1 Held-for-trading financial assets			200,056,716.13	200,056,716.13
1.1.1 Financial assets measured at fair value with their changes included into current profits/losses			200,056,716.13	200,056,716.13
1.1.1.4 Wealth management products			200,056,716.13	200,056,716.13
1.3 Investments in other equity instruments	410,956,596.98		34,458,125.87	445,414,722.85
1.6 Accounts receivable financing			2,765,330,012.77	2,765,330,012.77
Total assets continuously measured at fair value	410,956,596.98		2,999,844,854.77	3,410,801,451.75
2. Discontinuous measurement at fair value	--	--	--	--

### 11.2. Determination basis of the market value of items measured continuously and discontinuously within Level 1 of the fair value hierarchy

The listed companies in mainland China determine the fair value of other equity instrument investment according to the closing price on the last trading day of Shenzhen Stock Exchange or Shanghai Stock Exchange at the period-end. The companies listed in Hong Kong determine the fair value of other equity instrument investment according to the closing price of Hong Kong Dollar on the last trading day of Hong Kong Stock Exchange at the period-end and the median price of CNY exchange rate disclosed on the same day by China Foreign Exchange Trade System.

### 11.3. Valuation technique adopted and nature and amount determination of important parameters for continuously and discontinuously within Level 2 of the fair value hierarchy

None

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

Trading financial assets are wealth management products of the collective asset management plan and are measured at fair value based on the amount calculated on the basis of the net unit value of the underlying assets as published on the official website of the asset manager.

Accounts receivable financing: As the timing and price of bills discounted may not be reliably estimated due to the short maturity of the bills all being less than one year and the endorsement of the negotiable bills being valued at book value, the Company measures the bills receivable at their book value as a reasonable estimate of fair value.

Other equity instrument investment: Due to no significant changes in business environment, business condition and financial situation of invested companies, the Company shall measure the fair value according to the lower one between investment cost and the share of net assets enjoyed by invested companies on the base date as the reasonable estimation.

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

None

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

None

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

None

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

None

### **12. Related parties and related party transactions**

#### **12.1. The parent company of the Company**

Parent company	Registration place	Business nature	Registered capital	Shareholding proportion by the parent	Voting rights proportion by the parent company

				company	
Luzhou Laojiao Group Co., Ltd.	Luzhou, Sichuan	Investment and asset management	2,798,818,800.00	25.89%	50.75%

Statements for situation of parent company:

Note: The reason for the inconsistency between the shareholding proportion and voting rights proportion by the parent company is that on 27 May 2021, Laojiao Group and XingLu Investment Group, the second biggest shareholder, renewed the concerted action agreement which is valid as of 1 June 2021 and ends on 31 May 2024. The agreement: 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. 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.

The nature of parent company: Limited liability company (state-owned); Registration place: Ai Rentang Square, China Baijiu Golden Triangle Liquor Industry Park, Luzhou, Sichuan Province; Business Scope: General project: Social economy consulting services; business management consulting; financial consulting; business headquarters management; import and export agency; trade brokerage; crops planting services; trees planting operation; elder care services; tourism development project planning and consulting; technical agency services; engineering and technological research and experimental development; display device manufacturing; supply chain management services; technical services, technical development, technical consulting, technical communication, technical transfer, and technical promotion; domestic freight transport agency; and equity fund-invested asset management services. It shall also include licensed projects (business activities can be carried out legally and independently with business license in addition to projects that must be approved by law): Agency bookkeeping; career intermediary activities; food production; food sales; medical services, passenger ticket agent and business agency service. (business activities that require approval in accordance with laws can be carried out upon approval of relevant authorities, and the specific business projects shall be subject to the approval document or license of relevant departments)

The final control party of the Company is SASAC of Luzhou.

## 12.2. Subsidiaries of the Company

For details please see Note 9.1. Interests in subsidiaries.

## 12.3. Joint ventures and associates of the Company

For details please see Note 9.3. Interests in joint ventures and associates.

