

Kweichow Moutai (SHA: 600519)

Bottled Prestige, Uncorked Returns

12-month Target Price: ¥1,694

Valuation Date Price: ¥1,480

Upside: 14.5%

BUY



**Stephanie
La**



**Annabel
Cox**



**Lawrence
Wei**



**Sohan
Takkalapalli**



1	Recommendation	Given excessive market pessimism around demand resiliency and underappreciated growth prospects, Kweichow Moutai presents a compelling BUY opportunity with 14.5% upside		
2	Investment Theses	<p style="text-align: center;">Demand Resilience</p> <p>Structural premiumisation and cultural drivers sustain strong demand for Moutai despite macroeconomic pessimism.</p>	<p style="text-align: center;">Supply Chain Stability</p> <p>Moutai's stable earnings and premium pricing power insulate it from wholesale volatility.</p>	<p style="text-align: center;">Efficient Market Expansion</p> <p>Strategic innovation and partnerships broaden reach among younger demographics with a low incremental CAC.</p>
3	Valuation	<p>¥ 1,694</p> <p>Target Share Price</p>	<p>11.9%</p> <p>5-yr Revenue CAGR</p>	<p>68.2%</p> <p>CY25 Operating Margin</p>
4	Risks	<p>1 Consumer confidence remains structurally weak with insufficient stimulus policy</p>	<p>2 Exposure to secondary / retail market volatility with shift towards direct sales channel</p>	<p>3 Distributor alienation and pushback as Moutai shifts sales mix towards DTC</p>

Moutai is a 'crown jewel' of Chinese cultural prestige combined with operational excellency

Company Overview (a)

Moutai has sustained dominant market share in the premium baijiu industry...

Overview

- Kweichow Moutai Co. was initially founded in 1951, before publicly listing on the Shanghai Stock Exchange in 2001
- Majority control (~61%) by Guizhou SASAC
- Brewing technique listed as national intangible cultural heritage.

...offering premium and crossover products via a well-controlled supply chain

Premium Moutai	Series Liquor
High-end baijiu product "Feitian Moutai" sold at luxury price points with strong cultural heritage	Lower-priced mass-market extension products designed to broaden consumer reach

85% of overall revenue

15% of overall revenue

CY21 Distribution Channel Split

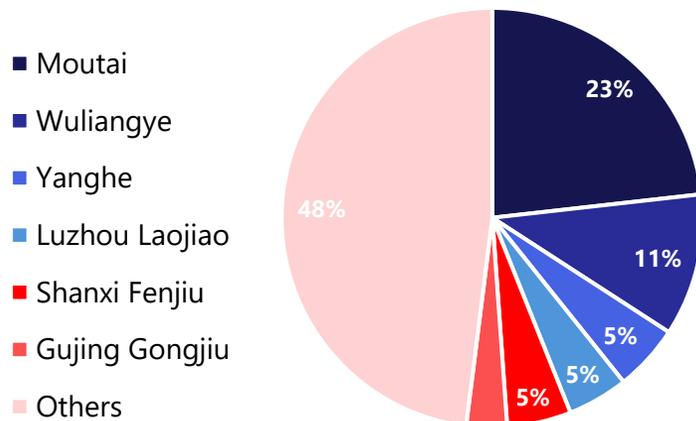


CY24 Distribution Channel Split



Moutai has shifted its distribution channels to allow for margin expansion opportunities and better end-consumer control

Total Baijiu Sector Market Share Breakdown



Source: Kweichow Moutai, IBISWorld

Moutai is a 'crown jewel' of Chinese cultural prestige combined with operational excellency

Company Overview (b)

