



Luzhou Laojiao Co., Ltd.

2020 Interim Report

August 2020

Section I Important Statements, Contents and Definitions

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

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

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

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

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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Definitions

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

Section II Company Profile and Key Financial Results

1. Corporate information

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

2. Contact us

	Secretary of the board	Representative for securities affairs
Name	Wang Hongbo	Wang Chuan
Address	Luzhou Laojiao Marketing Network Command Center, Nanguang Road, Luzhou City, Sichuan Province, China	
Tel.	(0830)2398826	(0830)2398826
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3. Other Information

3.1. Contact Information of the Company

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

☐ Applicable ☒ N/A

No change occurred to the said information in the reporting period, which can be found in the 2019 Annual Report.

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

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

☐ Applicable ☒ N/A

No change occurred to the newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the interim report and the place where the interim is kept in the reporting period. The said information can be found in the 2019 Annual Report.

4. Key accounting data and financial indicators

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

☐ Yes ☒ No

	H1 2020	H1 2019	Change
Operating revenues (CNY)	7,634,482,901.87	8,013,035,019.72	-4.72%
Net profits attributable to shareholders of the Company (CNY)	3,220,452,190.27	2,749,781,041.42	17.12%
Net profits attributable to shareholders of the Company before non-recurring gains and losses (CNY)	3,233,951,849.05	2,727,782,527.56	18.56%
Net cash flows from operating activities (CNY)	728,815,422.24	1,706,750,590.34	-57.30%
Basic earnings per share (CNY/share)	2.20	1.88	17.02%
Diluted earnings per share (CNY/share)	2.20	1.88	17.02%
Weighted average ROE	15.32%	14.98%	0.34%
	30 June 2020	31 December 2019	Change
Total assets (CNY)	31,758,214,542.80	28,919,969,078.32	9.81%

Net assets attributable to shareholders of the Company (CNY)	20,300,194,077.23	19,406,845,725.61	4.60%
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5. Differences in accounting data under domestic and overseas accounting standards

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

☐ Applicable ☒ N/A

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 profits and losses

☒ Applicable ☐ N/A

Unit: CNY

Item	Amount	Note
Profit or loss from disposal of non-current assets (including the write-off portion of the impairment provision)	104,663.83	See "Section XI Note 5.40" for details.
Government grants accounted for, in the profit or loss for the current period (except for the government grants closely related to the business of the Company and given at a fixed amount or quantity in accordance with the national uniform standards)	10,441,675.27	See "Section XI Note 5.36" for details.
Other non-operating income and expenditure except above-mentioned items	-28,272,944.37	See "Section XI Note 5.41, 5.42" for details.
Less: Corporate income tax	-4,475,851.24	
Minority interests (after tax)	248,904.75	
Total	-13,499,658.78	--

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

☐ Applicable ☒ N/A

No such cases for the reporting period.

Section III Business Profile

1. Business scope in the reporting period

The Company stands on liquor subdivision industry which belongs to liquor, beverage and refined tea manufacturing industry with the specialized liquor product design, production and sales as the main business model. The main business is the research and development, production and sales of liquor series such as "National Cellar 1573" and "Luzhou Laojiao", and the main comprehensive performance indicators rank high in the liquor industry. During the reporting period, the Company proactively tackled adverse impact of the COVID-19 pandemic on macro-economy and the consumption industry, closely followed the development theme of "Firm Determination, Strong Confidence, Strict Management, Targeted Audit, Talent Development and All-out Efforts", and advanced each task in an orderly manner, thereby achieving constant and healthy growth of operating results.

2. Significant changes in the main assets

2.1. Significant changes in the main assets

Main assets	Reasons for any significant change
Equity assets	N/A
Fixed assets	The closing balance increased by CNY 1,315,252,724.43 compared to opening balance, indicating an increase of 86.59 percent. It was mainly due to the increase in construction in progress that met the expected conditions for use and was transferred to fixed assets in the current period.
Intangible assets	The closing balance increased by CNY 105,656,470.75 compared to opening balance, indicating an increase of 31.80 percent. It was mainly due to the increased land acquisition in the current period.
Construction in progress	N/A

2.2. Main assets overseas

☐ Applicable ☒ N/A

3. Analysis of core competitiveness

A. Geographical advantage

Luzhou City, where the Company is located, sits in the transitional area between the southern rim of the Sichuan Basin and the Yunnan-Guizhou Plateau, which features a warmer and more humid sub-tropical climate compared to other areas at the same latitude, with a temperature always above 0℃ throughout the year. The unique climate and soil are agreeable to grow grains for liquor brewing. The glutinous red

sorghum and soft wheat grown in this area are the primary raw materials for the liquor of the Company. The cellars in which the Company brews its liquor are made of the local loessal clay characteristic of strong viscosity, a variety of 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 liquor.

B. Advantage of cellars and brewing technique

Aged cellars are the most essential condition for a strong aromatic liquor maker to produce good quality liquor. 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 23-generation inheritance and a classic brewing technique for strong aromatic liquor. This technique was selected as the first batch of National Intangible Cultural Heritage in May 2006. The Cellars of National Treasure 1573 and the Traditional Brewing Technique of Luzhou Laojiao together provide the most essential basis and assurance for the quality of the product series of National Cellar 1573 and Luzhou Laojiao.

C. Brand advantage

Brand is a key business resource for liquor 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 liquor, was selected in 1952 by the first national tasting competition judges as one of the four most famous liquor brands in China. It is the only strong aromatic liquor brand that won the title of "National Famous Liquor" for five consecutive times, as well as the pioneer with regard to the "Tequ" variety of liquor. In recent years, the Company has successfully put in place a brand system of "dual brands, three product series, and five 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 liquor is increasingly known by consumers as a national brand of strong aromatic liquor and of authentic flavor.

D. Quality and R&D advantage

The Company is committed to producing high-quality liquor, 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 eight research platforms are established, including National Engineering Research Center of Solid-State Brewing, National Liquor Test Center, National Postdoctoral Workstation, etc, which all support the innovation and upgrading of products with their strong technical force. In recent years, the Company has put in a lot of efforts in researching Tequ production, brewing informatization &

automation. Relying on the technological innovation platforms such as the National Industrial Design Center, and continuously deepening the cooperation with universities and scientific research institutes including the Chinese Academy of Sciences and the Jiangnan University, the Company has undertaken dozens of national- or provincial-level projects and has been granted hundreds of invention or utility model patents. And remarkable results have been achieved with respect to improvement of the quality of base liquor, as well as production efficiency improvement.

E. Talent advantage

The Company has built up the richness in its talent pool throughout the years. It has 1 inheritor of national intangible cultural heritage, 2 masters of Chinese brewing, 2 masters of Chinese liquor, 3 masters of Chinese liquor technique, 2 Chinese liquor connoisseurs, 4 senior professor engineers, 6 experts who receive special allowances from the State Council, 3 national technicians, 3 academic and technologic leaders of Sichuan province, 1 excellent expert with special contribution of Sichuan province, 1 craftsman of Sichuan province, 1 technological elite of Sichuan province, as well as hundreds of highly skilled personnel including national liquor judges, senior brewing technicians and brewing technicians. The comprehensive and professional personnel system assures the sound development of the Company.

Section IV Performance Discussion and Analysis

1. Overview

For the first half of 2020, operating revenue amounted to CNY 7.634 billion, down 4.72% year on year; and the net profit attributable to the shareholders of the listed company reached CNY 3.22 billion, up 17.12% year on year. Over the past half year, the Company's main work included:

A. The Company carried out solid pandemic prevention and control, and resumed work and production step by step. The Company has attached great importance to pandemic prevention and control since the battle to fight and control COVID-19 pandemic fully commenced. In addition to quickly setting up a steering group for COVID-19 prevention and control, the Company developed a comprehensive prevention and control system that comprised an "all-level" prevention and control organ, an "all-day" reporting mechanism for prevention and control, an "all-round" prevention and control range, and an "all-coverage" inspection for prevention and control. It has taken a number of measures, including communication and education on the pandemic prevention and control, survey of personnel & follow-ups, testing and monitoring of staff health conditions, and guaranteed inventory of supplies. Through the responsive and scientific approaches, the Company aimed to carry forward production and business operations while all departments were dutifully performing the pandemic prevention and control, on the basis of no infected and no suspected cases.

B. The Company introduced innovative marketing ideas and made constant breakthroughs in the market. In order to actively adapt to adjustments of drinking places and environment, the Company took a series of innovative measures: Providing live streaming activities such as "Cloud Storage" and "Masters' Class on the Cloud" under the Storage Ceremony to preserve our aromatic heritage and exhibit cultural value; organizing online activities including "Online Drinking Date" and "Household Chef Competition" to stimulate consumers to open a bottle at home; making use of online live-streaming platforms and the advertising model of "Mainstream Media + KOL" to publicize the Company's brand culture, product features and tasting knowledge; capitalizing on supermarkets and e-commerce platforms to strengthen cooperation on logistics and delivery and expand channel sales; and vigorously enhancing its presence in nutritious liquor, pre-mixed liquor and fruit wine, and launching healthy and fashionable products to attract young consumers.

C. The Company promoted development of major projects and was resolute to realize targets. The Company insisted on "One Policy and One Measure for One Project", and facilitated the resumption of work and production for major projects by steps, areas and procedures. It accelerated project development and ensured Huangyi Brewery Eco-Park (focusing on the brewing technical innovation program) would be put into comprehensive operations as scheduled. At present, the brewing unit satisfies requirements for production and use; the workshop for raw material processing, sewage processing station, energy centre and other supporting facilities meet the conditions for trial production. As for the technical upgrade project in the Smart Packaging Centre, design and debugging of the smart packaging equipment have been completed. The Company is making every effort to build the center into a leading example in the liquor industry as an automatic, information-based and intelligent base for final product packaging, warehousing and logistics.

D. The Company endeavored to secure production and consolidated the foundation for production and operations. The specialized automatic lines for Luzhou Laojiao Tequ and Erqu have been built and put into operations, which set an example of automatic and intelligent operation for the industry. The Company verified the implementation information of suppliers, bottling enterprises and logistics enterprises, conducted surveys, streamlined problems and provided pandemic-prevention supplies such as masks and disinfectants for them. Thus, difficulties of supporting enterprises in pandemic prevention and resumption of work and production were effectively solved.

2. Analysis of main business

Same with the contents presented in “1.Overview” of this section.

Year-on-year changes in key financial data

Unit: CNY

	H1 2020	H1 2019	YoY Change	Reason for any significant change
Operating revenues	7,634,482,901.87	8,013,035,019.72	-4.72%	
Cost of sales	1,386,636,428.85	1,626,443,132.19	-14.74%	
Selling and distribution expenses	1,111,958,208.98	1,538,501,721.21	-27.72%	
General and administrative expenses	360,013,975.76	340,569,422.14	5.71%	
Finance expenses	-108,274,836.69	-96,209,653.90		
Corporate income tax	1,034,276,363.11	898,232,269.30	15.15%	
R&D expenses	44,739,047.81	28,917,680.78	54.71%	Mainly due to the increased R&D projects in the current period
Net cash flows from operating activities	728,815,422.24	1,706,750,590.34	-57.30%	Mainly due to the decreased cash received from sale of goods in the current period
Net cash flows from investing activities	-1,050,174,817.35	-1,369,801,975.96		
Net cash flows from financing activities	1,499,441,368.05	-6,649,100.00		Mainly due to the funds raised through a public offering of corporate bonds in the current period

Net increase in cash and cash equivalents	1,180,083,124.68	331,607,209.11	255.87%	
Taxes and surcharges	679,513,830.82	1,027,010,927.88	-33.84%	Mainly due to the decreased consumption tax 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 2020		H1 2019		YoY Change
	Amount	As a percentage of operating revenues	Amount	As a percentage of operating revenues	
Total	7,634,482,901.87	100%	8,013,035,019.72	100%	-4.72%
By business segment					
Liquor	7,566,057,028.33	99.10%	7,921,465,489.46	98.86%	-4.49%
Other	68,425,873.54	0.90%	91,569,530.26	1.14%	-25.27%
By product					
High-end liquor	4,745,839,916.79	62.16%	4,313,391,651.80	53.83%	10.03%
Mid-end liquor	1,911,536,587.51	25.04%	2,223,580,529.40	27.75%	-14.03%
Low-end liquor	908,680,524.03	11.90%	1,384,493,308.26	17.28%	-34.37%
Other	68,425,873.54	0.90%	91,569,530.26	1.14%	-25.27%
By geographical segment					
Domestic	7,605,771,011.08	99.62%	7,942,834,815.11	99.12%	-4.24%
Overseas	28,711,890.79	0.38%	70,200,204.61	0.88%	-59.10%

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						
Liquor	7,566,057,028.33	1,360,968,975.63	82.01%	-4.49%	-14.73%	2.16%

By product						
High-end liquor	4,745,839,916.79	386,491,876.45	91.86%	10.03%	6.84%	0.25%
Mid-end liquor	1,911,536,587.51	374,351,987.13	80.42%	-14.03%	-3.42%	-2.15%
Low-end liquor	908,680,524.03	600,125,112.05	33.96%	-34.37%	-29.12%	-4.89%
By geographical segment						
Domestic	7,537,345,137.54	1,353,180,457.73	82.05%	-4.00%	-14.69%	2.25%
Overseas	28,711,890.79	7,788,517.90	72.87%	-59.10%	-20.16%	-13.23%

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

☐ Applicable ☒ N/A

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

☒ Applicable ☐ N/A

A. Revenue from low-end liquor decreased by 34.37% year-on-year, mainly due to the decreased sales revenue as a result of the COVID-19 pandemic.

B. Overseas revenue decreased by 59.10% year-on-year, mainly due to the decreased sales revenue as a result of the impact of the COVID-19 pandemic on the overseas market.

3. Analysis of non-core business

☐ Applicable ☒ N/A

4. Assets and liabilities

4.1 Significant change of asset items

Unit: CNY

	30 June 2020		30 June 2019		Change in percentage	Explanation about any material change
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash and cash equivalents	10,933,749,651.46	34.43%	9,698,993,836.79	38.78%	-4.35%	
Accounts receivable	5,545,439.80	0.02%	23,445,033.71	0.09%	-0.07%	
Inventories	3,805,416,004.07	11.98%	3,312,040,577.33	13.24%	-1.26%	

Long-term equity investments	2,311,188,426.50	7.28%	2,164,914,634.63	8.66%	-1.38%	
Fixed assets	2,834,118,122.34	8.92%	957,083,776.69	3.83%	5.09%	
Construction in progress	7,066,117,415.73	22.25%	4,606,922,145.41	18.42%	3.83%	

4.2 Assets and liabilities measured at fair value

√ Applicable □ N/A

Unit: CNY

Item	Opening balance	Changes in fair value through profit or loss	Changes in cumulative fair value recorded into equity	Provision for impairment	Amount of purchase	Amount of sale	Other changes	Closing balance
Financial asset								
4. Investments in other equity instruments	352,395,255.78	2,071,357.57	249,903,774.35					354,466,613.35
Total	352,395,255.78	2,071,357.57	249,903,774.35					354,466,613.35
Financial liability	0.00	0.00	0.00					0.00

Information about other changes

Whether measurement attribution of main assets changes significantly in this year

□ Yes √ No

4.3 Restricted asset rights as of the end of this reporting period

Item	Closing Balance	Reason
Other cash and cash equivalents (CNY)	1,400,000.00	According to regulations of Tourism Bureau, the travel service deposit was deposited in a designated bank
Total	1,400,000.00	

5. Investment

5.1. Total investment

√ Applicable □ N/A

Investment made in the reporting period (CNY)	Investment made in the same period of last year (CNY)	YoY change
1,439,229,693.32	1,628,300,040.10	-11.61%

5.2. Significant equity investment made in the reporting period

□ Applicable √ N/A

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

√ Applicable □ N/A

Unit: CNY

Item	Investment form	Whether it is a fixed asset investment	Industry of the investment project	Amount of input in the reporting period	Accumulated actual input amount by the end of the reporting period	Capital source	Project progress	Projected income	Accumulated actual income by the end of the reporting period	Reasons for not meeting the schedule and projected income	Date of disclosure (if any)	Disclosure index (if any)
Technical renovation project of brewing	Self-built	Yes	Liquor	668,790,911.16	7,031,481,709.23	Fund-raising+self-finance	95.00%	0.00	0.00	N/A	28 April 2016	Announcement of About subsidiary technical renovation project of brewing No: 2016-12 (http://

												www.cninfo.com.cn/)
Total	--	--	--	668,790,911.16	7,031,481,709.23	--	--	0.00	0.00	--	--	--

5.4. Financial assets at fair value

√ Applicable □ N/A

Unit: CNY

Category of assets	Initial investment cost	Changes in fair value recognized in profit or loss	Changes in the cumulative fair value recorded into equity	Amount of purchase	Amount of sale	Cumulative income	Closing amount	Capital source
Stock	64,869,156.76	2,071,357.57	255,793,172.13	0.00	0.00	51,571,309.05	320,662,328.89	Owned fund
Total	64,869,156.76	2,071,357.57	255,793,172.13	0.00	0.00	51,571,309.05	320,662,328.89	--

5.5. Financial assets investment

5.5.1. Securities investment

√ Applicable □ N/A

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	217,756,674.52	-14,485,706.31	190,551,811.45	0.00	0.00	0.00	203,270,968.21	Investments in other equity instruments	Owned fund
Domestic and foreign stock	002246	SNC	1,030,000.00	Fair value measurement	11,757,933.60	-62,542.20	10,665,391.40	0.00	0.00	0.00	11,695,391.40	Investments in other equity	Owned fund

												instru ments	
Domesti c and foreign stock	1983	LZBANK	51,120,0 00.00	Fair value measure ment	89,076,3 63.20	16,619,6 06.08	54,575,9 69.28	0.00	0.00	0.00	105,695, 969.28	Investme nts in other equity instrume nts	Owned fund
Total			64,869,1 56.76	--	318,590, 971.32	2,071,35 7.57	255,793, 172.13	0.00	0.00	0.00	320,662, 328.89	--	--

5.5.2. Derivative investment

☐ Applicable ☒ N/A

No such cases in the reporting period

6. Sale of major assets and equity interests

6.1. Sale of major assets

☐ Applicable ☒ N/A

No such cases in the reporting period.

6.2. Sale of major equity interests

☐ Applicable ☒ N/A

7. Analysis of major subsidiaries

☒ Applicable ☐ N/A

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

Unit: CNY

Company name	Company type	Business scope	Registered capital	Total assets	Net assets	Operating Revenue	Operating profit	Net profit
Sales Company of Luzhou Laojiao Co.,	Subsidiary	Sales of liquor	100,000,00 0.00	6,340,378,5 57.03	3,914,306,3 25.65	7,385,629,6 76.82	3,018,858 ,569.22	2,266,302,37 4.73

Ltd.								
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Acquisition and disposal of subsidiaries during the reporting period

☐ Applicable ☒ N/A

Notes for major holding companies and joint stock companies

8. Structured entities controlled by the Company

☐ Applicable ☒ N/A

9. Operating performance forecast for January-September 2020

Warning of a forecast negative net profit for the January-September period of the current year or a considerable YoY change therein, as well as the reasons:

☐ Applicable ☒ N/A

10. Risks facing the Company and countermeasures

A. Risk of macroeconomic fluctuations. Since uncertainty of domestic macro-economy is increasing due to multiple negative factors such as spread of COVID-19 pandemic worldwide, global economy recession and international trade frictions, development of the liquor industry has been hampered. The Company will strengthen study of macroeconomic situations and industrial trends, and make timely adjustments to operating strategies, so as to adapt to changes in the external environment.

B. Risks from intensified industry competitions. The Company will continuously enhance brand building, improve production efficiency and elaborately develop channels to continuously enhance core competitiveness.

C. Risk of management and operation. With the Company's business, assets and personnel scale continuously growing, operational decision-making and risk control will be tougher. To tackle this problem, the Company will conduct strict management and key inspection, continuously stabilize and develop talents, vigorously improve its management level and enhance the efficiency of management and operations.

D. Risk of food safety. Given that food safety is a major concern of the society, the Company will further practice the idea of "making the quality visible", enhance and extend the quality regulation system, and build an intelligent, standardized and visible quality tracing system with higher level.

Section V Significant Events

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

1.1 General meeting convened during the reporting period

Meeting	Type	Investor participation ratio	Date of the meeting	Date of disclosure	Index to disclosed information
The 2019 Annual General Meeting	Annual General Meeting	61.57%	30 June 2020	1 July 2020	Announcement on Resolutions of the 2019 Annual General Meeting No.: 2020-20 (http://www.cninfo.com.cn/)

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

No such cases in the reporting period.

3. 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.

4. Engagement and disengagement of CPAs firm

Are the interim financial statements audited?

☐ Yes ☒ No

The interim financial statements are not audited.

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

7. Bankruptcy and reorganization

☐ Applicable ☒ N/A

No such cases in the reporting period.

8. Litigation

Material litigation and arbitration

☒ Applicable ☐ N/A

Profile of litigation (arbitration)	Amount involved in the case (CNY' 0,000)	Whether it forms an estimate liability	Progress in litigation (arbitration)	Trial results and impacts of litigation (arbitration)	Execution of judgment of litigation (arbitration)	Date of disclosure	Disclosure index
The Company filed a lawsuit with ABC Changsha Yingxin Branch over a deposit dispute, and the case has been completed in the first instance of Hunan Province Higher People's Court and the	14,942.5	No	The second trial has been concluded	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	Not executed	15 October 2014	See Section V "Other significant events"

final trial of the Supreme People's Court				Hongxin Branch and the rest shall be borne by the Company itself.			
The Company filed a lawsuit with ICBC Nanyang Zhongzhou Branch over a deposit dispute, and Henan Province Higher People's Court had made the judgment of the first trial.	15,000	No	The first trial has been concluded	For the losses that the Company cannot recover through criminal execution procedures, 50% shall be borne by ICBC Nanyang Zhongzhou Branch; for the losses that the Company cannot recover through criminal execution procedures concerning CNY 122.1 million of principal in the case, 10% shall be borne by Sanya Rural Commercial Bank Hongsha Branch, and the rest shall be borne by the Company itself.	Not executed	10 January 2015	See Section V "Other significant events"

Other litigation

☐ Applicable ☒ N/A**9. Doubts from Media**☐ Applicable ☒ N/A

The Company had no issues about which media generally raised doubts in the Reporting Period.