## 12.4. Other related party of the Company

Name of Other Related Party	Relationship with the Company
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Luzhou Jiachuang Wine Supply Chain Management Co., Ltd.	The same parent company
Luzhou Laojiao Zhitong Trading Co., Ltd.	The same parent company
Sichuan Hongxin Financing Guarantee Co., Ltd.	The same parent company
Sichuan Lianzhong Supply Chain Service Co., Ltd.	The same parent company
New Shottes Brook Private Company	The same parent company
Guangzhou Zhongying Gongyuan Energy Saving Technology Co., Ltd.	Sub-subsidiary of parent company
Sichuan Yukun Logistics Co., Ltd.	Sub-subsidiary of parent company
Sichuan Kangrun Group Construction and Installation Engineering Co., Ltd.	Sub-subsidiary of parent company
Luzhou Qingxigu Scenic Area Management Co., Ltd.	Sub-subsidiary of parent company
Luzhou Yuanhai Lianzhong Supply Chain Co., Ltd.	Sub-subsidiary of parent company
Luzhou Sanrenxuan Liquor Industry Co., Ltd.	Joint venture of parent company
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Joint venture
Luzhou XingLu Water (Group) Co., Ltd.	Subsidiary of the second largest shareholder
Luzhou China Resources Xinglu Gas Co., Ltd.	Subsidiary of the second largest shareholder
Luzhou XingLu Property Management Co., Ltd.	Subsidiary of the second largest shareholder
Sichuan Meihe Winery Industry Co.,Ltd.	Minority shareholder of the subsidiary Fruit Wine Industry
Luzhou Public Transport Group Co., Ltd.	Subsidiary of the second largest shareholder
Other subsidiaries of Luzhou XingLu Investment Group Co., Ltd.	Other subsidiary of the second largest shareholder
Other subsidiaries of Luzhou Laojiao Group Co., Ltd.	Other subsidiary of parent company

Other statements:

Note: As the Note 10.1, the Company will disclose the transactions with XingLu Investment Group and its controlling enterprises as other related parties of the Company.

## 12.5. Related transactions

### 12.5.1. Related transactions of purchase and sales of goods / rendering and receipt of services

Table of purchase of goods / receipt of services

Monetary Unit: CNY

Name of Related Party	Transaction	Amount in current period	Approved trading amount	Whether over approved trading amount	Amount in previous period
Receipt of services:					
Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Property service, advertising service, etc.	13,051,954.87			11,777,837.70
Laojiao Group and its other subsidiaries	Training, accommodation, warehousing, transportation services and property costs,	24,310,894.35			10,038,101.46



	etc.				
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Conference fees, travel service fee, etc.	4,694,551.04			43,818.00
Purchase of goods:					
Laojiao Group and its other subsidiaries	Raw materials, water, power, etc.	92,192,358.30			15,407,103.04
Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Gas, water	7,936,512.69			6,281,248.54
Total		142,186,271.25			43,548,108.74

## 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.	25,081,222.00	52,806.72
Luzhou Sanrenxuan Liquor Industry Co., Ltd.	Wine	1,572,136.80	32,528,587.08
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	Wine	36,413,711.34	30,708,670.79
Total		63,067,070.14	63,290,064.59

## 12.5.2. Related party leasing

The Company as lessor:

Monetary Unit: CNY

Name of lessee	Type of leased asset	Leasing income recognized during current period	Leasing income recognized during previous period
Laojiao Group and its subsidiaries	House lease	1,070,040.00	1,111,300.02
Total		1,070,040.00	1,111,300.02

The Company as lessee:

Monetary Unit: CNY

Name of lessor	Type of assets leased	Rental expenses of short-term lease simplified treated and low-value asset lease (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Paid rent		Income expense of lease liabilities undertaken		Increased use right assets	
		Amount in current period	Amount in previous period	Amount in current period	Amount in previous period	Amount in current period	Amount in previous period	Amount in current period	Amount in previous period	Amount in current period	Amount in previous period
Laojiao	House					446,32					

Group and its subsidiaries	lease					8.00					
Total						446,328.00					

### 12.5.3. Key management compensation

Monetary Unit: CNY

Item	Amount in current period	Amount in previous period
Key management	3,760,964.30	3,813,084.72

### 12.6. Receivables and payables of related parties

#### 12.6.1. Receivables

Monetary Unit: CNY

Item	Related party	Closing Balance		Opening Balance	
		Book value	Provision for bad debt	Book value	Provision for bad debt
Accounts receivable	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	14,000.00	700.00		
Prepayment	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	2,379.50		2,379.50	
Prepayment	Luzhou Laojiao Group Co., Ltd.	3,528,831.55			
Prepayment	Luzhou China Resources Xinglu Gas Co., Ltd.	31,289.09			
Prepayment	Luzhou XingLu Water (Group) Co., Ltd.	807,625.52			
Prepayment	Luzhou Public Transport Group Co., Ltd.	258,393.78			
Prepayment	Sichuan Meihe Winery Industry Co.,Ltd.	2,961,479.50		2,961,479.50	
Other receivables	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	70,025.33	3,501.27	5,111,743.43	780,587.17
Other receivables	Luzhou Laojiao Group Co., Ltd.	7,877.23	393.86		