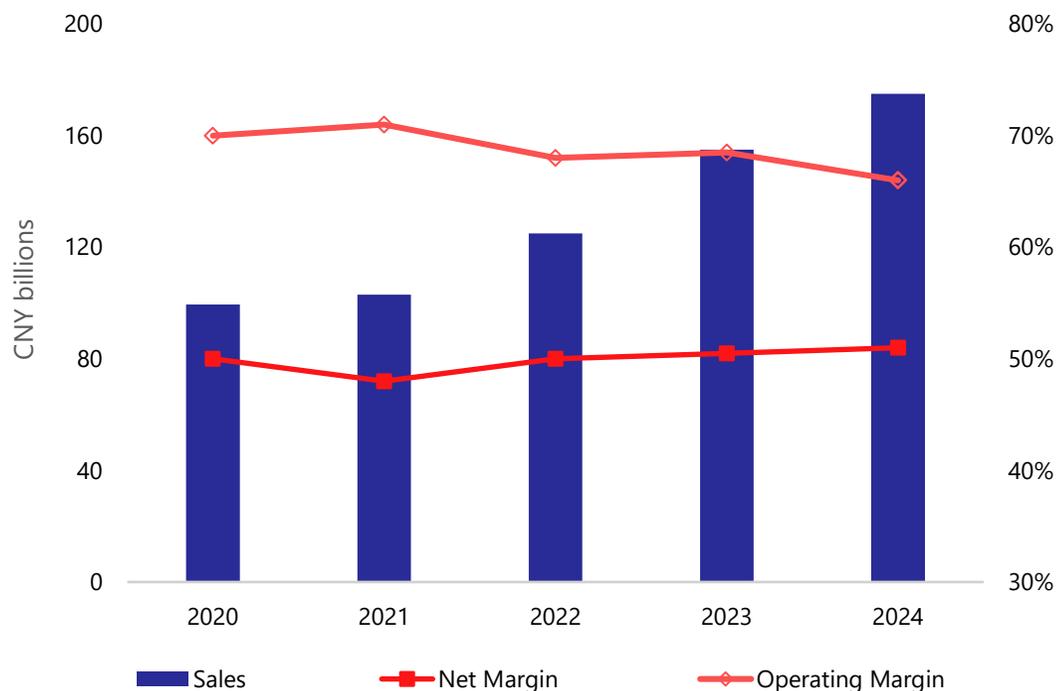
Performance Snapshot

- ~70%+** Market Share in >RMB1k segment
- 91.9%** Gross Profit Margin
- 5th** Largest Chinese Stock by Market Cap
- ¥ 91.1bn** Revenue 1H25
+9.2% YoY

Market leadership underpinned by cultural resonance and structural efficiency

Cultural Embeddedness	Demand sustained through deep-rooted tradition, gifting culture, and national pride
Premiumisation	Growth driven by rising affluence, brand prestige, and heritage rich production
Cost Efficiency	Minimisation achieved through streamlined production, and efficient distribution
Supply Chain Optimisation	Large-scale specialised production, standardised brewing, and localised sourcing

Moutai's cultural significance secures its dual identity as a luxury symbol and widely consumed spirit, reinforced by a resilient business model