10. Punishments and rectifications

☐ Applicable ☒ N/A

No such cases in the reporting period.

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

No such cases in the reporting period.

13. Significant related party transactions

13.1. Related party transactions arising from routine operation

☐ Applicable ☒ N/A

No such cases in the reporting period.

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

☐ Applicable ☒ N/A

No such cases in the reporting period.

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

☐ Applicable ☒ N/A

No such cases in the reporting period.

13.4. Credits and liabilities with related parties

☐ Applicable ☒ N/A

No such cases in the reporting period.

13.5. Other significant related party transactions

☐ Applicable ☒ N/A

No such cases in the reporting period.

14. 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.

15. Significant contracts and their execution

15.1. Trusteeship, contracting and leasing

15.1.1. Trusteeship

☐ Applicable ☒ N/A

No such cases in the reporting period.

15.1.2. Contracting

☐ Applicable ☒ N/A

No such cases in the reporting period.

15.1.3. Leasing

☐ Applicable ☒ N/A

No such cases in the reporting period.

15.2. Major guarantees

☐ Applicable ☒ N/A

No such cases in the reporting period.

15.3. Entrust assets management

☐ Applicable ☒ N/A

No such cases in the reporting period.

15.4 Other significant contracts

☐ Applicable ☒ N/A

No such cases in the reporting period.

16. Social Responsibilities

16.1 Information about environment protection

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

Yes

Company name	Name of main pollutant and particular pollutant	Discharge type	Number of discharge outlet	Distribution of discharge outlet	Emission concentration	Pollution discharge standard	Total emission	Approved total emission	Excessive discharge
Luzhou Laojiao Co.,Ltd.	COD	Continuous discharge	1	Luohan Base	21.988mg/L	50mg/L	3.731t	25t/a	No
Luzhou Laojiao Co.,Ltd.	Ammonia nitrogen	Continuous discharge	1	Luohan Base	0.584mg/L	5mg/L	0.088t	2.5t/a	No
Luzhou Laojiao Co.,Ltd.	Total phosphorus	Continuous discharge	1	Luohan Base	0.127mg/L	0.5 mg/L	0.021t	0.25t/a	No
Luzhou Laojiao Co.,Ltd.	Total nitrogen	Continuous discharge	1	Luohan Base	4.756 mg/L	15 mg/L	0.789t	7.5t/a	No
Luzhou Laojiao Co.,Ltd.	Sulfur dioxide	Continuous discharge	2	Luohan Base	0.432mg/m ³	50mg/m ³	0.015t	4.7t/a	No
Luzhou Laojiao Co.,Ltd.	Oxynitride	Continuous discharge	2	Luohan Base	27.407mg/m ³	200mg/m ³	1.266t	22.1t/a	No
Luzhou Laojiao Co.,Ltd.	PM	Continuous discharge	2	Luohan Base	7.018mg/m ³	20 mg/m ³	0.321t	2.8t/a	No

Information about construction and operation of anti-pollution installations

Waste water: Areas of the Company that produce wastewater are National Cellar Base, Xiaoshi Base, Zaojiaoxiang Base, Anning Park and Luohan Base. The high-concentration brewing wastewater from the old brewery workshops in the urban area is temporarily collected in the tanks, and is later transferred to the wastewater treatment station of Luohan Base by truck for treatment. The wastewater treatment station of Luohan Base is equipped with online monitors to automatically monitor COD, ammonia nitrogen, total phosphorus, total nitrogen, pH value and flows, which enables real-time networking operation of monitoring data with the Environmental Information Center of Luzhou City. The Company's facilities for prevention and control of wastewater pollution are under normal operations, ensuring up-to-standard discharge through general discharging outlets.

Waste gas: Areas of the Company that produce exhaust gas are National Cellar Base, Xiaoshi Base, Zaojiaoxiang Base and Luohan Base (20t/h, 306/h). Small natural gas boilers and direct-fired bottom boilers are used in the old brewery workshops in the urban areas. The boilers of Luohan Base are equipped with online monitors to automatically monitor exhaust gas, which enables real-time networking operation of monitoring data with the Environmental Information Center of Luzhou City. Low 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.

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

The Company observes requirements in the *Management Policy for "Three Simultaneities" of Environmental Protection in Construction Projects* for all construction projects. Regarding the technical upgrade program in the smart packaging center of Luzhou Laojiao, technical upgrade programs of Luzhou Laojiao brewing workshops as well as the public and auxiliary facilities, cogeneration project, technical upgrade program of packaging line in Luzhou Laojiao Anning Base, renovation project of facilities for environmental protection and discharge, and technical upgrade program of supporting production facilities of Luzhou Laojiao, requirements in national laws and regulations for environmental protection are followed. The Company is preparing the Assessment Report on Environmental Impact, and reports to the Bureau of Ecology and Environment of Luzhou for approval to obtain environmental protection administrative permission.

Emergency plan for environmental emergencies

The Company developed the *Contingency Plan for Environmental Emergencies* (Revision 2020), the *Environmental Risk Assessment Report* and the *Emergency Resources Survey Report*, and reported to the Environmental Emergency Service Center of Luzhou for filing. Institutions of the Company organized training programs on the contingency plan for employees, and carried out drills of contingency plans, which improved employees' capability to respond to environmental emergencies.

Environmental self-monitoring program

The Company developed the environmental self-monitoring plan and entrusted third-party agencies to conduct environmental self-monitoring and upload relevant data to online platforms. Luohan Base of the

Company and its automatic online monitors for exhaust gas are under networking operation with the Information Center of the Bureau of Ecology and Environment of Luzhou; self-monitoring information are released on "Environmental Credit China" and the "Platform of Sichuan Province for Management and Sharing of Information about Pollution Source Monitoring" to facilitate supervision from all walks of life.

Other information about environmental protection that should be disclosed:

N/A

Other information about environment protection

N/A

16.2 Information about targeted poverty alleviation

16.2.1 Targeted poverty alleviation plan

A. Basic Strategy

Under the guidance of CPC committees and governments at central, provincial and municipal levels, the Company adheres to the corporate philosophy of "liquor brewed with the universe, spirit generated by the world", and thoroughly implements the poverty relief arrangements made by CPC committees and governments at different levels in the year for the final victory of poverty relief. With the "rural revitalization strategy" as a pillar and the construction of "new civilization villages" and "new villages with four favorable aspects" as objectives, the Company continuously consolidates poverty relief achievements in two villages (Xiangtian Village in Longshan Town, Gulin County, Luzhou City and Guntang Village in Maiwa Township, Hongyuan County, Ngawa Prefecture) under major targeted assistance to fulfill the promise that "efforts will not be retrieved until a complete victory is won".

B. Overall Objective

By comprehensively implementing working requirements on poverty relief from CPC committees and governments at different levels, the Company will focus on improving infrastructure, making up for deficiencies in public services, stabilizing productivity, increasing income and enhancing education on villagers in two villages under targeted relief. It will comprehensively consolidate poverty relief achievements, further solidify industrial basis, enhance quality of villagers, strengthen hard strength of poverty relief, and assist the villages in achieving high-quality, stable poverty relief and rural revitalization and development.

C. Key tasks

By persisting with the assistance principle of simultaneously "transfusing blood, producing blood and promoting blood circulation" and following the philosophy of "making up for shortage and satisfying people's needs" and "sustainable development", the Company insists on considering industrial development as a major route, ambition and intelligence enhancement as fundamental measures, and construction of new civilization villages as boosters to solidly promote poverty relief and rural governance. It plans to continuously improve quality of villagers, optimize environment in rural communities and strengthen hard strength of poverty relief through the project of medical supply

donation, the project of infrastructure improvement, industry development and ideological education on villagers in the two villages.

D. Guarantee measures

The Company will further implement "Five Ones" assistance measures, insist on the working mechanism of "one responsible institution, one person responsible for assistance, one project team, one cadre in one village, and one working team in one village", and solidify "Five Pillars" of "improve poverty relief teams, develop strict system of responsibility, develop ledgers for poverty relief, streamline poverty relief ideas and implement poverty relief projects", so as to ensure orderly progress in poverty relief.

16.2.2 Outline of annual targeted poverty alleviation

A. Targeted Poverty Relief in Xiangtian Village, Longshan Town, Gulin County

Regarding assistance in Xiangtian Village, Gulin County, the Company attaches importance to developing ecological agriculture, cultivating industrial teams and enhancing quality of villagers in accordance with the idea of developing weak sessions.

1. Make full use of geographical advantages to develop planting bases of traditional Chinese medicinal materials. Supported by the local government, Xiangtian Village plans to build planting bases of traditional Chinese medicinal materials with an area of 500 mu (approximately 0.33 square kilometers). The Company invites experts to carry out several field investigations and demonstrate geographical environment, climate, plant species and planting models.
2. Expand the project of paddy cum fish culture to develop the aquaculture industry. With the project of paddy cum fish culture as the pillar industry of Xiangtian Village, the Company plans to assist the Government of Longshan Town in expanding fish culture in paddy fields in Xiangtian Village through road hardening, land consolidation and dam governance to further enlarge the culture scale.
3. Continue to support the farming industry and back poverty-stricken households to develop courtyard economy. In view of the farming capability of poverty-stricken households, the Company plans to distribute piglets and charity baby chicks to pairing poverty-stricken households.
4. Organize activities of Party branch pairing. The Party branch of the Liquor Body Design & Management Center of the Company is paired with the Party branch of Xiangtian Village to carry out the pairing Party building activity of "paired Party branches and hand-in-hand Party members". In the first half of the year, the Party day activity themed "pandemic prevention started with Party members" was carried out.
5. Carry out pairing assistance activities. The Company further explores the long-term mechanism for enterprises' pairing assistance of poverty-stricken villages, deepens one-for-one pairing assistance between members in the Company's core management team as well as grass-roots Party organizations and poverty-stricken households in Xiangtian Villages, revises measures of "one assistance manual for one household", and pays visits and condolence.

B. Targeted Poverty Relief in Hongyuan County and Guntang Village

In 2020, the Company persists with the principle that efforts and funds invested in assistance will only increase, continuously advances poverty relief in Hongyuan County and Guntang Village, and tackles

difficulties in healthcare assistance, industrial infrastructure building, expansion of product sales channels, Party guidance, and ideological & cultural education on herdsmen.

1. Continuously implement "consumption poverty relief". The Company continuously insists on the industrial poverty relief road of "Luzhou Laojiao e-commerce + enterprises in Hongyuan County + collective economy + poverty-stricken herdsmen", and conducts the project of "making a fortune from sales".
2. Survey proposed donation projects. The Company carries out several field surveys on the project of pasture lane circles in Guntang Village, the lane maintenance project in distant grazing fields in Guntang Village, the project of Banhan Bridge in distant grazing fields in Guntang Village, and the project of teaching buildings and centralized heating of students' dormitories in Maiwa Township Primary School.
3. Organize Party branch co-building and pairing assistance with poverty-stricken households. The No. 1 Party branch of Luzhou Laojiao Sales Company was paired with the Party branch of Guntang Village. Together they carried out the pairing Party co-building activity of "work hard to alleviate poverty and work together to build a moderately prosperous society". The Company conducted one-for-one pairing assistance between members in the Company's core management team as well as grass-roots Party organizations and poverty-stricken households in Guntang Villages, formulated measures of "one assistance manual for one household", and paid condolence during the Spring Festival and home visits.

16.2.3 Follow-up poverty alleviation plan

For targeted poverty relief in Xiangtian Village, Gulin County, the Company helps to stabilize productivity, secure supply and increase farmers' income through consumption poverty relief, intelligence and ambition enhancement, visits and aids, so as to continuously consolidate poverty relief achievements. For targeted poverty relief in Hongyuan County and Guntang Village, the Company builds pasture lanes, Banhan Bridge and pasture lane circles in distant grazing fields in Guntang Village as well as teaching buildings and centralized heating of students' dormitories in Maiwa Township Primary School. It will consolidate poverty relief achievement in healthcare poverty relief, industrial poverty relief, expansion of product sales channels, cultural & educational poverty relief, further improve infrastructure, improve quality of villagers, optimize environment in village communities and continuously develop weak sessions in Hongyuan County and Guntang Village.

17. Other significant events

√ Applicable ☐ N/A

A. The Company's three savings deposits of CNY 500 million, including ABC Changsha Yingxin Branch and ICBC Nanyang Zhongzhou Branch are involved in contract disputes. The Company has reported to the public security authorities for intervention with the assets preservation measure and filed civil claims for two contract disputes among the three cases. Combined with the assets preservation situation of the public security authorities and professional legal advice issued by lawyers, the Company has made a provision of CNY 200 million for bad debts for the deposit of CNY 500 million for contract disputes. During the reporting period, the Supreme People's Court made a final judgment on the dispute arising out of the deposit contract between the Company and ABC Changsha Yingxin Branch. In respect of the

losses that couldn't be recovered through criminal procedures, ABC Changsha Yingxin Branch should bear 40% of the compensation liability, ABC Changsha Hongxing Branch 20%, and the remaining losses should be borne by the Company. Henan Province Higher People's Court had made the judgment of the first trial on the lawsuit of the Company with ICBC Nanyang Zhongzhou Branch over a deposit dispute: for the losses that the Company cannot recover through criminal execution procedures, 50% shall be borne by ICBC Nanyang Zhongzhou Branch; for the losses that the Company cannot recover through criminal execution procedures concerning CNY 122.1 million of principal in the case, 10% shall be borne by Sanya Rural Commercial Bank Hongsha Branch, and the rest shall be borne by the Company itself. As of 30 June 2020, the Company had recovered an amount of CNY 214,859,700 for three of the disputes.

See details in the Company's announcements:

Date of announcement	No.	Catalogue	Official website
15 October 2014	2014-35	Announcement of significant litigation	http://www.cninfo.com.cn/
12 November 2014	2014-41	Announcement of significant litigation progress	
6 December 2014	2014-43	Announcement of significant litigation progress part II	
10 January 2015	2015-1	Announcement of significant events	
4 February 2015	2015-4	Announcement of significant events progress	
25 March 2015	2015-11	Announcement of significant litigation progress part III	
18 April 2015	2015-20	Announcement of significant litigation progress part IV	
22 April 2015	2015-21	Announcement of significant events progress part II	
24 April 2015	2015-25	Announcement of significant litigation progress part V	
15 July 2015	2015-44	Announcement of significant litigation progress part VI	
22 July 2015	2015-45	Announcement of significant litigation progress part VII	
6 June 2018	2018-17	Announcement of significant litigation progress part VIII	
7 May 2019	2019-11	Announcement of significant litigation progress part IX	
17 May 2019	2019-13	Announcement of significant litigation progress part X	

24 March 2020	2020-6	Announcement of significant litigation progress part XI	
6 May 2020	2020-14	Announcement of significant litigation progress part XII	

2. The Company held the 16th meeting of the ninth board of directors on 10 January 2020, reviewed and approved the *Proposal on Changes in Accounting Policies* and decided to prepared the Company's financial statements as required by the *Accounting Standards for Business Enterprises No.14-Revenue (CK[2017]No.22)* revised and issued by the Ministry of Finance since 1 January 2020.

18. Significant events of subsidiaries

√ Applicable □ N/A

The Company invested in the technical upgrade program of brewing and implemented the program with the wholly-owned subsidiary, Brewing Company, as the entity. On 30 June 2020, the *Proposal on Increasing Investment in the Technical Upgrade Program of Brewing* was approved by the 2019 Annual General Meeting upon deliberation. According to the proposal, extra CNY 1,462,996,500 of funds would be invested in the technical upgrade program of brewing. Upon this increase of funds, the total investment in the technical upgrade program of brewing would reach CNY 8,877,276,500. For more information, please refer to the following announcements: *Announcement on Investing in the Technical Upgrade Program of Brewing by the Subsidiary* disclosed on 28 April 2016 with an Announcement No. of 2016-12; *Announcement on Increasing Investment in the Technical Upgrade Program of Brewing* disclosed on 2 June 2020 with an Announcement No. of 2020-17 (<http://www.cninfo.com.cn/>). As of 30 June 2020, 95% of the project has been completed.

Section VI Changes in Shares and Information about Shareholders

1. Changes in shares

1.1 Changes in shares

Unit: Share

	Before		Changes in this year (+, -)					After	
	Number	Proportion	Issuance of new shares	Bonus shares	Capitalization of capital reserves	Other	Subtotal	Number	Proportion
I. Restricted shares	4,647,181	0.32%				-34,594	-34,594	4,612,587	0.31%
2. Shares held by state-owned corporations	4,166,666	0.28%						4,166,666	0.28%
3. Shares held by other domestic investors	480,515	0.03%				-34,594	-34,594	445,921	0.03%
Shares held by domestic individuals	480,515	0.03%				-34,594	-34,594	445,921	0.03%
II. Non-restricted shares	1,460,105,295	99.68%				34,594	34,594	1,460,139,889	99.69%
1.CNY common shares	1,460,105,295	99.68%				34,594	34,594	1,460,139,889	99.69%
III. Total shares	1,464,752,476	100.00%				0	0	1,464,752,476	100.00%

Reasons for the change in shares

☐ Applicable ☒ N/A

Approval of share changes

☐ Applicable ☒ N/A

Transfer of share ownership

☐ Applicable ☒ N/A

Implementation progress of shares repurchases

☐ Applicable ☒ N/A

Implementation progress of share buyback reduction through centralized bidding

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

1.2 Changes in restricted shares

☒ Applicable ☐ N/A

Unit: Share

Name of shareholder	Number of holding restricted shares at the beginning of the reporting period	Decrease of restricted shares during the reporting period	Increase of restricted shares during the reporting period	Number of holding restricted shares by the end of the reporting period	Restriction reason	Restricted shares relieved date
Shen Caihong	138,375	34,594	0	103,781	Shares locked by senior executives	2 January 2020
Total	138,375	34,594	0	103,781	--	--

2. Issuance and listing of securities

☒ Applicable ☐ N/A

Name of stock and its derivative securities	Issuance date	Issuance price (or interest rate)	Numbers	Listing date	Approved numbers for trading	Expiry date of the trading	Disclosure index	Disclosure date
Stock								
Convertible corporate bonds, separate bargaining convertible corporate bonds and corporate bonds								
2020 Public Offering of Corporate	17 March 2020	3.50%	15,000,000	25 March 2020	15,000,000		Announcement on Issuance of	12 March 2020

Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)							2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I) (http://www.cninfo.com.cn/)	
Other derivative securities								

Information about securities issued in the reporting period

On 17 March 2020, the Company completed the issuance of 2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I) at CNY 100 per piece. The final actual issuance scale was CNY 1.5 billion and the final coupon rate was 3.50%. The said bonds were traded on Shenzhen Stock Exchange on 25 March 2020.

3. Total number of shareholders and their shareholdings

Unit: Share

Total number of common shareholders at the end of the reporting period		116,932		Total number of preference 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 or frozen shares	
							Status of shares	Number of shares
Luzhou	State-owned	26.02%	381,088,389	0	0	381,088,389		

Laojiao Group Co., Ltd.	corporation							
Luzhou XingLu Investment Group Co., Ltd.	State-owned corporation	24.99%	365,971,142	0	0	365,971,142	Pledged	101,980,000
China Securities Finance Corporation limited	Other	2.31%	33,842,059	0	0	33,842,059		
Hong Kong Securities Clearing Company Limited	Outbound corporation	1.97%	28,902,451	-11,407,824	0	28,902,451		
Central Huijin Asset Management Co., Ltd.	State-owned	1.43%	20,937,500	0	0	20,937,500		
Bank of China Co., Ltd. - Middle and small capital stocks hybrid securities investment fund by E fund	Other	1.36%	19,989,538	-1,390,028	0	19,989,538		
Agricultural Bank of China Co., Ltd. - Consumption industry stock - based securities investment fund by E fund	Other	1.33%	19,521,463	-1,308,367	0	19,521,463		
Bank of China Co., Ltd- Blue Chip Selected hybrid	Other	1.29%	18,850,032	—	0	18,850,032		

securities investment fund by E fund								
Bank of China Co.,Ltd. – Liquor index classification securities investment fund by China Merchants Fund	Other	1.26%	18,474,494	369,433	0	18,474,494		
Industrial and Commercial Bank of China Co., Ltd.-Newly growth hybrid securities investment fund by Invesco Great Wall	Other	0.89%	13,000,000	-2,912,158	0	13,000,000		
Related parties or acting-in-concert	1. Laojiao Group and Xinglu Group are both wholly state-owned companies under the jurisdiction of SASAC of Luzhou. The two companies signed the agreement of persons acting in concert on 31 December 2015. For details, please refer to the announcement of the Company on 5 January 2016 - <i>Announcement on the agreement of persons acting in concert signed by shareholders</i>. The announcement number is 2016-1 (http://www.cninfo.com.cn/). 2. In addition, whether there is an association between the remaining shareholders or they belong to persons acting in concert is unknown.							
Shareholdings of the top 10 non-restricted common shareholders								
Name of shareholder	Number of non-restricted common 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				
China Securities Finance Corporation limited	33,842,059		CNY common shares	33,842,059				
Hong Kong Securities Clearing	28,902,451		CNY common	28,902,451				

Company Limited		shares	
Central Huijin Asset Management Co.,Ltd.	20,937,500	CNY common shares	20,937,500
Bank of China Co.,Ltd. – Middle and small capital stock s hybrid securities investment fund by E fund	19,989,538	CNY common shares	19,989,538
Agricultural Bank of China Co.,Ltd. - Consumption industry stock - based securities investment fund by E fund	19,521,463	CNY common shares	19,521,463
Bank of China Co., Ltd- Blue Chip Selected hybrid securities investment fund by E fund	18,850,032	CNY common shares	18,850,032
Bank of China Co.,Ltd. – Liquor index classification securities investment fund by China Merchants Fund	18,474,494	CNY common shares	18,474,494
Industrial and Commercial Bank of China Co., Ltd.-Newly growth hybrid securities investment fund by Invesco Great Wall	13,000,000	CNY common shares	13,000,000
The statement of association or acting-in-concert between the top 10 shareholders of unrestricted common shares and between the top 10 shareholders of common unrestricted shares and top 10 common shareholders	See the table above		

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. 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 VII Preference Shares

☐ Applicable ☒ N/A

No preferred stock in the Company during the reporting period.