**12.6.2. Payables**

Monetary Unit: CNY

Item	Related party	Closing Balance	Opening Balance
Accounts payable	Sichuan Lianzhong Supply Chain Service Co., Ltd.	16,498,808.48	6,993,503.13
Accounts payable	Luzhou Public Transport Group Co., Ltd.		469,479.45
Accounts payable	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	168,775.00	
Contractual liabilities (tax inclusive)	Luzhou Sanrenxuan Liquor Industry Co., Ltd.	2,424,657.48	1,621,994.29
Contractual liabilities (tax inclusive)	Sichuan Lianzhong Supply Chain Service Co., Ltd.	73,608.79	51,114.78
Contractual liabilities (tax inclusive)	Luzhou Jiachuang Wine Supply Chain Management Co., Ltd.	5,109,850.00	4,525,508.00
Contractual liabilities (tax inclusive)	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	4,295,273.48	6,070,341.82
Contractual liabilities (tax inclusive)	Luzhou Laojiao Qingxigu Cultural Tourism Investment Co., Ltd.	3,861,920.00	
Contractual liabilities (tax inclusive)	Sichuan Zhitong Data Information Co., Ltd.	45,704.00	
Contractual liabilities (tax inclusive)	Yuanquan Cultural Tourism Co., Ltd.	2,043,896.00	
Other payables	Luzhou Jiachuang Wine Supply Chain Management Co., Ltd.		360,000.00
Other payables	Luzhou Sanrenxuan Liquor Industry Co., Ltd.	150,000.00	150,000.00
Other payables	Sichuan Lianzhong Supply Chain Service Co., Ltd.	36,790,948.00	17,633,148.00
Other payables	Luzhou Laojiao Group Co., Ltd.		80,000.00
Other payables	Guangzhou Zhongying Gongyuan Energy Saving Technology Co., Ltd.		140,444.35
Other payables	CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	1,050,000.00	750,000.00
Other payables	Luzhou Xinglu Property Management Co., Ltd.	154,920.20	

**12.7. Commitments of the related parties**

None

## 13. Stock payment

### 13.1. The overall situation of share-based payments

Applicable  N/A

Monetary Unit: CNY

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

Other statements

The Company granted 92,669 shares of the Restricted Share Incentive Plan for the third time in December 2022 and completed the registration in February 2023.

### 13.2. Equity-settled share-based payments

Applicable  N/A

Monetary Unit: CNY

Method of determining the fair value of equity instruments on the grant date	The closing price of restricted stocks on the grant date deducted the grant price thereof
Basis to determine number of equity instrument that can be exercised	Making the best estimate based on the latest number of persons who can exercise rights
Reason for remarkable difference between the estimate of the current period and that of previous period	N/A
Total amount of equity-settled share-based payments included into capital reserves	1,281,793,025.71
Total costs of recognizing equity-settled share-based payments in the current period	198,641,381.90

### 13.3. Cash-settled share-based payments

Applicable  N/A

### 13.4. Modification and termination of share-based payments

None

## 14. Commitments and contingencies

### 14.1. Commitments

Significant commitments at the balance sheet date

None

### 14.2. Contingencies

#### 14.2.1. Significant contingencies at the balance sheet date

On 15 October 2014 and 10 January 2015, the Company disclosed three saving deposits involving contract disputes in Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank, with a total amount of CNY 500 million. The public security organization has investigated, and the investigation of related cases and the preservation of assets are under way. The Company has initiated a civil procedure to recover the loss from the responsible unit. As of the period-end, the Company has recovered the abovementioned saving deposits involving contract disputes with CNY 371,283,000.

Except for the above matters, the Company has no other significant contingencies that need to be disclosed as the end of 30 June 2023.

#### 14.2.2. Explanation shall be given even if there is no significant contingency for the Company to disclose

There was no significant contingency in the Company to disclose.

## 15. Post balance sheet event

### 15.1. Profit distribution

Profit distribution plan	In accordance with resolutions of shareholders' meeting, a cash dividend of CNY 42.25 (tax inclusive) will be distributed for every 10 existing shares held, which has been carried out on 28 August 2023.
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### 15.2. Sales return

There are no important sales returning after balance sheet date.