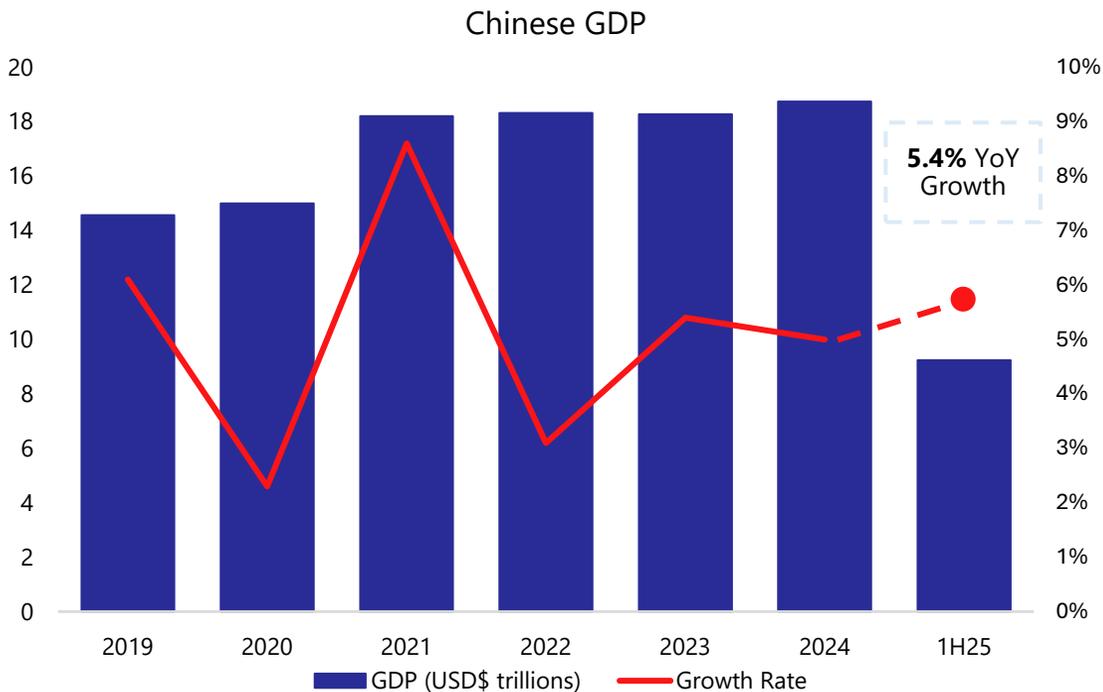


Source: Kweichow Moutai

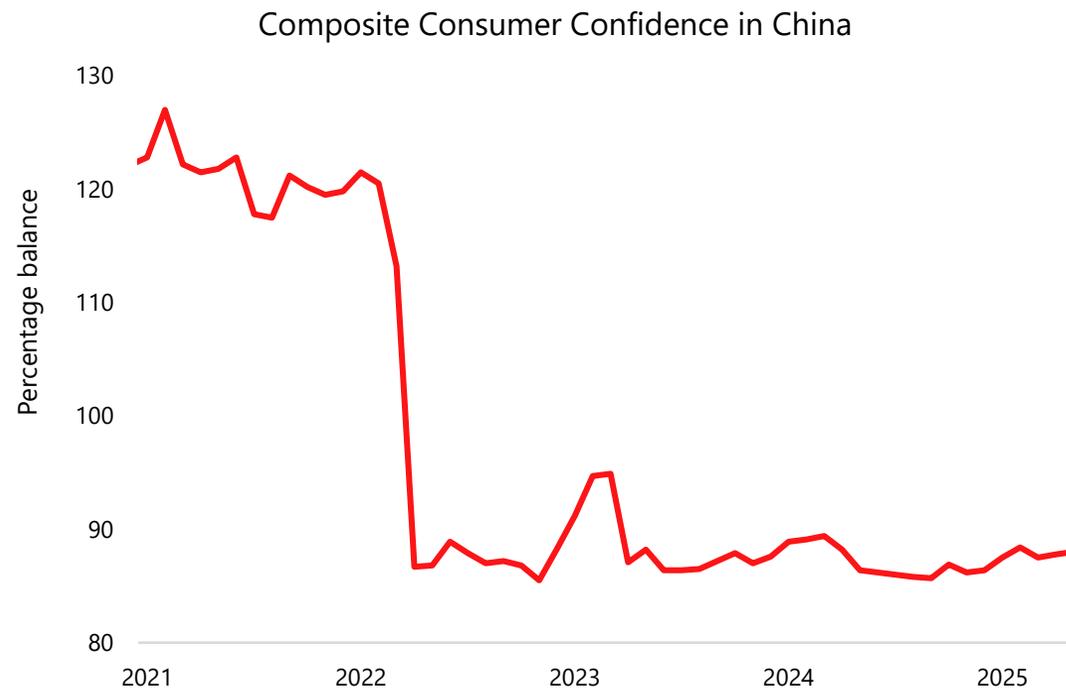
Macro growth scare narratives have imposed irrational pessimism on Moutai's demand outlook

Investment Thesis 1(a)

Despite 1H25 GDP outperformance and strong stimulus policy tailwinds...