Section VIII Information about Convertible Corporate Bond

☐ Applicable ☒ N/A

No convertible corporate bond in the Company during the reporting period.

Section IX Profiles of Directors, Supervisors and Senior Management

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

☐ Applicable ☒ N/A

No changes occurred to shares held by directors, supervisors and senior management in the reporting period. See the 2019 Annual Report for more details.

2. Changes in directors, supervisors, and senior management

☒ Applicable ☐ N/A

Name	Title	Type	Date	Reason
Jiang Yuhui	Deputy general manager	Appoint	2020.1.10	Appointed
Wu Qin	Deputy general manager	Appoint	2020.1.10	Appointed

Section X Information about Corporate Bond

Whether there exists a public issue and listing of corporate bond that is not yet due or failed to be redeemed at the date of the interim report authorized.

Yes

1. Basic information about the corporate bond

Name	Abbr.	Code	Issue date	Due date	Bond balance (CNY 10,000)	Interest rate	Way of redemption
2019 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	19 Lao Jiao 01	112959.SZ	27 August 2019	28 August 2024	250,000	3.58%	In terms of the bonds of this phase, interests will be paid by year and the principal will be repaid in lump sum at maturity. The interests will be paid once every year and the interests for the last installment will be paid together with the principal.
2020 Public Offering of Corporate Bond of Luzhou Laojiao Co., Ltd. for Qualified Investors (Phase I)	20 Lao Jiao 01	149062.SZ	17 March 2020	17 March 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.
Listed or transferred trading place of corporate bond	Shenzhen Stock Exchange						
Appropriate arrangement of the investors	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)						
Interest payment during the reporting period	"19 Lao Jiao 01" and "20 Lao Jiao 02" have not reached the interests payment period by the end of 30 June 2020.						
Execution of the relevant regulations during the reporting period such as the affiliated option clause of the issuers or investors, special clauses such as the exchangeable regulations of corporate bond (if applicable)	The term of "19 Lao Jiao 01" is five years with the issuer's option for adjustment to the stated interest rate and the investor's option for sell back at the end of the 3 rd year						

2. List of the bond trustee and the rating organization

Bond trustee:							
Name	China International Capital Corporation Limited.	Office address	27 th and 28 th Floor, China World Office 2, No. 1 Jianguomenwai Avenue, Chaoyang District,	Contact person	Xie Ci, Qi Qin	Contact number	(010) 65051166

			Beijing				
Rating organization executed the tracking rating of the corporate bonds of the reporting period:							
Name	China Chengxin International Credit Rating Co., Ltd.			Office address	Building 6, Galaxy SOHO, No.2 Nanzhugan hutong,Chaoyangmennei Avenue, Dongcheng District, Beijing		
Alternation reasons, execution process and influences on the investors' interests etc. if there was alternation of the bond trustees and the credit rating agencies engaged by the Company during the reporting period (if applicable)			N/A				

3. Information about usage of fund-raising of the corporate bond

Information about usage of fund-raising and the execution process of corporate bond	The Company raised a fund of CNY 4.0 billion through the issue of corporate bonds respectively on 27 August 2019 and 17 March 2020. After deduction of the issue fees, the balance amount was set to use in the technical renovation project of brewing (Phase II), Project of Intelligent Upgrading and Building of the Information Management System, Project of Acquiring Sealing Equipment for the Cellar of Huangyi Brewing Base and Project of Acquiring Accessory Equipment for Leaven Making for Huangyi Brewing Base. As of 30 June 2020, CNY 2,003,815,000 of the fund-raising through the issue of corporate bonds had been used.
Closing balance (CNY 10,000)	200,722.6 ¹
Operating situation of the fund-raising special account	In accordance with related laws and regulations, the Company has designated several accounts specifically for fundraising to receive, deposit and transfer funds raised through the issue of corporate bonds and pay interests and principals. Details of these bank accounts are as follows: (1) account name: Luzhou Laojiao Co., Ltd. bank: CGB Chengdu Branch account number: 9550880046723000135 (2) account name: Luzhou Laojiao Co., Ltd. bank: Bank of Communications Luzhou Branch account number: 517517460013000000860 (3) account name: Luzhou Laojiao Co., Ltd. bank: CMBC Chengdu Fucheng Avenue Branch account number: 028900140410888 (4) account name: Luzhou Laojiao Co., Ltd.

	bank: China Minsheng Bank Chengdu Branch account number: 631395395 The Company has signed a third-party regulation agreement with each bank and the trustee.
Whether the usage of the fund-raising met with the usage, using plan and other agreements committed on the prospectus	The usage of the fund-raising met with the usage committed on the prospectus

Note: 1 Including the interest of fund-raising

4. Rating situation of corporate bond information

On 15 August 2019, China Chengxin Securities Rating Co., Ltd. issued a credit rating report for “19 Lao Jiao 01”. The Company’s main body has a credit rating of AAA and a stable rating outlook; the bond’s credit rating is AAA.

On 2 March 2020, China Chengxin International Credit Rating Co., Ltd. issued a credit rating report for “20 Lao Jiao 01”. The Company’s main body has a credit rating of AAA and a stable rating outlook; the bond’s credit rating is AAA.

On 28 June 2020, China Chengxin Securities Rating Co., Ltd. issued a tracking rating report in 2020 for “19 Lao Jiao 01” and “20 Lao Jiao 01”, maintained the credit rating of AAA for the Company’s main body and a stable rating outlook as well as the credit rating of AAA for “19 Lao Jiao 01” and “20 Lao Jiao 01”.

5. Credit-adding mechanism, repayment plan and other repayment guarantee measures of the corporate bond

Not applicable

6. Information about convening of the bondholders meeting during the reporting period

The Company did not convene bondholders meeting during the reporting period.

7. Information about duty execution of bond trustee during the reporting period

During the validity of the corporate bond, the trustee performed continuous tracking of the Company’s credit information and management and utilization of the fund-raising strictly in accordance with the *Bonds Trusteeship Agreement*, urged the Company to fulfill its obligations agreed in the prospectus of the corporate bond, proactively exercised its duties as a bonds trustee and safeguarded the legitimate

rights and interests of the bondholders.

CICC produced an interim report on the trusteeship affairs for the Company's involvement of significant litigation respectively on 17 April 2020 and 12 May 2020 and disclosed it synchronously on cninfo (<http://www.cninfo.com.cn/>). CICC produced the 2019 report on the trusteeship affairs on 30 June 2020 and disclosed it synchronously on cninfo (<http://www.cninfo.com.cn/>).

8. The major accounting data and the financial indicators of the Company as of the end of the reporting period and of the end of last year (or the reporting period and the same period of last year)

Item	30 June 2020	30 June 2019	YoY change
Current ratio	251.74%	240.36%	11.38%
Asset-liability ratio	35.62%	32.38%	3.24%
Quick ratio	196.90%	184.48%	12.42%
	The reporting period	The same period of last year	YoY change
Times interest earned of EBITDA	45.05	59.03	-23.68%

Main reason of the above accounting data and the financial indicators with the YoY change exceeded 30%

☐Applicable ☒ N/A

9. Overdue payment

☐Applicable ☒ N/A

No overdue payment during the reporting period.

10. Information about interest payment of other bonds and debt financing instruments during the reporting period

Not applicable

11. Information about acquired bank credit lines, usage and repayment of the bank loans during the reporting period

Not applicable

12. Information about the execution of the agreements or the commitments related to the corporate bond fund-raising specification during the reporting period

During the reporting period, the Company used the raised funds strictly according to the agreements related to the corporate bond fund-raising specification.

13. Significant events occurring during the reporting period

No significant events during the reporting period.

14. Whether there was guarantor of the corporate bond

☐ Yes ☒ No

Section XI 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 2020

Monetary Unit: CNY

Item	Balance as at 30 June 2020	Balance as at 31 December 2019
Current assets:		
Cash and cash equivalents	10,933,749,651.46	9,753,666,526.78
Settlement reserves		
Lending funds		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivables		
Accounts receivables	5,545,439.80	18,293,914.23
Accounts receivables financing	2,855,987,446.81	2,393,797,259.80
Prepayment	163,698,852.80	151,818,448.48
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		
Other receivables	205,474,170.86	159,753,421.64
Including: Interests receivable	67,318,644.44	45,636,744.44
Dividends receivable	30,114,991.30	
Buying back the sale of financial assets		

Inventories	3,805,416,004.07	3,641,235,092.33
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	249,589,311.90	195,174,048.57
Total current assets	18,219,460,877.70	16,313,738,711.83
Non-current assets:		
Disbursement of loans and advances		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	2,311,188,426.50	2,230,721,725.72
Investments in other equity instruments	354,466,613.35	352,395,255.78
Other non-current financial assets		
Investment property		
Fixed assets	2,834,118,122.34	1,518,865,397.91
Construction in progress	7,066,117,415.73	7,257,393,087.56
Productive biological assets		
Oil and gas assets		
Use right assets		
Intangible assets	437,890,503.22	332,234,032.47
Development expenses		
Goodwill		
Long-term deferred expenses	2,726,918.71	928,805.23
Deferred tax assets	491,392,575.44	676,152,614.07
Other non-current assets	40,853,089.81	237,539,447.75
Total non-current assets	13,538,753,665.10	12,606,230,366.49
Total assets	31,758,214,542.80	28,919,969,078.32
Current liabilities:		
Short-term loans		
Borrowings from the central bank		
Loans from other banks		

Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	6,825,905.98	
Accounts payable	2,030,319,305.16	1,868,623,958.02
Advance from customer		2,244,442,643.64
Contract liabilities	588,278,202.31	
Financial assets sold for repurchase		
Deposits from customers and inter-bank		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee benefits payable	363,794,712.74	342,025,687.49
Taxes payable	1,188,292,358.23	1,633,044,231.67
Other payable	2,988,320,565.30	698,942,399.37
Including: Interests payable	90,135,616.44	30,650,684.93
Dividends payable	2,328,956,436.84	
Handling charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	71,461,894.52	
Total current liabilities	7,237,292,944.24	6,787,078,920.19
Non-current liabilities:		
Insurance contract reserves		
Long-term loans		
Bonds payable	3,986,319,687.09	2,490,883,676.39
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payables		
Accrued liabilities		

Deferred income	23,345,000.00	23,845,000.00
Deferred tax liabilities	63,948,293.05	63,430,453.64
Other non-current liabilities		
Total non-current liabilities	4,073,612,980.14	2,578,159,130.03
Total liabilities	11,310,905,924.38	9,365,238,050.22
Owners' equity		
Share capital	1,464,752,476.00	1,464,752,476.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserves	3,722,777,063.13	3,722,777,063.13
Less: treasury stock		
Other comprehensive income	196,669,728.76	194,817,130.57
Special reserves		
Surplus reserves	1,464,752,476.00	1,464,752,476.00
General risk reserve		
Undistributed profits	13,451,242,333.34	12,559,746,579.91
Total equity attributable to owners of the parent company	20,300,194,077.23	19,406,845,725.61
Non-controlling interests	147,114,541.19	147,885,302.49
Total owners' equity	20,447,308,618.42	19,554,731,028.10
Total liabilities and owners' equity	31,758,214,542.80	28,919,969,078.32

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 2020

Monetary Unit: CNY

Item	Balance as at 30 June 2020	Balance as at 31 December 2019
Current assets:		
Cash and cash equivalents	9,880,433,674.31	8,872,692,385.79
Held-for-trading financial assets		
Derivative financial assets		
Notes receivables		

Accounts receivables	915,332.71	21,562.85
Accounts receivables financing		
Prepayment	17,878,055.71	11,682,593.27
Other receivables	7,526,535,796.06	5,850,481,480.50
Including: Interests receivable	111,388,492.40	40,570,144.44
Dividends receivable	30,114,991.30	
Inventories	1,646,163.02	1,049,384.24
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	10,549,321.25	5,562,360.72
Total current assets	17,437,958,343.06	14,741,489,767.37
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	5,717,148,554.61	5,636,681,853.83
Investments in other equity instruments	354,137,691.72	352,066,334.15
Other non-current financial assets		
Investment property		
Fixed assets	534,607,551.77	601,481,983.81
Construction in progress	1,006,518,048.07	967,953,263.55
Productive biological assets		
Oil and gas assets		
Use right assets		
Intangible assets	292,071,257.27	297,830,285.02
Development expenses		
Goodwill		
Long-term deferred expenses	2,588,888.01	777,834.15
Deferred tax assets	84,821,454.75	75,249,717.72
Other non-current assets		
Total non-current assets	7,991,893,446.20	7,932,041,272.23
Total assets	25,429,851,789.26	22,673,531,039.60

Current liabilities:		
Short-term loans		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	76,577,965.35	87,652,671.29
Advance from customer		9,712,630.35
Contract liabilities	17,169,582.79	
Employee benefits payable	129,254,089.35	116,124,722.19
Taxes payable	96,865,083.43	82,399,599.18
Other payables	4,334,854,219.02	1,099,598,588.83
Including: Interests payable	90,135,616.44	30,650,684.93
Dividends payable	2,328,956,436.84	
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	2,232,045.77	
Total current liabilities	4,656,952,985.71	1,395,488,211.84
Non-current liabilities:		
Long-term loans		
Bonds payable	3,986,319,687.09	2,490,883,676.39
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payables		
Accrued liabilities		
Deferred income	2,380,000.00	2,380,000.00
Deferred tax liabilities	63,948,293.05	63,430,453.64
Other non-current liabilities		
Total non-current liabilities	4,052,647,980.14	2,556,694,130.03
Total liabilities	8,709,600,965.85	3,952,182,341.87
Owners' equity		
Share capital	1,464,752,476.00	1,464,752,476.00

Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserves	3,706,816,950.12	3,706,816,950.12
Less: treasury stock		
Other comprehensive income	200,129,191.89	192,332,738.05
Special reserves		
Surplus reserves	1,464,752,476.00	1,464,752,476.00
Undistributed profits	9,883,799,729.40	11,892,694,057.56
Total owners' equity	16,720,250,823.41	18,721,348,697.73
Total liabilities and owners' equity	25,429,851,789.26	22,673,531,039.60

Consolidated income statement

Monetary Unit: CNY

Item	H1 2020	H1 2019
1. Total operating revenue	7,634,482,901.87	8,013,035,019.72
Including: Operating revenue	7,634,482,901.87	8,013,035,019.72
Interest income		
Earned premium		
Fee and commission income		
2. Total operating costs	3,461,876,189.00	4,458,613,035.17
Including: Cost of sales	1,386,636,428.85	1,626,443,132.19
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	679,513,830.82	1,027,010,927.88
Selling and distribution	1,111,958,208.98	1,538,501,721.21

expenses		
General and administrative expenses	360,013,975.76	340,569,422.14
Research and Development expenses	32,028,581.28	22,297,485.65
Financial expenses	-108,274,836.69	-96,209,653.90
Including: Interest expenses	66,532,174.99	64,806,647.95
Interest income	173,389,442.03	160,388,809.43
Plus: Other income	10,441,675.27	17,293,543.26
Investment income ("-" for losses)	104,338,756.40	97,024,631.16
Including: income from investment in associates and joint ventures	94,958,932.04	88,275,961.45
Income from the derecognition of financial assets measured at amortized cost ("-" for losses)		
Foreign exchange gains ("-" for losses)		
Net gain on exposure hedges ("-" for losses)		
Gains from the changes in fair values("-" for losses)		
Credit impairment losses ("-" for losses)	-401,066.70	-3,835,284.24
Impairment losses("-" for losses)		
Gains from disposal of assets("-" for losses)	104,663.83	248,064.82
3. Operating profits ("-" for losses)	4,287,090,741.67	3,665,152,939.55
Plus: non-operating income	10,944,441.71	17,760,567.89
Less: non-operating expenses	39,217,386.08	5,069,812.91
4. Total profits before tax ("-" for total losses)	4,258,817,797.30	3,677,843,694.53
Less: income tax expenses	1,034,276,363.11	898,232,269.30
5. Net profit ("-" for net loss)	3,224,541,434.19	2,779,611,425.23

5.1 By operating continuity		
5.1.1 Net profit from continuing operation ("-" for losses)	3,224,541,434.19	2,779,611,425.23
5.1.2 Net profit from discontinued operation ("-" for losses)		
5.2 By ownership		
1) Attributable to owners of the parent company	3,220,452,190.27	2,749,781,041.42
2) Attributable to non-controlling interests	4,089,243.92	29,830,383.81
6. Net of tax from other comprehensive income	-3,007,407.03	34,428,095.75
Net of tax from other comprehensive income to the owner of the parent company	1,852,598.19	34,416,541.61
6.1 Other comprehensive income cannot reclassified into the profit and loss:	1,553,518.16	27,648,251.01
1) Remeasure the variation of net indebtedness or net asset of defined benefit plans		
2) Share in other comprehensive income that cannot be classified into profit and loss under equity method		
3) Changes in fair value of investments in other equity instruments	1,553,518.16	27,648,251.01
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	299,080.03	6,768,290.60
1) Share in other comprehensive income that will be classified into profit and loss under equity method	6,242,935.68	6,679,104.79
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	-5,943,855.65	89,185.81
7) Others		
Net of tax from other comprehensive income to non-controlling interests	-4,860,005.22	11,554.14
7. Total comprehensive income	3,221,534,027.16	2,814,039,520.98
Total comprehensive income attributable to owners of the parent company	3,222,304,788.46	2,784,197,583.03
Total comprehensive income attributable to non-controlling interests	-770,761.30	29,841,937.95
8. Earnings per share		
(1) Basic earnings per share	2.20	1.88
(2) Diluted earnings per share	2.20	1.88

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 2020	H1 2019
1. Operating revenue	1,502,921,693.39	2,447,219,300.12
Less: Cost of sales	1,040,786,248.30	1,621,162,415.45
Taxes and surcharges	15,549,764.92	25,151,156.04
Selling and distribution expenses		
General and administrative expenses	274,620,160.19	286,401,299.53
Research and Development expenses	9,011,286.24	6,268,987.51

Financial expenses	-131,445,866.38	-103,760,837.11
Including: Interest expenses	33,323,418.69	9,270,944.42
Interest income	164,861,694.13	113,078,683.00
Plus: Other income	6,812,036.02	10,186,492.26
Investment income ("-" for losses)	104,338,756.40	97,024,631.16
Including: income from investment in associates and joint ventures	94,958,932.04	88,275,961.45
Income from the derecognition of financial assets at amortized cost ("-" for losses)		
Net gain on exposure hedges ("-" for losses)		
Gains from the changes in fair values("-" for losses)		
Credit impairment losses ("-" for losses)	-44,132.47	-177,197.13
Asset impairment losses ("-" for losses)		
Gains from disposal of assets("-" for losses)	104,663.83	108,159.28
2. Operating profits ("-" for losses)	405,611,423.90	719,138,364.27
Plus: non-operating income	8,883,565.15	4,646,619.50
Less: non-operating expenses	24,377,133.78	4,741,335.98
3. Total profits before tax ("-" for total losses)	390,117,855.27	719,043,647.79
Less: income tax expenses	70,055,746.59	158,455,510.79
4. Net profit ("-" for net loss)	320,062,108.68	560,588,137.00
4.1 Net profit from continuing operation ("-" for losses)	320,062,108.68	560,588,137.00
4.2 Net profit from discontinued operation ("-" for losses)		
5. Net of tax from other comprehensive income	7,796,453.84	34,327,355.80
5.1 Other comprehensive income cannot reclassified into the profit and	1,553,518.16	27,648,251.01

loss:		
1) Remeasure the variation of net indebtedness or net asset of defined benefit plans		
2) Share in other comprehensive income that cannot be classified into profit and loss under equity method		
3) Changes in fair value of investments in other equity instruments	1,553,518.16	27,648,251.01
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	6,242,935.68	6,679,104.79
1) Share in other comprehensive income that will be classified into profit and loss under equity method	6,242,935.68	6,679,104.79
2) Changes in fair value of investments in other debt obligations		
3) Other comprehensive income arising from the reclassification of financial assets		
4) Allowance for credit impairments in investments in other debt obligations		
5) Reserve for cash-flow hedge		
6) Balance arising from the translation of foreign currency financial statements		
7) Others		
6. Total comprehensive income	327,858,562.52	594,915,492.80
7. Earnings per share		
(1) Basic earnings per share	0.22	0.38
(2) Diluted earnings per share	0.22	0.38

Consolidated statement of cash flows

Monetary Unit: CNY

Item	H1 2020	H1 2019
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	6,282,235,240.80	8,152,078,438.66
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	3,846,942.76	1,532,457.12
Cash received from other operating activities	218,878,679.44	219,496,515.99
Subtotal of cash inflows from operating activities	6,504,960,863.00	8,373,107,411.77
Cash paid for goods purchased and services received	1,510,115,362.00	2,049,373,923.84
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	433,219,103.00	457,570,946.93
Cash paid for taxes and surcharges	2,718,765,468.22	3,080,471,348.44
Cash paid for other operating activities	1,114,045,507.54	1,078,940,602.22
Subtotal of cash outflows from operating activities	5,776,145,440.76	6,666,356,821.43
Net cash flows from operating activities	728,815,422.24	1,706,750,590.34
2. Cash flows from investing activities		
Cash received from disposal of investments		
Cash received from returns on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	566,471.43	493,622.28
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	566,471.43	493,622.28
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	1,050,741,288.78	1,370,295,598.24
Cash paid for investments		
Net increase in pledge loans		

Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	1,050,741,288.78	1,370,295,598.24
Net cash flows from investing activities	-1,050,174,817.35	-1,369,801,975.96
3. Cash flows from financing activities		
Cash received from investors	5,621,368.05	3,500,000.00
Including: cash received by subsidiaries from investments by minority shareholders	5,621,368.05	3,500,000.00
Cash received from borrowings	1,494,000,000.00	
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	1,499,621,368.05	3,500,000.00
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest		
Including: dividends and profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	180,000.00	10,149,100.00
Subtotal of cash outflows from financing activities	180,000.00	10,149,100.00
Net cash flows from financing activities	1,499,441,368.05	-6,649,100.00
4. Effect of fluctuation in exchange rate on cash and cash equivalents	2,001,151.74	1,307,694.73
5. Net increase in cash and cash equivalents	1,180,083,124.68	331,607,209.11
Plus: balance of cash and cash	9,752,266,526.78	9,365,986,627.68

equivalents at the beginning of the period		
6. Balance of cash and cash equivalents at the end of the period	10,932,349,651.46	9,697,593,836.79

Cash flow statements of parent company

Monetary Unit: CNY

Item	H1 2020	H1 2019
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	1,704,864,696.11	2,505,459,765.21
Refunds of taxes and surcharges		
Cash received from other operating activities	190,974,553.30	144,617,971.84
Subtotal of cash inflows from operating activities	1,895,839,249.41	2,650,077,737.05
Cash paid for goods purchased and services received	358,716,633.54	1,626,982,937.71
Cash paid to and on behalf of employees	407,927,258.16	432,617,691.04
Cash paid for taxes and surcharges	150,445,400.43	266,688,773.22
Cash paid for other operating activities	1,375,167,996.43	71,483,657.64
Subtotal of cash outflows from operating activities	2,292,257,288.56	2,397,773,059.61
Net cash flows from operating activities	-396,418,039.15	252,304,677.44
2. Cash flows from investing activities		
Cash received from disposal of investments		
Cash received from returns on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	566,471.43	487,222.28

Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	566,471.43	487,222.28
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	90,227,143.76	97,098,339.93
Cash paid for investments		10,149,100.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	90,227,143.76	107,247,439.93
Net cash flows from investing activities	-89,660,672.33	-106,760,217.65
3. Cash flows from financing activities		
Cash received from investors		
Cash received from loans	1,494,000,000.00	
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	1,494,000,000.00	
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest		
Cash paid for other financing activities	180,000.00	
Subtotal of cash outflows from financing activities	180,000.00	
Net cash flows from financing activities	1,493,820,000.00	

4. Effect of fluctuation in exchange rate on cash and cash equivalents		
5. Net increase in cash and cash equivalents	1,007,741,288.52	145,544,459.79
Plus: balance of cash and cash equivalents at the beginning of the period	8,872,692,385.79	6,189,473,157.83
6. Balance of cash and cash equivalents at the end of the period	9,880,433,674.31	6,335,017,617.62

Consolidated statement of changes in owners' equity

For the six months ended 30 June 2020

Monetary Unit: CNY

Item	H1 2020														
	Equity attributable to owners of the parent company												Non-c ontrol ling intere sts	Total owne rs' equit y	
	Shar e capit al	Other equity instruments			Capit al reser ve	Less: Treas ury stock	Other Comp rehen sive Inco me	Speci al reser ve	Surpl us reser ve	Gener al risk reser ve	Undis tribut ed profit	Other			Subto tal
		Pref erre d stoc k	Perp etua l bond	Othe r											
1. Balance as at 31 December of last year	1,46 4,75 2,47 6.00				3,722, 777,0 63.13		194,8 17,13 0.57		1,464, 752,4 76.00		12,55 9,746, 579.9 1		19,40 6,845, 725.6 1	147,8 85,30 2.49	19,55 4,731, 028.1 0
Plus: adjustments for changes in accounting policies															
Adjustments for correction of accounting errors in prior year															
Business combinations															

under common control															
Others															
2. Balance as at 1 January of the current year	1,464,752,476.00			3,722,777,063.13		194,817,130.57		1,464,752,476.00		12,559,746,579.91		19,406,845,725.61	147,885,302.49	19,554,731,028.10	
3.Increases/decreases in the current period ("-" for decreases)						1,852,598.19				891,495,753.43		893,348,351.62	-770,761.30	892,577,590.32	
(1) Total comprehensive income						1,852,598.19				3,220,452,190.27		3,222,304,788.46	-770,761.30	3,221,534,027.16	
(2) Capital contributed or reduced by owners															
Capital contributions by owners															
Capital contributions by other equity instruments holders															
Amounts of share-based payments recognized in owners' equity															
Others															
(3) Profit distribution										-2,328,956,436.84		-2,328,956,436.84		-2,328,956,436.84	
Withdrawal of surplus reserves															
Withdrawal of general risk															

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

(6) Others															
4. Balance as at 30 June of the current year	1,464,752,476.00				3,722,777,063.13		196,669,728.76		1,464,752,476.00		13,451,242,333.34		20,300,194,077.23	147,145,119.19	20,447,308,618.42

For the six months ended 30 June 2019

Monetary Unit: CNY

Item	H1 2019														
	Equity attributable to owners of the parent company													Non-c ontroll ing intere sts	Total owner s' equity
	Shar e capit al	Other equity instruments			Capit al reser ve	Less: Treas ury stock	Other reihen sive Inco me	Speci al reser ve	Surpl us reser ve	Gener al risk reser ve	Undis tribut ed profit	Other	Subto tal		
		Pref erre d stoc k	Per petu al bond	Othe r											
1. Balance as at 31 December of last year	1,46 4,75 2,47 6.00				3,716, 675,0 22.48		136,5 92,27 6.64		1,464, 752,4 76.00		10,18 1,899, 224.8 4		16,96 4,671, 475.9 6	159,54 1,143. 03	17,124 ,212,6 18.99
Plus: adjustments for changes in accounting policies							33,68 9,709. 06				5,752, 926.3 7		39,44 2,635. 43		39,442 ,635.4 3
Adjustments for correction of accounting errors in prior year															
Business combinations under common control															
Others															
2. Balance as at 1 January of the current year	1,46 4,75 2,47 6.00				3,716, 675,0 22.48		170,2 81,98 5.70		1,464, 752,4 76.00		10,18 7,652, 151.2 1		17,00 4,114, 111.3 9	159,54 1,143. 03	17,163 ,655,2 54.42

3.Increases/decreases in the current period ("+" for increases, "-" for decreases)					6,102,040.65	34,416,541.61				479,414,703.62		519,933,285.88	13,590,797.30	533,524,083.18
(1) Total comprehensive income						34,416,541.61				2,749,781,041.42		2,784,197,583.03	29,841,937.95	2,814,039,520.98
(2) Capital contributed or reduced by owners														
Capital contributions by owners														
Capital contributions by other equity instruments holders														
Amounts of share-based payments recognized in owners' equity														
Others														
(3) Profit distribution										-2,270,366,337.80		-2,270,366,337.80		-2,270,366,337.80
Withdrawal of surplus reserves														
Withdrawal of general risk reserve														
Profit distributed to owners (or shareholders)										-2,270,366,337.80		-2,270,366,337.80		-2,270,366,337.80

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					6,102,040.65							6,102,040.65	-16,251,140.65	-10,149,100.00	
4. Balance as at 30 June of	1,464,75				3,722,777,0		204,698,52		1,464,752,4		10,667,066,	17,524,047,	173,131,940.	17,697,179,3	

the current year	2,476.00			63.13		7.31		76.00		854.83		397.27	33	37.60
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Statement of changes in owners' equity of parent company

For the six months ended 30 June 2020

Monetary Unit: CNY

Item	H1 2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surpluses reserve	Undistributed profit	Other	Total owners' equity
		Preferred stock	Perpetual bond	Other								
1. Balance as at 31 December of last year	1,464,752,476.00				3,706,816,950.12		192,332,738.05		1,464,752,476.00	11,892,694.057.56		18,721,348,697.73
Plus: adjustments for changes in accounting policies												
Adjustments for correction of accounting errors in prior year												
Others												
2. Balance as at January 1 of the current year	1,464,752,476.00				3,706,816,950.12		192,332,738.05		1,464,752,476.00	11,892,694.057.56		18,721,348,697.73
3.Increases/decreases in the current period (“-” for decreases)							7,796,453.84			-2,008,894.328.16		-2,001,097,874.32
(1) Other comprehensive income							7,796,453.84			320,062,108.68		327,858,562.52
(2) Capital												

contributed or reduced by owners												
Capital contributions by owners												
Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity												
Others												
(3) Profit distribution										-2,328,956.436.84		-2,328,956,436.84
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)										-2,328,956.436.84		-2,328,956,436.84
Others												
(4) Internal carry-forward of owners' equity												
Conversion of capital reserves into paid-in capital												
Conversion of surplus reserves into paid-in capital												
Surplus												

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

For the six months ended 30 June 2019

Monetary Unit: CNY

Item	H1 2019											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surpluses reserve	Undistributed profit	Other	Total owners' equity
		Preferred stock	Perpetual bond	Other								
1. Balance as at 31 December of last year	1,464,752,476.00				3,706,816,950.12		134,386,305.26		1,464,752,476.00	9,285,944,182.35		16,056,652,389.73

Plus: adjustments for changes in accounting policies							33,988, 903.84			5,354,00 0.00		39,342,90 3.84
Adjustments for correction of accounting errors in prior year												
Others												
2. Balance as at January 1 of the current year	1,464, 752,4 76.00				3,706,8 16,950. 12		168,37 5,209.1 0		1,464,7 52,476. 00	9,291,29 8,182.35		16,095,99 5,293.57
3.Increases/d ecreases in the current period ("-" for decreases)							34,327, 355.80			-1,709,7 78,200.8 0		-1,675,450 ,845.00
(1) Other comprehensiv e income							34,327, 355.80			560,588, 137.00		594,915,4 92.80
(2) Capital contributed or reduced by owners												
Capital contributions by owners												
Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity												

Others												
(3) Profit distribution										-2,270,366,337.80		-2,270,366,337.80
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)										-2,270,366,337.80		-2,270,366,337.80
Others												
(4) Internal carry-forward of owners' equity												
Conversion of capital reserves into paid-in capital												
Conversion of surplus reserves into paid-in capital												
Surplus reserves offsetting losses												
Carry-forward of retained earnings from changes in defined benefit plans												
Carry-forward of retained earnings from other comprehensive income												
Others												

(5) Special reserves												
Withdrawal for the period												
Use for the period												
(6) Others												
4. Balance as at 30 June of the current year	1,464,752,476.00				3,706,816,950.12		202,702,564.90		1,464,752,476.00	7,581,519,981.55		14,420,544,448.57

3. Company Profile

3.1 Company Overview

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

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

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

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

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

On 19 May 2008, the Company increased 522,839,803 shares of capital stock resulting from capital

reserve and undistributed profits transferred to increase capital stock. After the implementation, the total share capital reached 1,394,239,476 shares, among which, SASAC of Luzhou held 746,200,250 shares of the Company, and the shareholding ratio was still 53.52%.

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

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

On 10 April 2014 and 18 July 2016, SASAC of Luzhou transferred 81,088,300 shares and 84,000,000 shares to Laojiao Group and Xinglu Group respectively. In addition, Laojiao Group has increased its equity stake through the secondary market of 13,137,100 shares. So far, Laojiao Group, Xinglu Group and SASAC of Luzhou held 394,225,489 shares, 365,971,142 shares and 1,111,930 shares respectively, with the shareholding ratios of 28.11%, 26.10% and 0.08% respectively.

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

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

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

3.3 Business nature of the Company and main business activity

Industry of the Company is food and beverage manufacturing industry.

The main activity are research and development, production and sales of "National Cellar 1573", "Luzhou Laojiao" and other liquor series.

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

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

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

3.5 Approval and submission of the financial report and its date

The financial report is approved and submitted by the board of directors of the Company on 26 August 2020.

3.6 Consolidated financial statement scope and their changes

(1) The 28 subsidiaries included in the consolidated financial statements for the current period are listed as follows:

Name of subsidiary	Abbreviation	Shareholding proportion(%)		Voting rights (%)
		Direct	Indirect	
Luzhou Laojiao Brewing Co., Ltd.	Brewing company	100.00		100.00
Luzhou Red Sorghum Modern Agricultural Development Co., Ltd.	Red sorghum company		60.00	60.00
Sales Company of Luzhou Laojiao Co., Ltd.	Sales company	100.00		100.00
Luzhou Laojiao Nostalgic Liquor Marketing Co., Ltd.	Nostalgic company		100.00	100.00
Luzhou Laojiao Custom Liquor Co., Ltd. Note 1	Custom liquor company		15.00	60.00
Luzhou Laojiao Selected Supply Chain Management Co., Ltd.	Selected company		100.00	100.00
Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd.	Guangxi Imported Liquor Industry		100.00	100.00
Luzhou Dingli Liquor Industry Co., Ltd.	Dingli company		100.00	100.00
Luzhou Dingyi Liquor Industry Sales Co., Ltd.	Dingyi company		100.00	100.00
Luzhou Dinghao Liquor Industry Sales Co., Ltd.	Dinghao company		100.00	100.00
Luzhou Laojiao Import and Export trade Co., Ltd.	Import and export company		100.00	100.00
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	Boda marketing		75.00	75.00
Luzhou Laojiao Bosheng Hengxiang Liquor Sales Co., Ltd.	Bosheng Hengxiang		100.00	100.00
Luzhou Laojiao fruit wine industry Co., Ltd. Note 2	Fruit wine industry		41.00	60.00
Mingjiang Co., Ltd.	Mingjiang company		54.00	54.00

Luzhou Pinchuang Technology Co., Ltd.	Pinchuang company	100.00		100.00
Luzhou Laojiao Tourism Culture Co., Ltd.	Tourism culture	100.00		100.00
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	Hong Kong company	55.00		55.00
Luzhou Laojiao Commercial Development (North America) Co., Ltd.	Commercial Development		100.00	100.00
Luzhou Laojiao Electronic Commerce Co., Ltd.	Electronic Commerce	90.00		90.00
Luzhou Laojiao Whitail Innovative Electronic Commerce Co., Ltd.	Whitail Electronic Commerce		100.00	100.00
Luzhou Laojiao Selected Electronic Commerce Co., Ltd.	Selected Electronic Commerce		100.00	100.00
Luzhou Laojiao Whitail Liquor Industry Co., Ltd. Note 3	Whitail liquor industry		35.00	60.00
Chengdu Tianfu Panda Whitail Liquor Industry Co., Ltd.	Panda Whitail		60.00	60.00
Luzhou Whitail Tongdao Uncle Constellation Wine Sales Co., Ltd.	Whitail Tongdao Uncle		70.00	70.00
Luzhou Baonuo Biotechnology Co., Ltd.	Baonuo biotechnology	100.00		100.00
Luzhou Laojiao Health Liquor Industry Co., Ltd.	Health Liquor Industry	100.00		100.00
Luzhou Laojiao Health Sales Co., Ltd.	Health sales		100.00	100.00

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

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

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

Details of the subsidiaries incorporated into the consolidated financial statements show on "7. Interests in subsidiaries".

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

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 as of 30 June 2020, and the Company's and results of operations and cash flows for the year as of 30 June 2020. 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.

A joint arrangement that is not structured through a separate vehicle shall be classified as a joint operation. A separate vehicle refers to a separately identifiable financial structure, including separate legal entities or entities without a legal personality but recognized by statute.

(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 3-10 Financial instruments.

5.14 Other receivables

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

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

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

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

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

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

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

5.15 Inventory

(1) Classification of inventory

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

(2) Measurement method of dispatched inventories

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

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

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

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

(4) Inventory system

The Company adopts perpetual inventory system.

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

It is amortized in full at once.

5.16 Contract assets

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

Considerations that the Company has the right to collect for commodities transferred or services provided to customers (and such right depends on other factors than time lapses) are presented as contract assets. The Company presents the right possessed to collect consideration from customers unconditionally (only depending on the passing of time) as accounts receivable.

Refer to Note 5.12 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.

Measurement of non-current assets or disposal groups held for sale

a. Initial measurement and subsequent measurement

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

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

For the impairment of disposal group, it should write off goodwill if existing, and then write down the related assets proportionally. Depreciation or amortization should cease for the non-current asset held for sale. Interest and other charges on liabilities in the disposal groups held for sale continue to be recognized.

b. Accounting treatment of reversal of impairment loss

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

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

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

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

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

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

5.19 Long-term 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:

Dispatch representatives to the board of directors or similar authorities of the investee.

To participate in the financial and business policy making process of the investee.

Significant transactions with the investee.

Dispatch management personnel to the investee.

To provide key technical data to the investee.

(2) Determination of the initial investment cost

a. Long-term equity investment resulting from combination

Business combination under common control:

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

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

b. Long-term equity investment obtained by other means

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

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

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

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

(3) Subsequent measurement and recognition of profit and loss

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

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

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

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

The Company shall, according to the shares of net profits and other comprehensive income realized by the investee that shall be enjoyed or borne by the Company, recognize the profit and loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses and other comprehensive income of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit and loss on investments on such basis. Where the losses on internal transactions between the Company and the investee are impairment of related assets, full amounts of such losses shall be recognized. Profit and loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit and loss on investments thereafter shall be recognized on such basis.

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

5.20 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.

Note: The Company's newly-built brewing production lines, packaging production lines and warehousing assets, and the houses and buildings, special and general equipment formed thereof are obviously

different from the existing same types of assets and have obviously longer estimated service life than the same types of fixed assets. The maximum years of depreciation for different types of the newly-built fixed assets are as follows: 45 years for houses and buildings; 35 years for special equipment and 25 years for general equipment.

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

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

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

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

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

5. 21 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. 22 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. 23 Intangible assets**(1) Measurement method, useful life, impairment test****Measurement method**

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

Useful life and amortization method

For intangible assets with limited useful life, amortization shall be carried out according to the straight-line method within the period that brings economic benefits to the enterprise. At the end of each period, the useful life and amortization method of intangible assets with limited service life shall be reviewed. If there are differences with the original estimates, corresponding adjustments shall be made. Intangible assets whose useful life is uncertain shall be regarded as intangible assets if it is impossible to foresee the term in which intangible assets bring economic benefits to the enterprise. Intangible assets

with uncertain useful life shall not be amortized during the holding period, and the life of intangible assets shall be reviewed at the end of each period. If it is still uncertain after the review at the end of the period, the impairment test shall continue during each accounting period. At the end of each period, the useful life of intangible assets with uncertain service life shall be reviewed.

Impairment test

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

(2) Internal research and development expenditure accounting policy

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

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

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

5. 24 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 long-term 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 long-term 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. 25 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. 26 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. 27 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. 28 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. 29 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. 30 Revenue

Accounting policies for recognition and measurement of revenue

The Company has implemented the new revenue standards

(1) Recognition principals of revenue

At the beginning of the contract, the Company shall evaluate the contract, identify each individual performance obligation of the contract and determine whether each individual performance obligation shall be performed within a certain period of time or at a certain point.

If one of the following conditions is met, the performance obligations shall be performed within a certain period of time; Otherwise, the performance obligation shall be performed at a certain point:

- a. The client obtains and consumes the economic benefits brought by the Company's performance of the contract at the same time;
- b. The customer can control the commodities or services under construction during the performance of the Company;
- c. The commodities or services produced by the Company during the performance of the contract shall have irreplaceable uses and the Company shall be entitled to receive payment for the accumulated part of the performance of the contract to date throughout the contract period.

For a contract performance obligation fulfilled in a time period, the Group recognizes the revenue

according to the progress towards the contract completion during the period. When the progress cannot be reasonably determined and if the cost already incurred by the Group is expected to be compensated, the revenue should be recognized according to the amount of the cost already incurred, until the progress towards the contract completion can be reasonably determined. For a contract performance obligation fulfilled at a time point, the Group recognizes the revenue at the time point when the customer acquires the control over the related commodity or service. In judging whether the customer has acquired the control over a commodity, the Company considers the following signs:

- a. The Company is entitled to the current right of payment collection in respect of the commodity. In other words, the customer has the current obligation to pay for the commodity.
- b. The Company has transferred the legal ownership of the commodity to the customer. In other words, the customer has owned the legal ownership of the commodity.
- c. The Company has transferred the physical commodity to the customer. In other words, the customer has taken physical possession of the commodity.
- d. The Company has transferred the major risks and remunerations in respect of the ownership of the commodity. In other words, the customer has acquired the major risks and remunerations in respect of the ownership of the commodity.
- e. The customer has accepted the commodity.
- f. Other signs indicating that the customer has acquired control over the commodity.

(2) Measurement principals of revenue

- a. The Company measures the revenue according to the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration to which the Company is expected to be entitled as a result of the transfer of goods or services to the customer, excluding payments received on behalf of the third parties.
- b. When determining the contract transaction price, if there is a variable consideration, the Company determines the best estimate of the variable consideration in accordance with the expected value or the amount most likely to occur, and includes the transaction price in the amount not exceeding the amount that would most likely not result in a significant reversal of the accumulated recognized revenue when the relevant uncertainties are eliminated.
- c. If a contract has any significant financing component, the Group will determine the transaction price by the amount assumed to be paid by the customer in cash when acquiring the control over the commodity or the service. The difference between the transaction price and the contract consideration is amortized in the effective interest method during the contract period. On the start date of a contract, if the Group expects that the gap between the customer's acquisition of the control over the commodity or the service and its payment of the price will not exceed one year, the contract will not be considered as containing any significant financing component.
- d. If the contract contains two or more performance obligations, the Company shall at the beginning of the contract allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the commodities committed by each individual performance obligation, and measure the revenue according to the transaction price allocated to each individual performance obligation.