### 15.3. Statement for other post balance sheet events

None

## **16. Other important information**

### **16.1. Annuity plan**

The Company carried out the enterprise annuity payment work normally during the reporting period. The enterprise annuity funds are paid by both the Company and employees. The Company's contribution shall not exceed 8% of the Company's total salary in the previous year as stipulated by the state, and the individual contribution shall be withheld by the Company according to 1% of total salary of the employee in the previous year.

### **16.2. Segment information**

#### **16.2.1 Recognition basis and accounting policies of reportable segment**

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

### **16.3. Other significant events that can affect investors' decision**

Saving deposits involving contract disputes: As stated in Note 12.2, three saving deposits involved contract disputes in Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank, with a total amount of CNY 500 million. At present, the investigation of related cases and the preservation of assets have been under way. The Company has initiated a civil procedure to recover the loss from the responsible unit.

Taking into account the current amount of assets preserved by the public security authorities and the contents of the professional legal opinion issued by Beijing Weiheng (Chengdu) Law Firm on 24 February 2023 that "given that since the issuance of the previous legal opinion, a few recovery has been achieved through the criminal and civil execution, totalling CNY 371 million. At the same time, it is suggested that the total amount of bad debt provision for the three aforementioned places remain CNY 120 million", the Company has made a bad debt provision of CNY 120 million for savings deposit involved in contractual disputes as of the end of the period, and the amount of the bad debt provision may be adjusted in the future based on the litigation process and recovery.

Except for the above matters, the Company has no other significant events that can affect investors' decision that need to be disclosed as of 30 June 2023.

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

### 17.1. Accounts receivable

#### 17.1.1. Analysis by categories

Monetary Unit: CNY

Type	Closing Balance					Opening Balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Accounts receivables tested for impairment by the portfolio	271,333.64	100.00%	3,200.00	1.18%	268,133.64	50,000.00	100.00%	2,500.00	5.00%	47,500.00
Including:										
Accounts receivables tested for impairment on the portfolio with characteristics of credit risk	271,333.64	100.00%	3,200.00	1.18%	268,133.64	50,000.00	100.00%	2,500.00	5.00%	47,500.00
Total	271,333.64	100.00%	3,200.00	1.18%	268,133.64	50,000.00	100.00%	2,500.00	5.00%	47,500.00

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

Applicable  N/A

Accounts receivables tested for impairment by the portfolio:

Item	Closing Balance		
	Book balance	Provision for bad debt	Proportion
Risk portfolio	64,000.08	3,200.00	5.00%

Other portfolios	207,333.56	0.00	0.00%
Total	271,333.64	3,200.00	1.18%

## Disclosure by aging

Monetary Unit: CNY

Aging	Book balance
Within 1 year (including 1 year)	271,333.64
Total	271,333.64

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

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Accounts receivables tested for impairment by the portfolio	2,500.00	700.00				3,200.00
Total	2,500.00	700.00				3,200.00 <sup>1</sup>

Note: 1. There is no accounts receivable reversed or recovered with significant amount during the reporting period.

**17.1.3. Top five entities with the largest balances of accounts receivable**

Monetary Unit: CNY

Company Name	Closing Balance	Proportion to total closing balance of accounts receivable	Closing Balance of provision for bad debt
Luzhou Laojiao Custom Liquor Co., Ltd.	207,333.56	76.41%	
CTS Luzhou Laojiao Cultural Tourism Development Co., Ltd.	14,000.00	5.16%	700.00
One-time sporadic customers	50,000.08	18.43%	2,500.00
Total	271,333.64	100.00%	

**17.2. Other receivables**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Dividends receivable	15,482,200.48	
Other receivables	14,206,680,354.74	12,042,401,844.84
Total	14,222,162,555.22	12,042,401,844.84



**17.2.1. Dividend receivable****17.2.1.1. Classification of dividend receivable**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Guotai Junan Securities Co., Ltd.	6,241,808.41	
Huaxi Securities Co., Ltd.	8,184,934.32	
North Chemical Industries Co.,Ltd.	78,177.75	
China Tourism Group Duty Free Corporation Limited	977,280.00	
<b>Total</b>	<b>15,482,200.48</b>	

**17.2.2. Other receivables****17.2.2.1. Other receivables disclosed by nature**

Monetary Unit: CNY

Nature	Closing book balance	Opening book balance
Intercourse funds of subsidiaries receivable	14,195,106,499.96	12,023,243,459.84
Intercourse funds and others	3,074,745.95	11,257,616.61
Saving deposits involving contract disputes	128,717,028.72 <sup>1</sup>	129,049,496.98
<b>Total</b>	<b>14,326,898,274.63</b>	<b>12,163,550,573.43</b>

Note: 1. The saving deposits involving contract disputes refer to 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 disclosed by the Company in the 2014 Annual Report. 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 2023, the closing balance of that fund was CNY 128,717,028.72.