...Chinese consumer confidence remains irrationally pessimistic



A short-term mispricing opportunity exists as market consensus prices in underwhelming demand for luxury consumer consumption

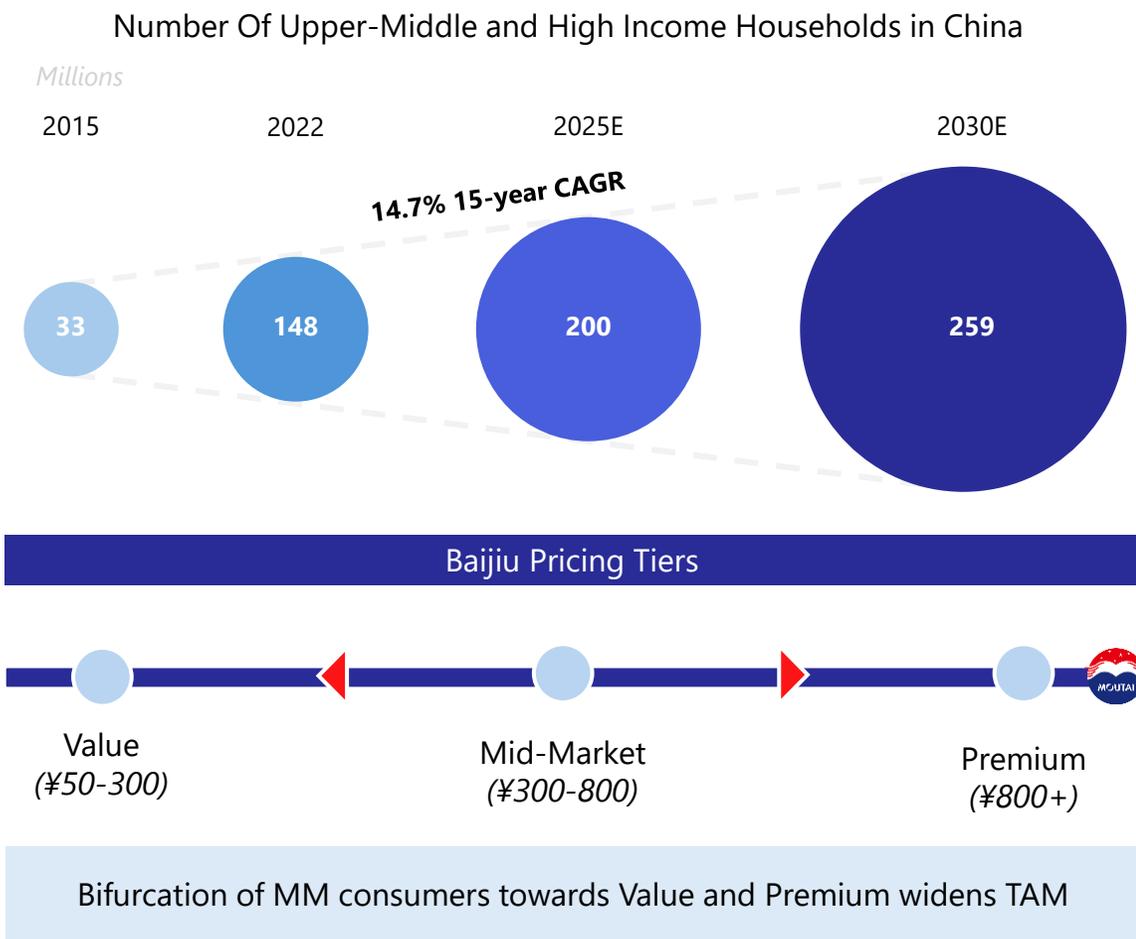
Source: Federal Reserve Bank of St. Louis, World Bank.