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

5. 31 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. 32 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. 33 Lease

(1) Accounting treatment of operating lease

a. The Company records rents of leased assets into current expense using straight line method in each period of the lease term including rent-free period. Initial direct expenses incurred are recorded into current expense. Contingent rents are recorded into current profit or loss when occur. When the lessor bears the leasehold expenses which shall be borne by the Company, the expenses shall be deducted from total rents and the residual rent is recognized into current profit or loss in each period of the lease term.

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

(2) Accounting treatment of finance lease

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

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

5. 34 Income tax expense

The Company's income tax is calculated in the balance sheet liability method.

The Company recognized deferred tax assets when both of the following conditions are met:

- (1) Temporary differences are very likely to reverse in foreseeable future;
- (2) It is very likely in the future that the taxable income amount can be obtained and used to offset the deductible temporary differences, which is capped at the taxable income amount that is very likely to obtain.

On the balance sheet date, the current income tax liabilities (or assets) formed in the current period and previous periods are measured at the expected income tax amount payable (or returnable) calculated according to tax laws. For deferred tax assets and deferred tax liabilities, in accordance with tax law, they

shall be measured at the applicable tax rate during the period of expected recovery of such assets or satisfaction of such liabilities.

On the balance sheet date, the Company reviews the carrying values of deferred tax assets and deferred tax liabilities. The Company's current income tax and deferred tax will be treated as income tax expenses or income, except for income tax from business combinations or transactions or matters recognized directly in owners' equity.

5.35 Changes in significant accounting policies and accounting estimates

5.35.1. Changes in significant accounting policies

☒ Applicable ☐ N/A

Content and reason of changes	Approval procedures	Note
On 5 July 2017, the Ministry of Finance revised and issued Accounting Standards for Business Enterprises No.14-Revenue (CK[2017]No.22, hereinafter referred to as "new standards governing revenue"), and required those enterprises both listed in domestic and abroad and those enterprises overseas listed with International Financial Reporting Standards or Accounting Standards for Business Enterprises for preparation of financial statements to implement it since 1 January 2018, required other domestically listed enterprises to implement it since 1 January 2020.	Approved on the 16 th Meeting of the 9 th Board of Directors	

Note: Pursuant to the connection regulation for old and new standards, the Company starts to disclose financial statements as required by the new standards governing revenue since 2020 without retroactive adjustment for comparative data of 2019. The changes in accounting policies caused no influence on related financial indicators of 2019.

There was no other change in significant accounting policies in the Reporting Period other than the above changes.

5.35.2. Changes in significant accounting estimates

☐ Applicable ☒ N/A

5.35.3. Adjustments to the financial statements at the beginning of the execution year of any new standard governing revenue or leases from 2020

√Applicable ☐N/A

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

√ Yes ☐ No

Consolidated balance sheet

Monetary Unit: CNY

Item	31 December 2019	1 January 2020	Adjusted
Current assets:			
Cash and cash equivalents	9,753,666,526.78	9,753,666,526.78	
Settlement reserves			
Lending funds			
Trading financial assets			
Derivative financial assets			
Notes receivables			
Accounts receivables	18,293,914.23	18,293,914.23	
Accounts receivables financing	2,393,797,259.80	2,393,797,259.80	
Prepayment	151,818,448.48	151,818,448.48	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve			
Other receivables	159,753,421.64	159,753,421.64	
Including: Interests receivable	45,636,744.44	45,636,744.44	
Dividends receivable			
Buying back the sale of financial assets			
Inventories	3,641,235,092.33	3,641,235,092.33	
Contract assets			
Assets held for sale			
Non-current assets due within one year			

Other current assets	195,174,048.57	195,174,048.57	
Total current assets	16,313,738,711.83	16,313,738,711.83	
Non-current assets:			
Disbursement of loans and advances			
Investment in debt obligations			
Investment in other debt obligations			
Long-term receivables			
Long-term equity investments	2,230,721,725.72	2,230,721,725.72	
Other equity instrument investment	352,395,255.78	352,395,255.78	
Other non-current financial assets			
Investment property			
Fixed assets	1,518,865,397.91	1,518,865,397.91	
Construction in progress	7,257,393,087.56	7,257,393,087.56	
Productive biological assets			
Oil and gas assets			
Right-to-use assets			
Intangible assets	332,234,032.47	332,234,032.47	
Development expenses			
Goodwill			
Long-term deferred expenses	928,805.23	928,805.23	
Deferred tax assets	676,152,614.07	676,152,614.07	
Other non-current assets	237,539,447.75	237,539,447.75	
Total non-current assets	12,606,230,366.49	12,606,230,366.49	
Total assets	28,919,969,078.32	28,919,969,078.32	
Current liabilities:			
Short-term loans			
Borrowings from the central bank			
Loans from other banks			

Trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	1,868,623,958.02	1,868,623,958.02	
Advance from customer	2,244,442,643.64		-2,244,442,643.64
Contract liabilities		1,986,232,428.00	1,986,232,428.00
Financial assets sold for repurchase			
Customers deposits and deposits from banks and other financial institutions			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Employee benefits payable	342,025,687.49	342,025,687.49	
Taxes payable	1,633,044,231.67	1,633,044,231.67	
Other payable	698,942,399.37	698,942,399.37	
Including: Interests payable	30,650,684.93	30,650,684.93	
Dividends payable			
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities		258,210,215.64	258,210,215.64
Total current liabilities	6,787,078,920.19	6,787,078,920.19	
Non-current liabilities:			
Insurance contract reserves			
Long-term loans			
Bonds payable	2,490,883,676.39	2,490,883,676.39	

Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term payroll payables			
Accrued liabilities			
Deferred income	23,845,000.00	23,845,000.00	
Deferred tax liabilities	63,430,453.64	63,430,453.64	
Other non-current liabilities			
Total non-current liabilities	2,578,159,130.03	2,578,159,130.03	
Total liabilities	9,365,238,050.22	9,365,238,050.22	
Owners' equity:			
Share capital	1,464,752,476.00	1,464,752,476.00	
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserves	3,722,777,063.13	3,722,777,063.13	
Less: Treasury stock			
Other comprehensive income	194,817,130.57	194,817,130.57	
Special reserves			
Surplus reserves	1,464,752,476.00	1,464,752,476.00	
General risk reserve			
Undistributed profits	12,559,746,579.91	12,559,746,579.91	
Total equity attributable to owners of the parent company	19,406,845,725.61	19,406,845,725.61	
Non-controlling interests	147,885,302.49	147,885,302.49	
Total owners' equity	19,554,731,028.10	19,554,731,028.10	
Total liabilities and owners' equity	28,919,969,078.32	28,919,969,078.32	

Statement for adjustment

Since the implementation of the new standards governing revenue on 1 January 2020, the Company presents the part of advance from customer excluding taxes under the item of contract liabilities and presents the part of VAT under the item of other current liabilities.

Balance sheet of parent company

Monetary Unit: CNY

Item	31 December 2019	1 January 2020	Adjusted
Current assets:			
Cash and cash equivalents	8,872,692,385.79	8,872,692,385.79	
Trading financial assets			
Derivative financial assets			
Notes receivables			
Accounts receivables	21,562.85	21,562.85	
Accounts receivables financing			
Prepayment	11,682,593.27	11,682,593.27	
Other receivables	5,850,481,480.50	5,850,481,480.50	
Including: Interests receivable	40,570,144.44	40,570,144.44	
Dividends receivable			
Inventories	1,049,384.24	1,049,384.24	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	5,562,360.72	5,562,360.72	
Total current assets	14,741,489,767.37	14,741,489,767.37	
Non-current assets:			
Investment in debt obligations			
Investment in other debt obligations			
Long-term receivables			
Long-term equity investments	5,636,681,853.83	5,636,681,853.83	
Other equity instrument investment	352,066,334.15	352,066,334.15	
Other non-current financial assets			

Investment property			
Fixed assets	601,481,983.81	601,481,983.81	
Construction in progress	967,953,263.55	967,953,263.55	
Productive biological assets			
Oil and gas assets			
Right-to-use assets			
Intangible assets	297,830,285.02	297,830,285.02	
Development expenses			
Goodwill			
Long-term deferred expenses	777,834.15	777,834.15	
Deferred tax assets	75,249,717.72	75,249,717.72	
Other non-current assets			
Total non-current assets	7,932,041,272.23	7,932,041,272.23	
Total assets	22,673,531,039.60	22,673,531,039.60	
Current liabilities:			
Short-term loans			
Trading financial liabilities			
Derivative financial liabilities			
Notes payables			
Accounts payable	87,652,671.29	87,652,671.29	
Advance from customer	9,712,630.35		-9,712,630.35
Contract liabilities		8,595,248.10	8,595,248.10
Employee benefits payable	116,124,722.19	116,124,722.19	
Taxes payable	82,399,599.18	82,399,599.18	
Other payables	1,099,598,588.83	1,099,598,588.83	
Including: Interests payable	30,650,684.93	30,650,684.93	
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities		1,117,382.25	1,117,382.25

Total current liabilities	1,395,488,211.84	1,395,488,211.84	
Non-current liabilities:			
Long-term loans			
Bonds payable	2,490,883,676.39	2,490,883,676.39	
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term payroll payables			
Accrued liabilities			
Deferred income	2,380,000.00	2,380,000.00	
Deferred tax liabilities	63,430,453.64	63,430,453.64	
Other non-current liabilities			
Total non-current liabilities	2,556,694,130.03	2,556,694,130.03	
Total liabilities	3,952,182,341.87	3,952,182,341.87	
Owners' equity			
Share capital	1,464,752,476.00	1,464,752,476.00	
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserves	3,706,816,950.12	3,706,816,950.12	
Less: Treasury stock			
Other comprehensive income	192,332,738.05	192,332,738.05	
Special reserves			
Surplus reserves	1,464,752,476.00	1,464,752,476.00	
Undistributed profits	11,892,694,057.56	11,892,694,057.56	
Total owners' equity	18,721,348,697.73	18,721,348,697.73	
Total liabilities and owners' equity	22,673,531,039.60	22,673,531,039.60	

Statement for adjustment

Since the implementation of the new standards governing revenue on 1 January 2020, the Company

presents the part of advance from customer excluding taxes under the item of contract liabilities and presents the part of VAT under the item of other current liabilities.

5.35.4. Retrospective restatement of previous comparative data due to the execution of any new standard governing revenue or lease from 2020

☐ Applicable ☒ N/A

6. Taxes

6.1. Major tax types and rates

Tax type	Tax base	Tax rate
Value-added tax	Taxable sales income	16%, 13%, 10%, 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)	Liquor tax price or ex-factory price	20%
Consumption tax (based on quantity)	Quantity of wine	CNY 1.00/kg
Education surcharge	Taxable turnover tax	3%
Local education surcharge	Taxable turnover tax	2%
Property tax	Original value of the property*70%; house rent	1.2%, 12%
Land use tax	Land area	CNY 5-18.00/m ²
Others	According to national regulation	

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

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

6.2. Tax preferences

(1) According to *Announcement of the State Administration of Taxation on Corporate Income Tax Questions Concerning the Further Implementation of the Western Development Strategy* (State Administration of Taxation Announcement No.12 of 2012), companies are located in the western region whose primary business is listed in the *Catalogue of Encouraged Industries in the Western Region*, and the annual primary business income accounting for over 70% of the total enterprise income. These companies can be subject to the corporate income tax at a reduced rate of 15%. The Company's holding subsidiary, Luzhou Pinchuang Technology Co., Ltd., whose primary business income meet the requirements of scope and standard of the *Catalogue of Encouraged Industries in the Western Region*, is paid at the rate of 15% for corporate income tax.

(2) According to Article 27 of the *Corporate Income Tax Law of the People's Republic of China* and Article 86, Item 1 of the *Implementation Regulations of the Corporate Income Tax Law*, companies are exempted from enterprise income tax when they engage in agricultural, forestry, animal husbandry and fishery industries. The holding subsidiary of the Company, Luzhou Red Sorghum Modern Agricultural Development Co., Ltd., is engaged in the cultivation and sale of organic sorghum and enjoys the reduction of corporate income tax preferences.

(3) According to the Article 15, Item 1 of the *Provisional Regulations on Value-Added Tax*, agricultural producers sell self-produced agricultural products exempt from value-added tax. The holding subsidiary of the Company, Luzhou Red Sorghum Modern Agricultural Development Co., Ltd., is engaged in the cultivation and sale of organic sorghum and enjoys the value-added tax exemption.

(4) According to the Article 3, Item 7 of the *Notice on Revise of Interim Measures of Accelerating the Development in Headquarters Economy of China-Malaysia Qinzhou Industrial Park*, till 31 December 2020, the enterprises in the Qinzhou Industrial Park that enjoy 15% of tax rate of Western Development with the half reduction in the tax period of preferential policies shall enjoy the local share of corporate income tax exemption (namely 40% of corporate income tax was exempted, and the proportion adjusted by the state shall be executed according to new proportion); Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd., the wholly-owned subsidiary of the Company, pays corporate income tax at the rate of 9% according to the tax preference policies.

7. Notes to the main items of the consolidated financial statements (All currency unit is CNY, except other statements)

7.1. Cash and cash equivalents

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Cash	15,116.53	28,776.67
Bank deposit	10,914,711,794.09	9,744,243,225.66
Other cash and cash equivalents	19,022,740.84	9,394,524.45

Total	10,933,749,651.46	9,753,666,526.78
Including: Total deposit outbound	77,946,310.56	61,031,136.88
Total amount with restriction to use due to mortgage, pledge or freeze	1,400,000.00	1,400,000.00

Other statements:

Note 1: The total amount of funds deposited outbound is CNY 77,946,310.56, including: Luzhou Laojiao International Development (Hong Kong) Co., Ltd., the holding subsidiary of the Company, with a total amount of CNY 75,192,192.90, and CNY 2,754,117.66 of Mingjiang Co., Ltd., the holding subsidiary of the Company.

Note 2: The closing balance of other cash and cash equivalents is the travel service deposit of CNY 1,400,000.00 deposited by the Company's wholly-owned subsidiary, Luzhou Laojiao Tourism Culture Co., Ltd., in the designated bank according to the regulations of the tourism bureau, and balance of CNY 17,622,740.84 deposited by the Company's holding subsidiary, Luzhou Laojiao Electronic Commerce Co., Ltd. on the third-party e-commerce platform.

7.2. Accounts receivable

7.2.1. Classification of accounts receivable

Monetary Unit: CNY

Type	Closing Balance					Opening Balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Accounts receivable tested for impairment by the portfolio	5,863,932.59	100.00%	318,492.79	5.43%	5,545,439.80	19,266,797.97	100.00%	972,883.74	5.05%	18,293,914.23
Including:										
Accounts receivable tested for impairment on the portfolio with characteristics of credit risk	5,863,932.59	100.00%	318,492.79	5.43%	5,545,439.80	19,266,797.97	100.00%	972,883.74	5.05%	18,293,914.23
Total	5,863,932.59	100.00%	318,492.79	5.43%	5,545,439.80	19,266,797.97	100.00%	972,883.74	5.05%	18,293,914.23 ¹

Note: 1. The closing book balance at the period-end decreased CNY 13,402,865.38 compared with the period-begin, with an decrease by 69.56%, primarily driven by the influence of the credit accounts to

overseas business in the Hong Kong company.

Accounts receivable tested for impairment on the portfolio:

Monetary Unit: CNY

Name	Closing Balance		
	Book balance	Provision for bad debt	Proportion
Risk portfolio	5,863,932.59	318,492.79	5.43%
Total	5,863,932.59	318,492.79	--

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

Monetary Unit: CNY

Provision for bad debt	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the duration (no credit impairment)	Expected credit loss in the duration (with credit impairment)	
Balance on 1 January 2020	972,883.74			972,883.74
Balance of 1 January 2020 in the current period				
--Transferred to the Phase II				
--Transferred to the Phase III				
--Reversed to the Phase II				
--Reversed to the Phase I				
Withdrawn in the current period				
Reversed in the current period	654,390.95			654,390.95
Verified in the current period				
Other changes				
Balance on 30 June 2020	318,492.79			318,492.79

Disclosure by aging

Monetary Unit: CNY

Aging	Closing balance
Within 1 year (including 1 year)	5,739,762.78
1-2 years	53,143.94
2-3 years	11,100.41

Over 3 years	59,925.46
3-4 years	59,925.46
Total	5,863,932.59

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

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Provision allowance by risk portfolio	972,883.74		654,390.95			318,492.79
Total	972,883.74		654,390.95			318,492.79

7.2.3. Top five entities with the largest balances of accounts receivable

Monetary Unit: CNY

Company name	Closing Balance	Proportion to total closing balance of accounts receivable	Closing balance of provision for bad debt
Alipay (China) Network Technology Co., Ltd.	4,650,120.19	79.30%	232,506.01
Jiuxian Network Technology Co., Ltd.	287,927.54	4.91%	14,396.38
TAI FUNG CASTELMOR LIMITED	180,493.94	3.08%	9,024.70
Luzhou Liquor and Spirits Jinsanjiao Liquor Industry Development Co., Ltd.	168,826.64	2.88%	8,441.33
Luzhou Lingang Investment Group Co., Ltd.	120,791.94	2.06%	6,039.60
Total	5,408,160.25	92.23%	

7.3. Accounts receivable financing

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Bank acceptance bill	2,855,987,446.81	2,393,797,259.80
Total	2,855,987,446.81	2,393,797,259.80¹

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; due to the short term of notes receivable less than 1 year, and the sales time, sales price and sale proportion cannot be estimated reliably, the face value is regarded as the fair value of accounts receivable financing by the Company.

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

Other statements:

(1) There is no account receivable financing pledged.

(2) There is CNY 2,473,793,500.00 as follows of accounts receivable financing that have been endorsed to other parties by the Company but have not expired on the balance sheet date:

Item	Derecognition at period-end	Not derecognition at period-end
Bank acceptance bill	2,473,793,500.00	
Subtotal	2,473,793,500.00	

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 is no accounts receivable financing actually written off during the reporting period.

7.4. Prepayment

7.4.1. Aging analysis

Monetary Unit: CNY

Aging	Closing Balance		Opening Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	142,405,827.65	86.99%	150,806,477.44	99.33%
1-2 years	20,445,025.15	12.49%	861,490.00	0.57%

2-3 years	848,000.00	0.52%	150,481.04	0.10%
Total	163,698,852.80	--	151,818,448.48	--

7.4.2. Top five entities with the largest balances of prepayment

Company Name	Closing Balance	Proportion to the total closing balance of prepayment
New Shottes Brook Private Company	32,148,505.76	19.64%
Shanghai Merlot Advertising Co., Ltd.	20,032,538.97	12.24%
Phoenix Metropolis Media Technology Co., Ltd.	17,000,000.00	10.38%
Zhongneng Kecheng Fluid Technology Co., Ltd.	10,395,000.00	6.35%
Beijing Tencent Culture Media Co., Ltd.	10,000,000.00	6.11%
Subtotal	89,576,044.73	54.72%

7.5 Other receivables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Interest receivable	67,318,644.44	45,636,744.44
Dividend receivable	30,114,991.30	
Other receivables	108,040,535.12	114,116,677.20
Total	205,474,170.86	159,753,421.64

7.5.1. Interest receivable

7.5.1.1. Classification of interest receivable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Fixed deposits	67,318,644.44	45,636,744.44
Total	67,318,644.44	45,636,744.44¹

Note: 1. The closing balance increased CNY 21,681,900.00 compared with opening balance, with an increase by 47.51%, mainly due to the increase of interest income on fixed deposit resulted from the increase of stock funds in the reporting period.

7.5.1.2. Allowance of provision for bad debt

☐ Applicable ☒ N/A

7.5.2. Dividend receivable**7.5.2.1. Classification of dividend receivable**

Monetary Unit: CNY

Item (investee)	Closing Balance	Opening Balance
Sichuan Nitrocell Co., Ltd.	85,995.53	
Guotai Junan Securities Co., Ltd.	4,593,028.83	
Huaxi Securities Co., Ltd.	20,735,166.94	
Luzhou Bank Co., Ltd.	4,700,800.00	
Total	30,114,991.30	

7.5.2.2. Allowance of provision for bad debt

☐ Applicable ☒ N/A

Other statements:

7.5.3. Other receivables**7.5.3.1. Other receivables disclosed by nature**

Monetary Unit: CNY

Nature	Closing book balance	Opening book balance
Intercourse funds	22,440,474.18	27,025,658.11
Petty cash	2,094,596.14	2,184,482.07
Saving deposits involving contract disputes	285,140,297.52	287,400,297.52
Other	3,817,047.95	1,902,662.52
Total	313,492,415.79	318,513,100.22

7.5.3.2. Allowance of provision for bad debt

Monetary Unit: CNY

Provision for bad debt	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12	Expected loss in the duration (credit	Expected loss in the duration (credit	

	months	impairment not occurred)	impairment occurred)	
Balance of 1 January 2020	4,396,423.02		200,000,000.00	204,396,423.02
Balance of 1 January 2020 in the current period	—	—	—	—
Allowance of the current period	1,055,457.65			1,055,457.65
Balance of 30 June 2020	5,451,880.67		200,000,000.00	205,451,880.67

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

☐ Applicable ☒ N/A

Disclosure by aging

Monetary Unit: CNY

Aging	Book balance
Within 1 year (including 1 year)	8,541,595.33
1-2 years	14,116,598.76
2-3 years	1,842,697.25
Over 3 years	288,991,524.45
3-4 years	414,000.00
4-5 years	1,788,626.93
Over 5 years	286,788,897.52
Total	313,492,415.79

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

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Other receivables tested for impairment individually Note1	200,000,000.00					200,000,000.00
Other	4,396,423.02	1,055,457.65				5,451,880.67

receivables tested for impairment by the portfolio						
Total	204,396,423.02	1,055,457.65				205,451,880.67

Note 1: In the 2014 Annual Report, the Company disclosed the information about three deposits amounting to CNY 500,000,000.00 with Changsha Yingxin Sub-branch of Agricultural Bank of China and Nanyang Zhongzhou Sub-branch of Industrial and Commercial Bank of China. The deposits have lost the nature of monetary fund due to their involvement in contract disputes and have thus been transferred into “other receivables”. As of 31 December 2019, of the deposits involved in contract disputes, the amount that was not recovered was CNY 287,400,297.52. Related attorneys of W&H Law Firm Chengdu produced the *Legal Opinions on the Allowance of Provision for Bad Debt of Luzhou Laojiao Co., Ltd. for Abnormal Deposits in Three Places Including Changsha and Nanyang* on 17 March 2020. According to the opinions, “Whereas during the period from 25 March 2016 till this production of legal opinions on the allowance proportion of provision for bad debt, there is no matter that occurred and affected or changed the provision for bad debt, and thus the judgment on the allowance of provision for bad debt at CNY 200 million shall remain”. Refer to Note 12.2. for details.