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

Monetary Unit: CNY

Provision for bad debt	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2023	1,148,728.59		120,000,000.00	121,148,728.59
Balance of 1 January 2023 in the current period				
Recovery	930,808.70			930,808.70
Balance of 30 June 2023	217,919.89		120,000,000.00	120,217,919.89

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

Applicable  N/A

Disclosure by aging

Monetary Unit: CNY

Aging	Closing balance
Within 1 year (including 1 year)	14,198,050,594.15
1-2 years	39,751.76
2-3 years	18,100.00
Over 3 years	128,789,828.72
3-4 years	12,800.00
4-5 years	10,000.00
Over 5 years	128,767,028.72
Total	14,326,898,274.63

### 17.2.2.3. Provision and recovery for bad and doubtful other receivables in the current period

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Other receivables tested for impairment individually	120,000,000.00					120,000,000.00
Other receivables tested for impairment by the portfolio	1,148,728.59		930,808.70			217,919.89
Total	121,148,728.59		930,808.70			120,217,919.89

### 17.2.2.4. Top five entities with the largest balances of the other receivables

Monetary Unit: CNY

Company Name	Nature	Closing Balance	Aging	Proportion in total receivables	Provisioning amount at period end
Luzhou Laojiao Brewing Co., Ltd.	Internal transactions	13,180,347,168.61	Within 1 year	92.00%	
Luzhou Dingyi Liquor Industry Sales Co., Ltd.	Internal transactions	541,438,112.66	Within 1 year	3.78%	
Luzhou Laojiao Electronic Commerce Co., Ltd.	Internal transactions	286,577,336.91	Within 1 year	2.00%	
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	128,717,028.72	Over 5 years	0.90%	120,000,000.00
Luzhou Laojiao Import and	Internal transactions	122,233,953.48	Within 1 year	0.85%	

Export Trade Co., Ltd.					
Total		14,259,313,600.38		99.53%	120,000,000.00

### 17.3. Long-term equity investments

Monetary Unit: CNY

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiary	3,725,838,104.37		3,725,838,104.37	3,611,563,148.96		3,611,563,148.96
Investment in associates and joint venture	2,718,562,474.44	2,567,098.80	2,715,995,375.64	2,669,970,043.71	2,567,098.80	2,667,402,944.91
Total	6,444,400,578.81	2,567,098.80	6,441,833,480.01	6,281,533,192.67	2,567,098.80	6,278,966,093.87

#### 17.3.1. Investment in subsidiary

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period				Closing Balance (book value)	Closing balance of provision for impairment
		Increase	Decrease	Provision for impairment	Other		
Luzhou Pinchuang Technology Co., Ltd.	76,953,725.32				9,309,400.98	86,263,126.30	
Luzhou Laojiao Sales Co., Ltd.	205,765,055.56				46,077,237.40	251,842,292.96	
Luzhou Laojiao Brewing Co., Ltd.	3,234,179,228.31				30,451,978.18	3,264,631,206.49	
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	9,023,636.96				1,926,237.78	10,949,874.74	
Luzhou Laojiao Electronic Commerce Co., Ltd.	59,948,387.34				535,408.14	60,483,795.48	
Luzhou Baonuo Biotechnology Co., Ltd.	20,000,000.00					20,000,000.00	
Luzhou Laojiao	5,693,115.47				2,344,366.25	8,037,481.72	

Health Liquor Industry Co., Ltd. Note							
Luzhou Laojiao New Retail Co., Ltd.		20,000,000.00			3,630,326.68	23,630,326.68	
Total	3,611,563,148.96	20,000,000.00			94,274,955.41 <sup>1</sup>	3,725,838,104.37	

Note: 1. The other increase in the current period is due to the Company's restricted share incentive business, where the parent company (the settlement enterprise) is an investor in the recipient subsidiary (the service enterprise) and is recognized as a long-term equity investment in the subsidiary (the recipient service enterprise) based on the fair value of the equity instruments at the date of grant, and the capital reserve (other capital reserves) is recognized at the same time.