Structural tailwinds and unique product characteristics offset perceived macro weakness

Investment Thesis 1(b)

Long-term premiumisation organically extends Moutai's domestic runway...

...and demand will remain resilient due to entrenched cultural symbolism



Reciprocity

Premium gifting is cemented in Chinese reciprocal culture



Symbolic Status

Luxury symbolises respect in social and business contexts

- | | |
|---------------------------|------------------------------|
| 1 Festival Gifting | 3 Banquets |
| 2 Investing | 4 Corporate Functions |

"If we drink enough Moutai, we can solve anything"
- Henry Kissinger, 1974

Entrenched cultural drivers ensure Moutai's premium demand remains structurally sticky, offsetting perceived macro weakness

Source: Mckinsey & Co.

Baijiu oversupply and wholesale price weakness have fueled blanket discounting

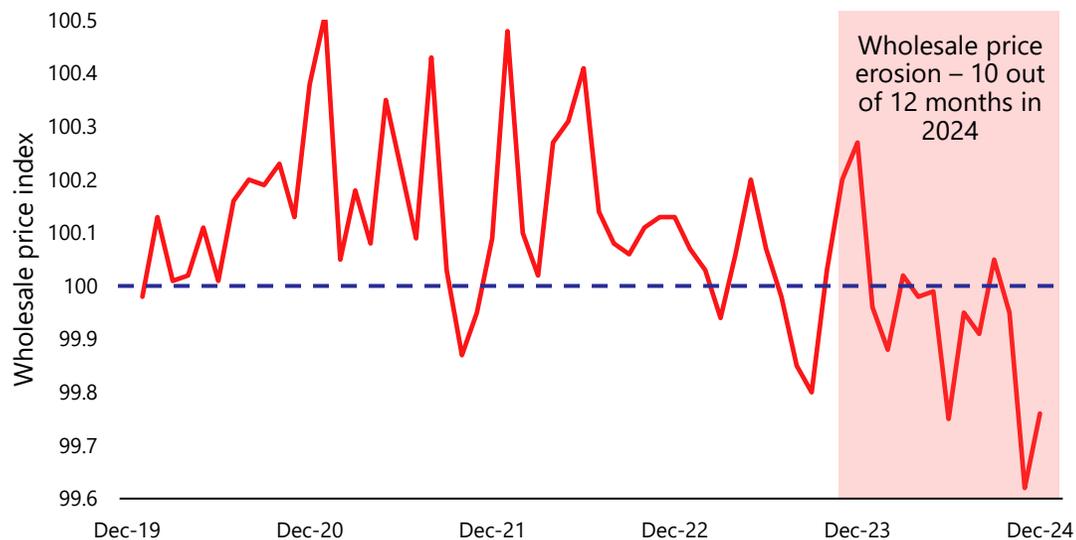
Investment Thesis 2(a)