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

Monetary Unit: CNY

Company Name	Nature	Closing Balance	Aging	Proportion in total receivables	Provisioning amount at period end
Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank	Saving deposits involving contract disputes	285,140,297.52	Over 5 years	90.96%	200,000,000.00
Housing and Urban-Rural Development Bureau of Longmatan District, Luzhou	Security deposit	1,983,130.23	Within 1 year	0.63%	99,156.51
Luzhou Electric Power Bureau of Longmatan District, Luzhou	Security deposit	1,520,000.00	3-4 years	0.48%	608,000.00

Alipay	Security deposit	885,000.00	2-3 years	0.28%	177,000.00
Administration Bureau of Construction Engineering of Luzhou	Security deposit	636,000.00	Within 1 year	0.20%	31,800.00
Total	--	290,164,427.75	--	92.56%	200,915,956.51

7.6 Inventories

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

No

7.6.1. Categories of Inventories

Monetary Unit: CNY

Category	Closing Balance			Opening Balance		
	Book Balance	Provision for stock obsolescence or impairment provision of contract performance costs	Book Value	Book Balance	Provision for stock obsolescence or impairment provision of contract performance costs	Book Value
Raw materials	67,502,649.96		67,502,649.96	59,935,022.20		59,935,022.20
Goods in progress	304,796,354.38		304,796,354.38	201,122,739.38		201,122,739.38
Finished goods	814,645,886.62		814,645,886.62	1,246,567,814.37		1,246,567,814.37
Revolving materials	13,983,433.02		13,983,433.02	18,778,952.72		18,778,952.72
Self-made semi-finished goods	2,604,487,680.09		2,604,487,680.09	2,114,830,563.66		2,114,830,563.66
Total	3,805,416,004.07		3,805,416,004.07	3,641,235,092.33		3,641,235,092.33

7.6.2. Provision for stock obsolescence and impairment provision of contract performance costs

The net realizable value is not lower than book cost in the closing balance of inventory, so there is no provision for decline in value of inventories.

7.7. Other current assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Value-added tax	138,504,084.59	112,912,411.46
Corporate income tax	81,009,255.17	78,049,453.69
Other taxes	30,075,972.14	4,212,183.42
Total	249,589,311.90	195,174,048.57

7.8. Long-term equity investments

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period								Closing Balance (book value)	Closing Balance of provision for impairment
		Increase	Decrease	Gain or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment	Other		
1. Joint Ventures											
2. Associate											
Huaxi Securities Co., Ltd.	2,209,738,981.55			95,995,572.83	6,242,935.68		20,735,166.94			2,291,242,323.12	2,567,098.80
Sichuan Development Wine Investment Co., Ltd.	12,982,744.17			-1,036,640.79						11,946,103.38	
Sichuan Tongnian Liquor Industry Technology Research Institute	8,000,000.00									8,000,000.00	

Co., Ltd. Note											
Subtotal	2,230,72 1,725.72			94,958,9 32.04	6,242,93 5.68		20,735,1 66.94			2,311,18 8,426.50	2,567,09 8.80
Total	2,230,72 1,725.72			94,958,9 32.04	6,242,93 5.68		20,735,1 66.94			2,311,18 8,426.50	2,567,09 8.80

7.9. Other equity instrument investment

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Financial assets assigned measured by fair value and the changes be included in the current gains and losses:		
Including:		
Guotai Junan Investment Management Co., Ltd.	22,611,834.24	22,611,834.24
Guojiu Big Data Co., Ltd.	10,000,000.00	10,000,000.00
Sichuan Nitrocell Co., Ltd.	11,695,391.40	11,757,933.60
Luzhou Bank Co., Ltd.	105,695,969.28	89,076,363.20
Guotai Junan Securities Co., Ltd.	203,270,968.21	217,756,674.52
Sichuan China Liquor Golden Triangle Brand Operation Development Co., Ltd. and other equity instrument investments	1,192,450.22	1,192,450.22
Total	354,466,613.35	352,395,255.78

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

Monetary Unit: CNY

Item	Recognized dividends income	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure at fair value and changes recorded into other comprehensive income	Reason of other comprehensive income transferred to retained earnings
Shenzhen Xingangfeng Development			2,354,000.00		According to the mode of managing	

Co., Ltd.					assets by management layer	
Sichuan Deyang Jintai Hotel			2,000,000.00		According to the mode of managing assets by management layer	
Hainan Huitong International Trust Company			1,000,000.00		According to the mode of managing assets by management layer	
Guotai Junan Investment Management Co., Ltd.					According to the mode of managing assets by management layer	
Guojiu Big Data Co., Ltd.					According to the mode of managing assets by management layer	
Sichuan China Liquor Golden Triangle Brand Operation Development Co., Ltd.			136,471.41		According to the mode of managing assets by management layer	
Sichuan Nitrocell Co., Ltd.	85,995.53	10,665,391.40			According to the mode of managing assets by management layer	
Luzhou Bank Co., Ltd.	4,700,800.00	54,575,969.28			According to the mode of managing	

					assets by management layer	
Guotai Junan Securities Co., Ltd.	4,593,028.83	190,551,811.45			According to the mode of managing assets by management layer	
Sichuan Zhonghe Tongchuang Maca Investment Co., Ltd.			200,000.00		According to the mode of managing assets by management layer	
Luzhou Enterprise Union Trading Co., Ltd.			198,926.37		According to the mode of managing assets by management layer	
Luzhou Zunchi Auto Service Co., Ltd.					According to the mode of managing assets by management layer	

7.10. Fixed assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Fixed assets	2,831,169,969.04	1,516,871,720.00
Disposal of fixed assets	2,948,153.30	1,993,677.91
Total	2,834,118,122.34	1,518,865,397.91

7.10.1. 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	1,268,681,845.39	717,723,621.29	367,265,484.93	37,843,023.14	722,422,161.53	3,113,936,136.28
2. Increase in current period	653,863,251.55	380,349,780.89	254,766,083.61	4,247,787.61	171,542,281.92	1,464,769,185.58
(1) External purchase	100,105,765.43	160,509,693.95	2,116,122.04	4,247,787.61	1,008,286.67	267,987,655.70
(2) Transfer from construction in progress	553,757,486.12	219,840,086.94	252,649,961.57		170,533,995.25	1,196,781,529.88
(3) Increase from business combination						
3. Decrease in current period	42,539,467.89	26,697,379.51	5,611,178.88	1,145,069.37	39,275,425.09	115,268,520.74
(1) Disposal or retirement	42,539,467.89	26,697,379.51	5,611,178.88	1,145,069.37	39,275,425.09	115,268,520.74
4. Closing Balance	1,880,005,629.05	1,071,376,022.67	616,420,389.66	40,945,741.38	854,689,018.36	4,463,436,801.12
II. Accumulated depreciation						
1. Opening Balance	595,935,621.65	500,627,398.98	198,415,362.10	28,328,811.20	273,134,282.28	1,596,441,476.21
2. Increase in current period	31,290,257.91	31,148,224.52	28,475,494.99	972,938.47	25,270,348.91	117,157,264.80
(1) Provision	31,290,257.91	31,148,224.52	28,475,494.99	972,938.47	25,270,348.91	117,157,264.80
3. Decrease in current period	57,654,712.62	6,087,154.12	4,539,553.59	969,935.62	12,703,493.05	81,954,849.00
(1) Disposal or retirement	57,654,712.62	6,087,154.12	4,539,553.59	969,935.62	12,703,493.05	81,954,849.00
4. Closing Balance	569,571,166.94	525,688,469.38	222,351,303.50	28,331,814.05	285,701,138.14	1,631,643,892.01

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	1,309,811,522.04	545,687,553.29	394,069,086.16	12,613,927.33	568,987,880.22	2,831,169,969.04
2. Opening Book Value	672,123,283.67	217,096,222.31	168,850,122.83	9,514,211.94	449,287,879.25	1,516,871,720.00 ¹

Note: 1. The closing balance increased CNY 1,314,298,249.04 compared with opening balance, with an increase by 86.65%, mainly due to the influence of increase of fixed assets transferred from construction in progress that has reached intended usable state in the reporting period.

7.10.2. Fixed assets without certification of right

Monetary Unit: CNY

Item	Book value	Reason for not having the certification of right
Buildings	27,393,870.81	The property ownership certificate has not been processed yet for the historical reasons, and it plans to be processed after gradually improving procedures.

7.10.3. Disposal of fixed assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
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Disposal and retirement of assets	2,948,153.30	1,993,677.91
Total	2,948,153.30	1,993,677.91

7.11. Construction in progress

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Construction in progress	7,066,117,415.73	7,257,393,087.56
Total	7,066,117,415.73	7,257,393,087.56

7.11.1. Details of the construction in progress

Monetary Unit: CNY

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Technical renovation project of brewing	5,564,258,529.02		5,564,258,529.02	6,072,403,009.71		6,072,403,009.71
Technical renovation of Luzhou Laojiao Intelligent packaging center	198,164,339.28		198,164,339.28	8,079,135.92		8,079,135.92
Construction project of Luzhou Laojiao Liquor Culture Museum and supporting facility	401,491,211.54		401,491,211.54	401,316,175.65		401,316,175.65
Improvement and technical renovation project of Luzhou Laojiao production supporting	75,866,942.05		75,866,942.05	11,346,483.95		11,346,483.95

Marketing network command center office area reconstruction and expansion project	188,237,417.96		188,237,417.96	220,539,935.89		220,539,935.89
New model application project of intelligent production workshop of solid state liquor	189,417,456.65		189,417,456.65	189,417,456.65		189,417,456.65
Guojiao Culture Park Qiankun Wine Castle Cultural Tourism project	250,048,605.68		250,048,605.68	229,262,370.65		229,262,370.65
Luohan brewing production automation equipment renovation project	1,338,051.22		1,338,051.22	669,025.61		669,025.61
Transformation of production line of Luzhou Laojiao packaging workshop (Huangyi North District)	19,969,859.03		19,969,859.03	17,329,425.02		17,329,425.02
Other projects	177,325,003.30		177,325,003.30	107,030,068.51		107,030,068.51
Total	7,066,117,415.73		7,066,117,415.73	7,257,393,087.56		7,257,393,087.56

7.11.2. Significant changes in construction in progress

Monetary Unit: CNY

Item	Budget	Opening	Increase in	Transfer into	Other decreases	Closing Balance	Proportion of	Progress (%)	Accumulative	Including:	Capitalization	Source of funds
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		Balance	current period	fixed assets	es		accumulative project input in budget		capitalized interest	Capitalized interest for the period	rate for the period (%)	
Technical renovation project of brewing	8,877,276,500.00	6,072,403,009.71	668,790,911.16	1,176,935,391.85		5,564,258,529.02	79.21%	95.00%	44,069,847.96	32,254,730.46	3.67%	Capital raised and self-raised
Technical renovation of Luzhou Laojiao Intelligent packaging center	1,577,913,400.00	8,079,135.92	190,085,203.36			198,164,339.28	12.56%	23.00%				Other
Improvement and technical renovation project of Luzhou Laojiao production supporting	888,544,100.00	11,346,483.95	64,520,458.10			75,866,942.05	8.54%	20.00%				Other
Marketing network command	271,500,000.00	220,539,935.89	17,462,813.55		49,765,331.48	188,237,417.96	87.66%	98.00%				Other

center office area reconstr uction and expansi on project												
New model applicati on project of intellige nt producti on worksho p of solid state liquor	245,100 ,000.00	189,417 ,456.65				189,417 ,456.65	77.28%	95.00%				Other
Guojiao Culture Park Qiankun Wine Castle Cultural Tourism project	337,885 ,813.44	229,262 ,370.65	20,786, 235.03			250,048 ,605.68	74.00%	80.00%				Other
Luohan brewing producti on automat ion equipm ent renovati on	59,870, 000.00	669,025 .61	669,025 .61			1,338,0 51.22	85.08%	95.00%				Other

project												
Transformation of production line of Luzhou Laojiao packaging workshop (Huangyi North District)	57,774,100.00	17,329,425.02	2,640,434.01			19,969,859.03	72.86%	85.00%				Other
Total	12,315,863,913.44	6,749,046,843.40	964,955,080.82	1,176,935,391.85	49,765,331.48	6,487,301,200.89	--	--	44,069,847.96	32,254,730.46	3.67%	--

7.12. Intangible assets

7.12.1. Details of intangible assets

Monetary Unit: CNY

Item	Land use right	Patent right	No-patent right technology	Trademark right	Computer software	Total
I. Original cost						
1. Opening Balance	403,541,637.89	1,700,050.44		1,890,746.08	40,655,564.69	447,787,999.10
2. Increase in current period	114,766,341.80				1,204,105.75	115,970,447.55
(1) Acquired	114,766,341.80				1,204,105.75	115,970,447.55
(2) Internal developed						
(3) Business combination						
3. Decrease in current period						
(1) Disposal						

4. Closing Balance	518,307,979.69	1,700,050.44		1,890,746.08	41,859,670.44	563,758,446.65
II. Accumulated amortization						
1. Opening Balance	92,646,292.87	440,593.96		1,628,723.83	20,838,355.97	115,553,966.63
2. Increase in current period	7,281,525.26	8,398.75		100,807.63	2,923,245.16	10,313,976.80
(1) Provision	7,281,525.26	8,398.75		100,807.63	2,923,245.16	10,313,976.80
3. Decrease in current period						
(1) Disposal						
4. Closing Balance	99,927,818.13	448,992.71		1,729,531.46	23,761,601.13	125,867,943.43
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	418,380,161.56	1,251,057.73		161,214.62	18,098,069.31	437,890,503.22
2. Opening Book Value	310,895,345.02	1,259,456.48		262,022.25	19,817,208.72	332,234,032.47 ¹

Note: 1. The closing balance increased CNY 105,656,470.75 compared with the opening balance, with an increase by 31.80%, primarily driven by the impact of acquisition in the current period.

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

7.13. Long-term deferred expense

Monetary Unit: CNY

Item	Opening Balance	Increase	Amortization	Other decrease	Closing Balance
Improvement expense of rented fixed assets	928,805.23	2,048,427.67	250,314.19		2,726,918.71
Total	928,805.23	2,048,427.67	250,314.19		2,726,918.71

Other statements

The closing balance at the period-end is mainly the expense for the improvement in Chengdu laboratory and Huaxi Building by operating lease.

7.14. Deferred tax assets/ deferred tax liabilities

7.14.1. 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	208,960,412.33	52,240,103.08	208,551,338.49	52,073,505.61
Unrealized profits from internal transactions	1,378,558,258.36	344,639,564.59	2,194,391,801.31	548,597,950.33
Deductible losses	4,095,434.12	1,023,858.53	4,745,206.42	1,186,301.61
Impact from salary	344,735,026.28	86,183,756.57	269,597,906.46	66,865,466.60
Impact from deferred earnings	23,345,000.00	5,836,250.00	23,845,000.00	5,961,250.00
Impact from fixed assets depreciation	282,989.27	46,693.23	277,518.07	45,790.48
Impact from fair value changes of other equity instrument investment	5,689,397.78	1,422,349.44	5,689,397.78	1,422,349.44
Total	1,965,666,518.14	491,392,575.44	2,707,098,168.53	676,152,614.07

7.14.2. 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	255,793,172.13	63,948,293.05	253,721,814.56	63,430,453.64
Total	255,793,172.13	63,948,293.05	253,721,814.56	63,430,453.64

7.14.3. Details of unrecognized deferred tax assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Deductible losses	16,639,334.63	16,684,718.93
Impact from employee benefits payable	1,592,824.26	3,997,637.66
Impact from provision for impairment of assets	184.28	8,007.14
Impact from fair value changes of other equity instrument investment	200,000.00	200,000.00
Total	18,432,343.17	20,890,363.73

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

Monetary Unit: CNY

Year	Closing Amount	Opening Amount	Notes
2020	1,274,970.05	1,320,354.35	
2021	2,942,475.67	2,942,475.67	
2022	668,388.33	668,388.33	
2023	760,000.23	760,000.23	
2024	10,993,500.35	10,993,500.35	
Total	16,639,334.63	16,684,718.93	--

7.15. Other non-current assets

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
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	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepaid equipment and land expense	40,853,089. 81		40,853,089. 81	237,539,447 .75		237,539,447 .75
Total	40,853,089. 81		40,853,089. 81	237,539,447 .75		237,539,447 .75

Other statements:

The closing balance decreased CNY 196,686,357.94 compared with the opening balance, with a decrease by 82.80%, mainly due to the impact of the prepayment settlement on construction and payment on land in the current period in the Brewing Company, a Company's subsidiary.

7.16. Notes payable

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Bank acceptance bill	6,825,905.98	
Total	6,825,905.98	

The total amount of notes payable due but unpaid was CNY 0.00.

7.17. Accounts payable

7.17.1. Presentation of accounts payable

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Materials and service expense	715,529,698.27	656,206,916.53
Engineering equipment expense	1,314,789,606.89	1,212,417,041.49
Total	2,030,319,305.16	1,868,623,958.02

7.18. Contract liabilities

Monetary Unit: CNY

Category	Closing Balance	Opening Balance
Advance from customers	588,278,202.31	1,986,232,428.00
Total	588,278,202.31	1,986,232,428.00 ¹

Note: 1. The closing balance decreased CNY 1,397,954,225.69 compared with the opening balance, with a decrease by 70.38%, mainly due to the decrease of advances on sales resulted from the impact of COVID-19 epidemic in the reporting period after implementing the new revenue standards from 1 January 2020.

7.19. Employee benefits payable

7.19.1. 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	287,224,789.36	410,510,682.02	409,147,717.26	288,587,754.12
2. Post-employment benefits- defined contribution plans	54,791,926.60	49,684,174.44	29,278,113.95	75,197,987.09
3. Termination benefits	8,971.53			8,971.53
Total	342,025,687.49	460,194,856.46	438,425,831.21	363,794,712.74

7.19.2. 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	199,313,121.72	348,683,429.83	357,369,810.47	190,626,741.08
2. Employees' welfare		5,614,973.11	5,614,973.11	
3. Social insurance premiums	19,481,524.27	18,100,853.81	10,469,438.84	27,112,939.24
Including: Medical insurance premium	14,322,591.60	16,157,986.59	8,479,531.75	22,001,046.44
Work-related injury insurance	2,307,307.70	775,872.95	577,213.62	2,505,967.03
Maternity insurance premium	2,851,624.97	1,166,994.27	1,412,693.47	2,605,925.77
4. Housing funds	7,643,514.06	27,383,819.18	29,056,810.02	5,970,523.22
5. Labor union expenditures and employee education funds	60,786,629.31	10,727,606.09	6,636,684.82	64,877,550.58
Total	287,224,789.36	410,510,682.02	409,147,717.26	288,587,754.12

7.19.3. 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	40,648,126.70	30,495,257.68	14,874,649.91	56,268,734.47
2. Unemployment insurance premium	7,696,125.09	784,072.09	595,144.35	7,885,052.83
3. Enterprise annuity	6,447,674.81	18,404,844.67	13,808,319.69	11,044,199.79
Total	54,791,926.60	49,684,174.44	29,278,113.95	75,197,987.09

7.20. Taxes payable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Value-added tax	187,720,086.97	130,301,346.24
Consumption tax	196,714,279.84	706,805,251.73
Enterprise income tax	754,316,930.43	663,458,294.52
Individual income tax	2,559,830.88	24,337,261.47
Urban maintenance and construction tax	26,516,363.33	56,353,741.57
Education surcharge	11,364,218.60	24,151,666.39
Local education surcharge	7,576,145.75	16,101,110.87
Property tax	281,630.41	1,017,585.02
Stamp duty	438,646.53	438,646.53
Land use tax	616,030.86	9,891,132.70
Others	188,194.63	188,194.63
Total	1,188,292,358.23	1,633,044,231.67

7.21. Other payables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Interest payable	90,135,616.44	30,650,684.93
Dividends payable	2,328,956,436.84	
Other payables	569,228,512.02	668,291,714.44
Total	2,988,320,565.30	698,942,399.37

7.21.1. Interest payable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Interest of corporate bonds	90,135,616.44	30,650,684.93
Total	90,135,616.44	30,650,684.93

7.21.2. Dividends payable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Ordinary stock dividends	2,328,956,436.84	
Total	2,328,956,436.84	

7.21.3. Other payables**7.21.3.1. Categories by nature**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Security deposit	536,427,539.08	637,133,029.48
Intercourse funds	9,895,610.34	5,009,860.11
Others	22,905,362.60	26,148,824.85
Total	569,228,512.02	668,291,714.44

7.22. Other current liabilities

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Output tax to be transferred	71,461,894.52	258,210,215.64
Total	71,461,894.52	258,210,215.64 ¹

Note: 1. The closing balance decreased CNY 186,748,321.12 compared with the opening balance, with a decrease by 72.32%, mainly due to the decrease of advances on sales resulted from the impact of COVID-19 epidemic in the reporting period after implementing the new revenue standards from 1 January 2020.