### 17.3.2. Investment in associate and joint venture

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period							Closing Balance (book value)	Closing Balance of provision for impairment	
		Increase	Decrease	Gain or loss recognized under equity method	Adjustments of other comprehensive income	Changes in other equity	Cash divided or profit declared	Provision for impairment			Other
1. Joint Venture											
2. Associate											
Huaxi Securities Co., Ltd.	2,497,540,592.05			54,493,747.57	1,397,955.21		8,184,934.32			2,545,247,360.51	2,567,098.80
Luzhou Laojiao Postdoctoral Workstation Technology Innovation Co., Ltd.	40,185,894.77			-499,830.20						39,686,064.57	
Sichuan Development Wine Investment Co., Ltd.	5,889,654.24			5,159.39						5,894,813.63	
CTS	123,78			1,380,						125,16	

Luzhou Laojiao Cultural Tourism Development Co., Ltd.	6,803.85			333.08						7,136.93		
Subtotal	2,667,402,944.91			55,379,409.84	1,397,955.21					8,184,934.32	2,715,995,375.64	2,567,098.80
Total	2,667,402,944.91			55,379,409.84	1,397,955.21					8,184,934.32	2,715,995,375.64	2,567,098.80

#### 17.4. Operating revenue and cost of sales

Monetary Unit: CNY

Item	Current Period		Previous Period	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary business	3,999,775,395.42	3,041,281,547.34	2,054,885,320.69	1,385,149,822.80
Other business	14,764,932.60	973,400.78	12,163,668.37	537,627.72
Total	4,014,540,328.02	3,042,254,948.12	2,067,048,989.06	1,385,687,450.52

Details:

Monetary Unit: CNY

Contract category	Liquor sales	Total
Commodity type		
Including:		
Medium and high grade liquor	3,990,677,380.30	3,990,677,380.30
Other liquor	9,098,015.12	9,098,015.12
By operating segment		
Including:		
Domestic	3,999,775,395.42	3,999,775,395.42
Outbound		
Market or customer type		
Including:		
Contract type		
Including:		
Commodity sales contract	3,999,775,395.42	3,999,775,395.42
By commodity transfer time		
Including:		
By contract term		
Including:		

By sales channel		
Including:		
Total	3,999,775,395.42	3,999,775,395.42

Information on performance obligation:

None

Other statements:

None

## 17.5. Investment income

Monetary Unit: CNY

Item	Current Period	Previous Period
Investment income from long-term equity investments under cost method		7,530,591.92
Investment income from long-term equity investments under equity method	55,379,409.84 <sup>1</sup>	25,579,283.02
Investment income gained during the period of holding held-for-trading financial assets	2,391,009.80	6,795,921.96
Investment income from disposal of held-for-trading financial assets	4,636,104.81	4,827,927.32
Dividends income gained during the period of holding other equity instrument investment	7,297,266.16	8,078,717.94
Total	69,703,790.61	52,812,442.16

Note: 1. There is no major restriction on the repatriation of the Company's investment income.

## 18. Supplementary information

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

Applicable  N/A

Monetary Unit: CNY

Item	Amount	Note
Gains or losses on disposal non-current assets (including the write-off portion of the impairment provision)	-477,479.38	For details please see Note 7.46
Government grants included into current profits and losses (other than government grants closely related to enterprise business and granted by quota or quantity according to national unified standard)	21,166,337.88	For details please see Note 7.42 and Note 7.47
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of	37,839,310.52	For details please see Note 7.43 and Note 7.44

held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)		
Other non-operating income and costs other than above items	7,506,932.03	For details please see Note 7.47 and Note 7.48
Less: Impact from income tax	16,427,670.44	
Impact from non-controlling shareholders' equity	119,219.17	
Total	49,488,211.44	--

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

Applicable  N/A

No such cases for the reporting period.

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

Applicable  N/A

## 18.2. Return on equity and earnings per share

Profit during reporting period	Weighted average ROE	EPS (CNY/Share)	
		Basic EPS	Diluted EPS
Net profits attributable to common shareholders of the Company	18.79%	4.82	4.82
Net profits attributable to common shareholders of the Company before non-recurring gains and losses	18.66%	4.79	4.79

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

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

Applicable  N/A

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

Applicable  N/A

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