7.23. Bonds payable**7.23.1. Bonds payable**

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Corporate bonds in 2019 (Phase I)	2,491,821,730.29	2,490,883,676.39
Corporate bonds in 2020 (Phase I)	1,494,497,956.80	
Total	3,986,319,687.09	2,490,883,676.39

7.23.2. Increase/decrease of bonds payable (excluding other financial instrument classified as financial liabilities such as preferred shares and perpetual bonds)

Monetary Unit: CNY

Bond name	Par value	Issuing date	Duration	Issuing amount	Opening Balance	Issued in the current period	Withdrawal of interest by par value	Amortization of premium and depreciation	Repayment in the reporting period		Closing Balance
Corporate bonds in 2019 (Phase I)	2,500,000,000.00	27 August 2019	3+2	2,490,000,000.00	2,490,883,676.39		75,032,876.71	1,821,730.29			2,491,821,730.29
Corporate bonds in 2020 (Phase I)	1,500,000,000.00	16 March 2020	5	1,494,000,000.00		1,494,000,000.00	15,102,739.73	497,956.80			1,494,497,956.80
Total	--	--	--	3,984,000,000.00	2,490,883,676.39	1,494,000,000.00	90,135,616.44	2,319,687.09			3,986,319,687.09 ¹

Note: 1. On 18 July 2019, the Company obtained approval from CSRC with the document “ZJXK [2019] No. 1312” for public issue of corporate bonds capped at CNY 4 billion (inclusive of CNY 4 billion) to eligible investors (hereinafter referred to as “the bonds”). The bonds would be issued in phases without guarantee. The Company’s public issue of corporate bonds (Phase I) to eligible investors in 2019 (hereinafter referred to as “the bonds of 2019”) started on 27 August 2019 and ended on 28 August 2019; the final amount actually issued was CNY 2.5 billion and the final stated interest rate was 3.58%. The short name of the bonds of 2019 was “19 Laojiao 01” and the code was “112959”. The nominal value of each bond was CNY 100, issue quantity 25 million, and issue price CNY 100 per bond. The term of the bonds of 2019 is five years, with the issuer’s option for adjustment to the stated interest rate and the investor’s option for sell back at the end of the third year. Meanwhile, the Company’s public issue of corporate bonds to eligible investor in 2020 (Phase I) (short name was “20 Laojiao 01” and the code was “149062”) started on 16 March 2020 and ended on 17 March 2020, of which the final amount actually issued was CNY 1.5 billion and the final stated interest rate was 3.50% with the term of five years.

7.24. Deferred income

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance	Reason
Government grants	23,845,000.00		500,000.00	23,345,000.00	Reception of financial allocation
Total	23,845,000.00		500,000.00	23,345,000.00	--

Details:

Monetary Unit: CNY

Liability Item	Opening Balance	Increase in current period	Non-operating income in current period	Other income in current period	Cost reduction in current period	Other changes	Closing Balance	Related to assets/income
Demonstration and application project of intelligent production line for liquor brewing and qu-making	2,380,000.00						2,380,000.00	Related to assets
New mode application project of digital workshop for solid state liquor production	3,465,000.00						3,465,000.00	Relevant to asset
Construction project of spirit room of Luzhou Laojiao brewing technical renovation	7,000,000.00						7,000,000.00	Related to assets
Luzhou Laojiao automatic wine production	500,000.00						500,000.00	Relevant to asset

line technical renovation project								
Cooling water circulation and waste heat recovery of steamed bran in brewing workshop	500,000.00			500,000.00			0.00	Relevant to asset
Brewing wastewater treatment project	10,000,000.00						10,000,000.00	Related to assets

7.25. Share capital

Monetary Unit: CNY

	Opening Balance	Increases/decreases in the current period (+, -)					Closing Balance
		Issuance of new shares	Bonds share	Conversion of reserves funds into shares	Others	Subtotal	
Total number of shares	1,464,752,476.00						1,464,752,476.00

7.26. Capital reserves

Monetary Unit: CNY

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

7.27. Other comprehensive income

Monetary Unit: CNY

Item	Opening Balance	Current Period						Closing Balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit and loss	Less: Previously recognized in other comprehensive income transferred to retained earnings	Less: Income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
I. Other comprehensive income that will not be reclassified into profit and loss	185,824,312.58	2,071,357.57			517,839.41	1,553,518.16		187,377,830.74
Fair value changes of other equity instrument investment	185,824,312.58	2,071,357.57			517,839.41	1,553,518.16		187,377,830.74
II. Other comprehensive income that will be reclassified into profit and loss	8,992,817.99	-4,560,925.19				299,080.03	-4,860,005.22	9,291,898.02
Including: Other comprehensive income that will be reclassified into profit and loss under equity method	6,159,230.69	6,242,935.68				6,242,935.68		12,402,166.37
Difference from conversion of financial statements in foreign currency	2,833,587.30	-10,803,860.87				-5,943,855.65	-4,860,005.22	-3,110,268.35
Total	194,817,130.57	-2,489,567.62			517,839.41	1,852,598.19	-4,860,005.22	196,669,728.76

7.28. Surplus reserves

Monetary Unit: CNY

Item	Opening Balance	Increase in current period	Decrease in current period	Closing Balance
Statutory surplus reserves	1,464,752,476.00			1,464,752,476.00

Total	1,464,752,476.00			1,464,752,476.00
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7.29. Undistributed profits

Monetary Unit: CNY

Item	Current Period	Previous Period
Undistributed profit before adjustment at the end of the last year	12,559,746,579.91	10,181,899,224.84
Total adjustment for undistributed profit at the beginning of year (+ for increase, - for decrease)		5,752,926.37
Undistributed profit after adjustment at the beginning of year	12,559,746,579.91	10,187,652,151.21
Plus: Net profit attributable to owners of the parent company for the current period	3,220,452,190.27	2,749,781,041.42
Ordinary share dividends payable	2,328,956,436.84	2,270,366,337.80
Undistributed profits at the end of the period	13,451,242,333.34	10,667,066,854.83

7.30. Operating revenue and cost of sales

Monetary Unit: CNY

Item	Current Period		Previous Period	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary business	7,566,057,028.33	1,360,968,975.63	7,921,465,489.46	1,596,030,314.78
Other business	68,425,873.54	25,667,453.22	91,569,530.26	30,412,817.41
Total	7,634,482,901.87	1,386,636,428.85	8,013,035,019.72	1,626,443,132.19

7.31. Business taxes and surcharges

Monetary Unit: CNY

Item	Current Period	Previous Period
Consumption tax	509,573,103.20	811,673,839.81
Urban maintenance and construction tax	84,391,437.23	113,578,609.14
Educational surcharge	36,066,318.42	48,676,546.77
Property tax	6,080,276.41	5,410,638.81
Land use tax	14,387,112.79	12,786,606.75
Stamp duty	5,152,513.60	1,996,228.89

Local education surcharge	23,815,732.65	32,451,031.22
Others	47,336.52	437,426.49
Total	679,513,830.82	1,027,010,927.88¹

Note: 1. The amount in the current period decreased CNY 347,497,097.06 compared with that of previous period, with a decrease by 33.84%, primarily driven by the impact of decrease of consumption tax in the reporting period.

7.32. Selling and distribution expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Advertising promotion and marketing expense	776,665,852.75	1,111,488,089.51
Transportation and storage costs	45,113,965.94	150,264,300.20
Others	290,178,390.29	276,749,331.50
Total	1,111,958,208.98	1,538,501,721.21

Other statements:

Note: According to new revenue standards, the transportation fee of contract performance cost will be adjusted to “operating costs” from “selling expenses” to account.

7.33. General and administrative expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Employee compensation	202,689,320.65	203,392,254.29
Depreciation and amortization	51,721,598.92	62,017,736.80
Management fee and service expense	23,647,099.54	11,106,919.06
Others	81,955,956.65	64,052,511.99
Total	360,013,975.76	340,569,422.14

7.34. Research and development expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Comprehensive research and development expenses	32,028,581.28	22,297,485.65
Total	32,028,581.28	22,297,485.65

Other statements:

Note: The amount in the current period increased CNY 9,731,095.63 compared with that of previous period, with an increase by 43.64%, primarily driven by the impact of increase of research and development projects in the reporting

period.

7.35. Financial expenses

Monetary Unit: CNY

Item	Current Period	Previous Period
Interest expenses	66,532,174.99	64,806,647.95
Less: Interest income	173,389,442.03	160,388,809.43
Losses from currency exchange	-1,530,667.65	-1,029,860.86
Handling charges	113,098.00	402,368.44
Total	-108,274,836.69	-96,209,653.90

7.36. Other income

Monetary Unit: CNY

Item	Current Period	Previous Period
Government grants	9,570,078.30	17,293,543.26
Individual income tax commission refund	871,596.97	

7.37. Investment income

Monetary Unit: CNY

Item	Current Period	Previous Period
Investment income from long-term equity investments under the equity method	94,958,932.04	88,275,961.45
Dividend income gained during the period of holding other equity instrument investment	9,379,824.36	8,748,669.71
Total	104,338,756.40	97,024,631.16

Other statements:

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

7.38. Credit impairment loss

Monetary Unit: CNY

Item	Current Period	Previous Period
Bad debt loss of other receivables	-1,055,457.65	-3,176,665.28
Bad debt loss of accounts receivable	654,390.95	-658,618.96

Total	-401,066.70	-3,835,284.24
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Other statements:

Note: The amount in the current period decreased CNY 3,434,217.54 compared with that of previous period, with a decrease by 89.54%, primarily driven by the impact of decrease of accounts receivable in the reporting period.

7.39. Gains from disposal of assets

Monetary Unit: CNY

Item	Current Period	Previous Period
Gains from disposal of non-current assets	104,663.83	248,064.82
Including: Gains from disposal of fixed assets	104,663.83	248,064.82
Gains from disposal of intangible assets		
Total	104,663.83	248,064.82

7.40. Non-operating income

Monetary Unit: CNY

Item	Current Period	Previous Period	The amount included in the extraordinary gains and losses of the current period
Compensation for default	1,019,231.18	4,957,308.01	1,019,231.18
Others	9,925,210.53	12,803,259.88	9,925,210.53
Total	10,944,441.71	17,760,567.89	10,944,441.71

7.41. 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	24,034,863.69	4,800,000.00	24,034,863.69
Others	15,182,522.39	269,812.91	15,182,522.39
Total	39,217,386.08	5,069,812.91	39,217,386.08

7.42. Income tax expense

7.42.1. Statement of income tax expense

Monetary Unit: CNY

Item	Current Period	Previous Period
Current period income tax	849,516,324.48	993,254,782.13
Deferred income tax	184,760,038.63	-95,022,512.83
Total	1,034,276,363.11	898,232,269.30

7.42.2. Adjustment for accounting profit and income tax expense

Monetary Unit: CNY

Item	Current Period
Total profit	4,258,817,797.30
Income tax expenses determined by statutory/applicable tax rate	1,064,704,449.33
Impact from subsidiaries' different tax rates	-1,029,603.50
Impact from adjust for impact from income tax expense in previous period	18,225,544.27
Impact from non-taxable income	-26,085,591.85
Impact from non-deductible costs, expenses and losses	6,832,402.88
Impact from deductible losses of unrecognized deferred income tax at the beginning of the reporting period	-11,208,636.44
Impact from deductible temporary difference or losses due to unrecognized deferred tax asset in current period	-8,338,450.17
Impact from research and development expense deduction	-8,823,751.41
Income tax expense	1,034,276,363.11

7.43. Other comprehensive income

Details in Note 5.27. Other comprehensive income.

7.44. Notes to the statement of cash flow

7.44.1. Cash received from other operation activities

Monetary Unit: CNY

Item	Current Period	Previous Period
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Government grants	9,941,675.27	3,798,856.00
Interest income from bank deposit	146,071,271.36	148,852,282.99
Others	62,865,732.81	66,845,377.00
Total	218,878,679.44	219,496,515.99

7.44.2. Cash paid for other operating activities

Monetary Unit: CNY

Item	Current Period	Previous Period
Cash paid for expenses	1,114,045,507.54	1,078,940,602.22
Total	1,114,045,507.54	1,078,940,602.22

7.44.3. Cash paid for other investing activities

Monetary Unit: CNY

Item	Current Period	Previous Period
Cash paid for buying equity of Pinchuang		10,149,100.00
Rating and registration fee of corporation bond in 2020 (Phase I)	180,000.00	
Total	180,000.00	10,149,100.00

7.45. Supplementary information to statement of cash flow

7.45.1. 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	3,224,541,434.19	2,779,611,425.23
Credit impairment provision	401,066.70	3,835,284.24
Depreciation of fixed asset, oil and gas assets and productive biological assets	117,157,264.80	77,589,989.75
Amortization of intangible assets	10,313,976.80	5,020,288.05
Amortization of long-term deferred expense	250,314.19	
Losses from disposal of fixed assets, intangible assets and other long-term	-104,663.83	-248,064.82

assets (Gains use “-”)		
Financial expenses (Gains use “-”)	-108,274,836.69	-96,209,653.90
Losses on investments (Gains use “-”)	-104,338,756.40	-97,024,631.16
Decrease in deferred income tax assets (Increase uses “-”)	184,760,038.63	-95,022,512.83
Increase in deferred income tax liabilities (Decrease uses “-”)	517,839.41	20,582,191.10
Decrease in inventories (Increase use “-”)	164,180,911.74	-81,624,827.38
Decrease in operating receivables (Increase use “-”)	-507,042,866.12	-226,272,769.49
Increase in operating payables (Decrease use “-”)	-2,253,546,301.18	-583,486,128.45
Net cash flows from operating activities	728,815,422.24	1,706,750,590.34
2. Significant investing and financing activities not involving cash:	--	--
3. Net change in cash and cash equivalents:	--	--
Closing balance of cash	10,932,349,651.46	9,697,593,836.79
Less: Opening balance of cash	9,752,266,526.78	9,365,986,627.68
Net change in cash and cash equivalents	1,180,083,124.68	331,607,209.11

7.45.2. Composition of cash and cash equivalent

Monetary Unit: CNY

Item	Opening Balance	Closing Balance
1. Cash	10,932,349,651.46	9,752,266,526.78
Including: Cash on hand	15,116.53	28,776.67
Unrestricted bank deposit	10,914,711,794.09	9,744,243,225.66
Other unrestricted cash and cash equivalents	17,622,740.84	7,994,524.45
3. Closing balance of cash and cash equivalents	10,932,349,651.46	9,752,266,526.78
Including: Cash and cash equivalent with restriction to use of parent company and subsidiaries	1,400,000.00	1,400,000.00

Other statements:

The difference between the closing balance of cash and cash equivalents and cash at bank and on hand is CNY

1,400,000.00, which is a travel service deposit with limited use rights in other cash and cash equivalents.

7.46. Assets with restricted ownership or use rights

Monetary Unit: CNY

Item	Closing book balance	Reason for restriction
Other cash and cash equivalents	1,400,000.00	According to the regulations of tourism bureau, travel service deposit is deposited in a designated bank.
Total	1,400,000.00	--

7.47. Foreign currency transactions

7.47.1. Foreign currency transactions

Monetary Unit: CNY

Item	Closing Balance in Foreign Currency	Exchange Rate	Closing Balance in CNY
Cash at Bank and on Hand	--	--	
Including: USD	20,234,946.88	7.13160	144,307,547.16
EUR			
HKD	82,234,059.92	0.91437	75,192,357.37
Accounts Receivable	--	--	
Including: USD	35,972.63	7.13160	256,542.41
EUR			
HKD	2,799,452.06	0.91437	2,559,734.98
Other Receivables			
Including: USD			
HKD	3,732,504.41	0.91437	3,412,890.06
AUD			
Accounts Payable			
Including: USD	59,824.08	7.13160	426,641.41
HKD	4,893,526.26	0.91437	4,474,493.61
Other Payables			
Including: USD	260,947.31	7.13160	1,860,971.84
HKD	21,715,718.35	0.91437	19,856,201.39
Long-term Loans	--	--	

Including: USD			
EUR			
HKD			

7.47.2. 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
Mingjiang Co., Ltd.	USA	USD	Currency in the registration place
Luzhou Laojiao Commercial Development (North America) Co., Ltd.	USA	USD	Currency in the registration place

7.48. Government grants

7.48.1. Details of government grants

Monetary Unit: CNY

Item	Amount	Presentation	Amount included in profit or loss of the current period
Related to assets	23,845,000.00	Deferred income	500,000.00
Related to income	9,941,675.27	Other income	9,941,675.27

7.48.2. Return of government grants

☐ Applicable ☒ N/A

8. Interests in other entities

8.1. Interests in subsidiaries

8.1.1. Group composition

Name of Subsidiaries	Major business location	Place of registration	Nature of business	Shareholding Proportion		Acquisition method
				Direct	Indirect	

Luzhou Laojiao Brewing Co., Ltd.	Luzhou	Luzhou	Liquor manufacture and sales	100.00%		Investment
Luzhou Red Sorghum Modern Agricultural Development Co., Ltd.	Luzhou	Luzhou	Agricultural product planting and sales		60.00%	Business combination under common control
Sales Company of Luzhou Laojiao Co., Ltd.	Luzhou	Luzhou	Liquor sales	100.00%		Investment
Luzhou Laojiao Nostalgic Liquor Marketing Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Luzhou Laojiao Custom Liquor Co., Ltd.	Luzhou	Luzhou	Liquor sales		15.00%	Investment
Luzhou Laojiao Selected Supply Chain Management Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Guangxi Luzhou Laojiao Imported Liquor Industry Co., Ltd.	Qinzhou	Qinzhou	Red wine production and sales		100.00%	Investment
Luzhou Dingli Liquor Industry Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Luzhou Dingyi Liquor Industry Sales Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Luzhou Dinghao Liquor Industry Sales Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Luzhou Laojiao Import and Export Trade	Luzhou	Luzhou	Wine import and export trade		100.00%	Investment

Co., Ltd.						
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	Luzhou	Luzhou	Liquor sales		75.00%	Investment
Luzhou Laojiao Bosheng Hengxiang Liquor Sales Co., Ltd.	Luzhou	Luzhou	Liquor sales		100.00%	Investment
Luzhou Laojiao Fruit Wine Industry Co., Ltd.	Luzhou	Luzhou	Fruit wine sales		41.00%	Investment
Mingjiang Co., Ltd.	America	America	Liquor sales		54.00%	Investment
Luzhou Pinchuang Technology Co., Ltd.	Luzhou	Luzhou	Technology development and service	100.00%		Investment
Luzhou Laojiao Tourism Culture Co., Ltd.	Luzhou	Luzhou	Liquor sales, tourism	100.00%		Investment
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Wine sales	55.00%		Investment
Luzhou Laojiao Commercial Development (North America) Co., Ltd.	America	America	Business development		100.00%	Investment
Luzhou Laojiao Electronic Commerce Co., Ltd.	Luzhou	Luzhou	Wine sales	90.00%		Investment
Luzhou Laojiao Whitail Innovated	Luzhou	Luzhou	Wine sales		100.00%	Investment

Electronic Commerce Co., Ltd.						
Luzhou Laojiao Selected Electronic Commerce Co., Ltd.	Luzhou	Luzhou	Wine sales		100.00%	Investment
Luzhou Laojiao Whitail Liquor Industry Co., Ltd. Note	Luzhou	Luzhou	Wine sales		35.00%	Investment
Chengdu Tianfu Panda Whitail Liquor Industry Co., Ltd. Note	Chengdu	Chengdu	Wine sales		60.00%	Investment
Luzhou Whitail Tongdao Uncle Constellation Wine Sales Co., Ltd. Note	Luzhou	Luzhou	Wine sales		70.00%	Investment
Luzhou Baonuo Biotechnology Co., Ltd.	Luzhou	Luzhou	Fermented product manufacture	100.00%		Investment
Luzhou Laojiao Health Liquor Industry Co., Ltd.	Luzhou	Luzhou	Health care wine manufacture and sales	100.00%		Business combination under common control
Luzhou Laojiao Health Sales Co., Ltd.	Luzhou	Luzhou	Health care wine sales		100.00%	Business combination under common control

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

As the Note 1.6, the Company holds less than 51% shares of Luzhou Laojiao Custom Liquor Co., Ltd., Luzhou Laojiao fruit wine industry Co., Ltd., and Luzhou Laojiao Whitail Liquor Industry Co., Ltd. but in these companies' board, among the five members, the Company has sent three persons, which is in the majority. The Company has substantial control over these companies, so they are included in the consolidation scope.

8.1.2. Important non-wholly-owned subsidiaries

Monetary Unit: CNY

Name of subsidiary	Proportion of share	Gains and losses	Dividends paid to	Closing balance of
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	holdings of non-Controlling shareholders	attributable to non-Controlling shareholders during current period	non-controlling shareholders during current period	non-controlling shareholders interest
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	25.00%	-8,478,085.84		79,866,090.68

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

Monetary Unit: CNY

Name of subsidiary	Closing Balance						Opening Balance					
	Current assets	Non-cur rent assets	Total assets	Current liabilitie s	Non-cur rent liabilitie s	Total liabilitie s	Current assets	Non-cur rent assets	Total assets	Current liabilities	Non-cur rent liabilitie s	Total liabilitie s
Luzhou Laojiao Boda Liquor Industry Marketi ng Co., Ltd.	903,590 ,282.11	1,920,9 63.51	905,511 ,245.62	586,046 ,882.92		586,046 ,882.92	1,314,5 54,833. 37	2,881,5 95.65	1,317,4 36,429. 02	964,059 ,722.96		964,059 ,722.96

Monetary Unit: CNY

Name of subsidiary	Current Period				Previous Period			
	Operating revenue	Net profit	Total comprehens ive income	Operating cash flow	Operating revenue	Net profit	Total comprehens ive income	Operating cash flow
Luzhou Laojiao Boda Liquor Industry Marketing Co., Ltd.	681,478,570 .36	-33,912,343 .36	-33,912,343 .36	4,354,456.3 4	1,242,290,4 44.26	58,199,867. 66	58,199,867. 66	6,001,688.7 0

8.2. Interests in joint ventures and associates

8.2.1. Important joint ventures and associates

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

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

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

8.2.2. Major financial information of important associates

Monetary Unit: CNY

	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Current assets	71,784,083,573.72	57,134,274,353.71
Non-current assets	9,443,735,656.27	10,693,128,565.71
Total assets	81,227,819,229.99	67,827,402,919.42
Current liabilities	48,588,373,248.51	39,721,993,771.95
Non-current liabilities	12,211,020,210.61	8,411,797,290.51
Total liabilities	60,799,393,459.12	48,133,791,062.46
Non-controlling shareholder interest	45,500,512.41	44,225,184.16
Shareholder interest attributable to parent company	20,382,925,258.46	19,649,386,672.80
Share of net assets calculated based on shareholding proportion	2,117,785,934.35	2,042,272,245.65
--Others	167,466,735.90	167,466,735.90
Book value of equity investments in associate companies	2,291,242,323.12	2,209,738,981.55
Fair value of equity investments in associate companies that have public quote	2,900,195,060.72	3,003,870,895.44
Operating revenue	2,093,322,666.77	2,004,723,301.51
Net profit	923,922,741.39	855,773,668.36

Other comprehensive income	10,391,172.52	58,174,536.83
Total comprehensive income	934,313,913.91	913,948,205.19

8.2.3. Financial information summarized of unimportant joint ventures and associate companies

Monetary Unit: CNY

	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Joint ventures:	--	--
Total following items calculated on the basis of shareholding proportion	--	--
Associate companies:	--	--
Total book value of investments	19,946,103.38	28,982,744.17
Total following items calculated on the basis of shareholding proportion	--	--
--Net profit	-1,036,640.79	-1,051,774.26
-- Total comprehensive income	-1,036,640.79	-1,051,774.26

9. Risks related to financial instruments

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

9.1. Credit risk

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

9.2. Liquidity risk

Liquidity risk refers to the risk unable to obtain sufficient funds in time to meet business development needs or to repay debts due and other payment obligations. The Company has sufficient working capital, and in recent years there has been no external borrowing to supplement the working capital of daily operating activities. The liquidity risk is extremely small.

9.3. Market risk

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

9.3.1. Foreign exchange risk

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

minimal.

9.3.2. Rate risk

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

9.3.3. Other price risks

Other price risk refers to the risk of fluctuation caused by market price changes other than foreign exchange risk and interest rate risk, whether these changes are caused by factors related to a single financial instrument or its issuer or all similar financial instruments traded in the market. Other price risks faced by the Company mainly come from available-for-sale financial assets measured at fair value.

10. Fair value disclosure

10.1. Closing fair value of assets and liabilities measured at fair value

Monetary Unit: CNY

Item	Closing fair value			
	Level 1	Level 2	Level 3	Total
1. Continuous measurement at fair value	--	--	--	--
1.3 Other equity instrument investment	320,662,328.89		33,804,284.46	354,466,613.35
1.6 Accounts receivable financing			2,855,987,446.81	2,855,987,446.81
2. Discontinuous measurement at fair value	--	--	--	--

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

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

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

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

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

11. Related parties and related party transactions

11.1. The parent company of the Company

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

Statements for situation of parent company:

The nature of parent company: Limited liability company (wholly state-owned); registration place: Ai Rentang Square, China Liquor Golden Triangle Wine Industry Park, Luzhou, Sichuan Province; Business Scope: Investment and asset management; investment in liquor, food, finance, trade, logistics, education, medical and health, cultural tourism, Internet industry; holding company services; social economic consulting, business management consulting; enterprise management services; supply chain management services; import and export business and trade agency; food production, sales (including online); planting and sales of crops (including online). (The Company cannot start business activities until projects subject to approval according to law are approved by relevant departments.)

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

11.2. Subsidiaries of the Company

For details please see Note 7.1. Interests in subsidiaries.

11.3. Joint ventures and associates of the Company

For details please see Note 7.3. Interests in joint ventures and associates.

Other statements

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

11.4. Other related party of the Company

Name of Other Related Party	Relationship with the Company
Luzhou Jiaxin Holding Group Co., Ltd.	The same parent company
Luzhou Laojiao Zhitong Trading Co., Ltd.	The same parent company
Luzhou Lianzhong Logistics Co. Ltd.	The same parent company
Luzhou COSCO Lianzhong Logistics Co., Ltd.	The same parent company

Luzhou Laojiao Commercial College of Luzhou	The same parent company
Sichuan Kangrun Group Yongsheng Asset Operation Management Co., Ltd.	The same parent company
Sichuan Wine & Spirits Trading Center Co., Ltd.	The same parent company
Sichuan Kangrun Group Real Estate Development Co., Ltd.	The same parent company
Sichuan Kangrun Investment Group Co., Ltd.	The same parent company
New Shottes Brook Private Company	The same parent company
Huaxi Securities Co., Ltd.	Associate company and the same parent company
Laojiao Group and its other subsidiaries	The same parent company
Luzhou Communication Investment Group Auto Service Co., Ltd.	Subsidiary of the second largest shareholder
Luzhou Huarun XingLu Gas Co., Ltd.	Subsidiary of the second largest shareholder
Luzhou XingLu Water (Group) Co., Ltd.	Subsidiary of the second largest shareholder
Luzhou XingLu Property Management Co., Ltd.	Subsidiary of the second largest shareholder
Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Other subsidiary of the second largest shareholder

Other statements:

Note 1: On 31 December 2015, Laojiao Group and XingLu Investment Group, the second biggest shareholder, signed a concerted action agreement that when the parties in deal with the Company's business development and make decisions by shareholders meeting and board of directors according to the company law and other relevant laws and regulations and the articles of association, the parties should adopt the consistent actions. The agreement is valid as of 13 December 2015 and ends on 1 June 2021. During the effective period of this agreement, before any party submits proposals involving the major issues of the Company's business development to the shareholders meeting or exercise the voting rights at the shareholders meeting and the board of directors, the internal coordination for relevant proposals and voting events shall be conducted by persons acting in concert. If there are different opinions, it will be subject to Laojiao Group's opinion. In view of this, the Company will disclose the transactions with XingLu Investment Group and its controlling enterprises as other related parties of the Company.

11.5. Related transactions

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

Table of purchase of goods / receipt of services

Monetary Unit: CNY

Name of Related Party	Transaction	Amount in current period	Approved trading amount	Whether over approved trading amount	Amount in previous period
Receipt of services:					

Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Property management fee ,etc.	1,573,495.21			
Laojiao Group and its other subsidiaries	Training, accommodation, storage, transportation services, etc.	31,544,140.62			31,584,485.67
Purchase of goods:					
Luzhou Jiaxin Holding Group Co., Ltd.	Housing construction fee , land expense, etc.	189,886,890.41			
Laojiao Group and its other subsidiaries	Red wine, water, power, gas, etc.	10,884,402.85			17,875,795.12
Luzhou XingLu Investment Group Co., Ltd. and its other subsidiaries	Water, gas, etc.	4,215,676.77			3,775,017.46
Total		238,104,605.86			53,235,298.25

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, etc.	1,016,556.74	5,516,565.23
XingLu Investment Group and its subsidiaries	Wine		74,880.00
Total		1,016,556.74	5,591,445.23

11.5.2. Related party leasing

The Company as lessee:

Monetary Unit: CNY

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

subsidiaries			
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11.5.3. Key management compensation

Monetary Unit: CNY

Item	Amount in current period	Amount in previous period
Key management	3,359,999.88	3,039,999.90

11.6. Receivables and payables of related parties

11.6.1. Receivables

Monetary Unit: CNY

Item	Related party	Closing Balance		Opening Balance	
		Book value	Provision for bad debt	Book value	Provision for bad debt
Other non-current assets (transfer prepayment of land use right)	Luzhou Jiaxin Holding Group Co., Ltd.			70,994,300.00	
Prepayment	Laojiao Group and its subsidiaries	32,148,505.76		32,149,113.33	
Other receivables	Laojiao Group and its subsidiaries	10,000.00		10,000.00	
Accounts receivable	Laojiao Group and its subsidiaries	2,596.77			
Prepayment	XingLu Group and its subsidiaries	119,942.78		3,145.70	

11.6.2. Payables

Monetary Unit: CNY

Item	Related party	Closing Balance	Opening Balance
Accounts payable	Luzhou Jiaxin Holding Group Co., Ltd.	68,263,979.99	178,170.40
Accounts payable	Laojiao Group and its subsidiaries	11,325.20	508,292.02
Advance from customers	Laojiao Group and its subsidiaries	2,947.96	5,148.03
Other payables	Laojiao Group and its	986,948.00	950,000.00

	subsidiaries		
Accounts payable	XingLu Group and its subsidiaries		310,969.53
Other payables	XingLu Group and its subsidiaries	100,000.00	100,000.00

12. Commitments and contingencies

12.1. Contingencies

12.1.1. Significant contingencies at the balance sheet date

The Company's three savings deposits of CNY 500 million, including ABC Changsha Yingxin Sub-branch and ICBC Nanyang Zhongzhou Sub-branch are involved in contract disputes. The Company has reported to the public security authorities for intervention with the assets preservation measure and filed civil claims for two contract disputes among the three cases. Combined with the assets preservation situation of the public security authorities and professional legal advice issued by lawyers, the Company has made a provision of CNY 200 million for bad debts for the deposit of CNY 500 million for contract disputes. During the reporting period, the Supreme People's Court made a final judgment on the dispute arising out of the deposit contract between the Company and ABC Changsha Yingxin Sub-branch. In respect of the losses that couldn't be recovered through criminal procedures, ABC Changsha Yingxin Sub-branch should bear 40% of the compensation liability, ABC Changsha Hongxing Sub-branch 20%, and the remaining losses should be borne by the Company. Henan Province Higher People's Court had made the judgment of the first trial on the lawsuit of the Company with ICBC Nanyang Zhongzhou Sub-branch over a deposit dispute: for the losses that the Company cannot recover through criminal execution procedures, 50% shall be borne by ICBC Nanyang Zhongzhou Sub-branch; for the losses that the Company cannot recover through criminal execution procedures concerning CNY 122.1 million of principal in the case, 10% shall be borne by Sanya Rural Commercial Sub-branch Hongsha B Sub-branch, and the rest shall be borne by the Company itself.

As of 30 June 2020, the Company has recovered the abovementioned saving deposits involving contract disputes with CNY 214.8597 million.

Except for the above matters, the Company has no other significant contingencies that need to be disclosed as the end of 30 June 2020.

12.1.2. In despite of no significant contingency to disclose, the Company shall also make relevant statements

There is no significant contingency to disclose.

13. Post balance sheet event

13.1. Profit distribution

Monetary Unit: CNY

Profits or dividends planned to distribute	2,328,956,436.84
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Reviewed and approved profits or dividends declared to distribute	2,328,956,436.84 ¹
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Note: 1. According to resolutions of the general meeting, the cash dividend was distributed to all shareholders with CNY 15.9 per 10 shares (tax inclusive), and has been implemented on 24 August 2020.

13.2. Statement for other post balance sheet events

None

14. Other important information

14.1. Other significant events that can affect investors' decision

14.1.1. Saving deposits involving contract disputes

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

14.1.2. Progress of technical renovation project of brewing investment

Based on the Company's development strategy, the "13th Five-Year Plan" and deep analysis of the liquor industry and the actual situation of the Company itself, the Company invested in the implementation of technical renovation project of brewing with Brewing Company, the wholly-owned subsidiary, as the main body. The total investment of the project is CNY 8,877.2765 million, and the required funds are solved by the Company with self-owned funds and other financing methods. At present, the project has invested a total of CNY 7,031.4817 million, and the completion ratio has been 95%.

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

15.1. Accounts receivable

15.1.1. Analysis by categories

Monetary Unit: CNY

Type	Closing Balance					Opening Balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Accounts receivables tested for impairment by	924,789.31	100.00%	9,456.60	1.02%	915,332.71	21,759.06	100.00%	196.21	0.90%	21,562.85

the portfolio										
Including:										
Accounts receivables tested for impairment on the portfolio with characteristics of credit risk	924,789.31	100.00%	9,456.60	1.02%	915,332.71	21,759.06	100.00%	196.21	0.90%	21,562.85
Total	924,789.31	100.00%	9,456.60	1.02%	915,332.71	21,759.06	100.00%	196.21	0.90%	21,562.85

Accounts receivables tested for impairment by the portfolio:

Monetary Unit: CNY

Item	Closing Balance		
	Book balance	Provision for bad debt	Proportion
Risk portfolio	924,789.31	9,456.60	1.02%
Other portfolios			

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

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 2020	196.21			196.21
Balance of 1 January 2020 in the current period				
--Transfer to Second stage				
-- Transfer to Third stage				
-- Reverse to Second stage				
-- Reverse to First stage				
Allowance of the current period	9,260.39			9,260.39
Reversal of the current period				
Verification of the current period				
Other changes				
Balance of 30 June 2020	9,456.60			9,456.60

Disclosure by aging

Monetary Unit: CNY

Aging	Book balance
Within 1 year (including 1 year)	924,789.31
Total	924,789.31

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

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		Allowance	Reversal or recovery	Write-off	Other	
Accounts receivables tested for impairment by the portfolio	196.21	9,260.39				9,456.60
Total	196.21	9,260.39				9,456.60

15.1.3. Top five entities with the largest balances of accounts receivable

Monetary Unit: CNY

Company Name	Closing Balance	Proportion to total closing balance of accounts receivable	Closing Balance of provision for bad debt
Luzhou Liquor Golden Triangle Liquor Development Co., Ltd.	168,826.64	18.26%	8,441.33
China Tower Luzhou Branch	20,305.32	2.20%	1,015.27
Total	189,131.96	20.46%	

15.2. Other receivables

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Interest receivable	111,388,492.40	40,570,144.44
Dividend receivable	30,114,991.30	
Other receivables	7,385,032,312.36	5,809,911,336.06

Total	7,526,535,796.06	5,850,481,480.50 ¹
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Note: 1. Other receivables listed above were other accounts receivable that has deducted interest receivable, dividend receivable.

15.2.1. Interest receivable

15.2.1.1. Classification of interest receivable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Fixed deposits	111,388,492.40	40,570,144.44
Total	111,388,492.40	40,570,144.44 ¹

Note: 1. The closing balance increased CNY 70,818,347.96 compared with the opening balance, with an increase by 174.56%, mainly due to the impact of increase of interest receivable of fixed deposits.

15.2.2. Dividend receivable

15.2.2.1. Classification of dividend receivable

Monetary Unit: CNY

Item	Closing Balance	Opening Balance
Sichuan Nitrocell Co., Ltd.	85,995.53	
Guotai Junan Securities Co., Ltd.	4,593,028.83	
Huaxi Securities Co., Ltd.	20,735,166.94	
Luzhou Bank Co., Ltd.	4,700,800.00	
Total	30,114,991.30	

15.2.3. Other receivables

15.2.3.1. Other receivables disclosed by nature

Monetary Unit: CNY

Nature	Closing book balance	Opening book balance
Intercourse funds of subsidiaries receivable	7,288,425,036.26	5,709,914,323.15
Intercourse funds	12,574,759.08	14,258,750.49
Petty cash	1,044,021.15	454,894.47
Saving deposits involving contract disputes	285,140,297.52	287,400,297.52

Total	7,587,184,114.01	6,012,028,265.63
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15.2.3.2. 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 2020	2,116,929.57		200,000,000.00	202,116,929.57
Balance of 1 January 2020 in the current period	—	—	—	—
Allowance of the current period	34,872.08			34,872.08
Balance of 30 June 2020	2,151,801.65		200,000,000.00	202,151,801.65

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)	7,291,087,065.85
1-2 years	9,285,426.46
2-3 years	701,697.25
Over 3 years	286,109,924.45
3-4 years	65,000.00
4-5 years	28,626.93
Over 5 years	286,016,297.52
Total	7,587,184,114.01

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

Allowance of provision for bad debt:

Monetary Unit: CNY

Type	Opening Balance	Current Period				Closing Balance
		计提	收回或转回	核销	其他	

Other receivables tested for impairment individually Note 1	200,000,000.00					200,000,000.00
Other receivables tested for impairment by the portfolio	2,116,929.57	34,872.08				2,151,801.65
Total	202,116,929.57	34,872.08				202,151,801.65

Note 1: Refer to Note 5.5, 12.2 for details.

15.2.3.4. 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	6,702,446,250.05	Within 1 year	88.34%	
Agricultural Bank of China Changsha Yingxin Sub-branch, Industrial and Commercial Bank of China Nanyang Zhongzhou Sub-branch and another bank.	Saving deposits involving contract disputes	285,140,297.52	Over 5 years	3.76%	200,000,000.00
Luzhou Laojiao Electronic Commerce Co., Ltd.	Internal transactions	252,780,059.64	Within 1 year	3.33%	
Luzhou Laojiao Import and Export Trade Co., Ltd.	Internal transactions	188,416,563.68	Within 1 year	2.48%	
Luzhou Laojiao Nostalgia Liquor Co., Ltd.	Internal transactions	57,716,699.70	Within 1 year	0.76%	
Total	--	7,486,499,870.59	--	98.67%	200,000,000.00

15.3. Long-term equity investments

Monetary Unit: CNY

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiary	3,413,960,128.11		3,413,960,128.11	3,413,960,128.11		3,413,960,128.11
Investment in associates and joint venture	2,305,755,525.30	2,567,098.80	2,303,188,426.50	2,225,288,824.52	2,567,098.80	2,222,721,725.72
Total	5,719,715,653.41	2,567,098.80	5,717,148,554.61	5,639,248,952.63	2,567,098.80	5,636,681,853.83

15.3.1. Investment in subsidiary

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period				Closing Balance (book value)	Closing balance of provision for impairment
		Increase	Decrease	Provision for impairment	Other		
Luzhou Pinchuang Technology Co., Ltd.	57,649,100.00					57,649,100.00	
Sales Company of Luzhou Laojiao Co., Ltd.	103,162,447.09					103,162,447.09	
Luzhou Laojiao Brewing Co., Ltd.	3,172,109,991.25					3,172,109,991.25	
Luzhou Laojiao International Development (Hong Kong) Co., Ltd.	5,433,789.77					5,433,789.77	
Luzhou Laojiao	51,604,800.00					51,604,800.00	

Electronic Commerce Co., Ltd.							
Luzhou Baonuo Biotechnology Co., Ltd.	20,000,000.00					20,000,000.00	
Luzhou Laojiao Tourism Culture Co., Ltd.	4,000,000.00					4,000,000.00	
Luzhou Laojiao Health Liquor Industry Co., Ltd. Note	0.00					0.00 ¹	
Total	3,413,960,128.11					3,413,960,128.11	

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

15.3.2. Investment in associate and joint venture

Monetary Unit: CNY

Investee	Opening Balance (book value)	Changes in current period								Closing Balance (book value)	Closing Balance of provision for impairment
		Increase	Decrease	Gain or loss recognized under equity method	Adjustments of other comprehensive income	Changes in other equity	Cash dividend or profit declared	Provision for impairment	Other		
1. Joint Venture											
None											
2. Associate											
Huaxi Securities Co., Ltd.	2,209,738,981.55			95,995,572.83	6,242,935.68		20,735,166.94			2,291,242,323.12	2,567,098.80
Sichuan Development	12,982,744.17			-1,036,640.79						11,946,103.38	

Wine Investment Co., Ltd.											
Subtotal	2,222,721,725.72			94,958,932.04	6,242,935.68		20,735,166.94			2,303,188,426.50	2,567,098.80
Total	2,222,721,725.72			94,958,932.04	6,242,935.68		20,735,166.94			2,303,188,426.50	2,567,098.80

15.4. Operating revenue and cost of sales

Monetary Unit: CNY

Item	Current Period		Previous Period	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary business	1,486,572,539.81	1,040,786,248.30	2,431,931,413.35	1,621,162,415.45
Other business	16,349,153.58		15,287,886.77	
Total	1,502,921,693.39	1,040,786,248.30	2,447,219,300.12	1,621,162,415.45

15.5. Investment income

Monetary Unit: CNY

Item	Current Period	Previous Period
Investment income from long-term equity investments under equity method	94,958,932.04	88,275,961.45
Dividend income from other equity instrument investment during holding period	9,379,824.36	8,748,669.71
Total	104,338,756.40	97,024,631.16

16. Supplementary information

16.1. Detailed statement of extraordinary gain and loss in the current period (+ for gain, - for loss)

√ Applicable □ N/A

Monetary Unit: CNY

Item	Amount	Remark
Gains or losses on disposal non-current assets	104,663.83	For details please see Note 5.40.
Government grants included into current profits and losses (other than	10,441,675.27	For details please see Note 5.36.

government grants closely related to enterprise business and granted by quota or quantity according to national unified standard)		
Other non-operating income and costs other than above items	-28,272,944.37	For details please see Note 5.41, 5.42.
Less: Impact from income tax	-4,475,851.24	
Impact from non-controlling shareholders' equity	248,904.75	
Total	-13,499,658.78	--

Statement for extraordinary gain and loss items that the Company defines according to the definition in “*Explanatory Announcement of Information Disclosure of Company that Issues Securities publicly NO.1- Extraordinary Gain and Loss*” and definition of recurrent gain and loss items that are listed as extraordinary gain and loss in the “*Explanatory Announcement of Information Disclosure of Company that Issues Securities publicly NO.1- Extraordinary Gain and Loss*”:

☐ Applicable ☒ N/A

16.2. Return on equity and earnings per share

Profit during reporting period	Weighted average ROE	EPS(CNY/Share)	
		Basic EPS	Diluted EPS
Net profits attributable to ordinary shareholders of the Company	15.32%	2.20	2.20
Net profits attributable to ordinary shareholders of the Company after deduction of extraordinary gain and loss	15.38%	2.20	2.20

Section XII Documents Available for Reference

1. Financial statements signed and stamped by the legal representative, person in charge of accounting affairs and person in charge of accounting department;
2. The originals of all company documents and announcements that are disclosed on the public website designated by CSRC during the reporting period.