Baijiu wholesale prices have been dropping since 2024 amid oversupply fears

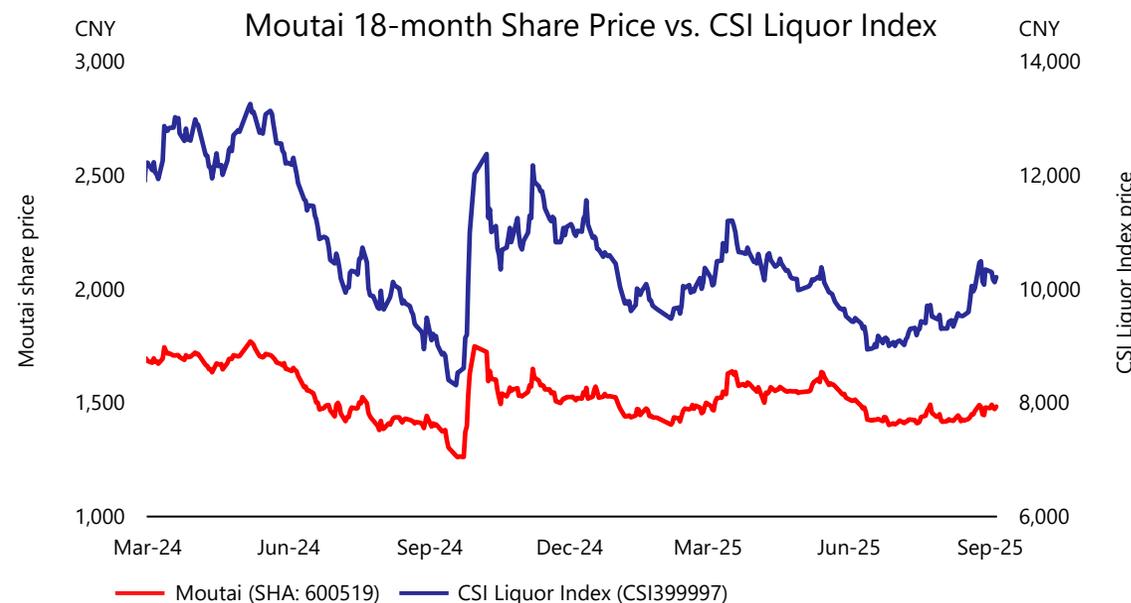
1 Destocking of baijiu 'social inventory' by distributors and retailers amid softening demand

2 Entry of e-commerce giants e.g. Taobao and Pinduoduo has flooded to market with cheaper bottles

Luzhou-China Liquor Wholesale Price Index



The market has interpreted this negative signal, pricing a blanket sector discount



-16.5%
CSI Liquor decline since March 2024

-12.0%
Moutai price decline since March 2024

"Strong rebound in baijiu is unlikely through year-end"

Source: China Daily, Bloomberg analysts, FactSet as at 6 Sep 2025.

Moutai earnings stability and pricing power insulate against wholesale market noise

Investment Thesis 2(b)

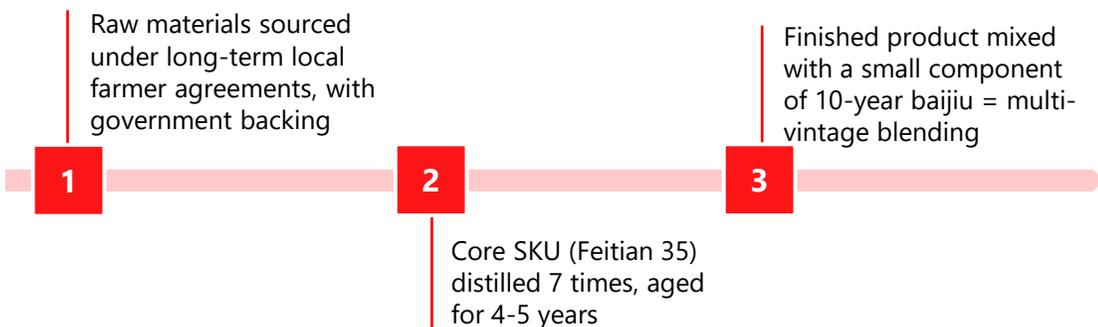
Wholesale oversupply and discount fears are misleading for Moutai...

Ex-factory pricing power Wholesale volatility affects distributor margins – Moutai’s earnings are tied to its stable ex-factory price (¥1,169) in the short-term

Historical stability Even in past industry downcycles (e.g. 2022 Shanghai lockdown), Moutai preserved double-digit YoY growth (~18% NPAT)

Unique supply levers Unlike peers, Moutai can manually adjust supply volumes / mix to enforce scarcity due to unique supply chain and SOE-backing

Moutai supply chain

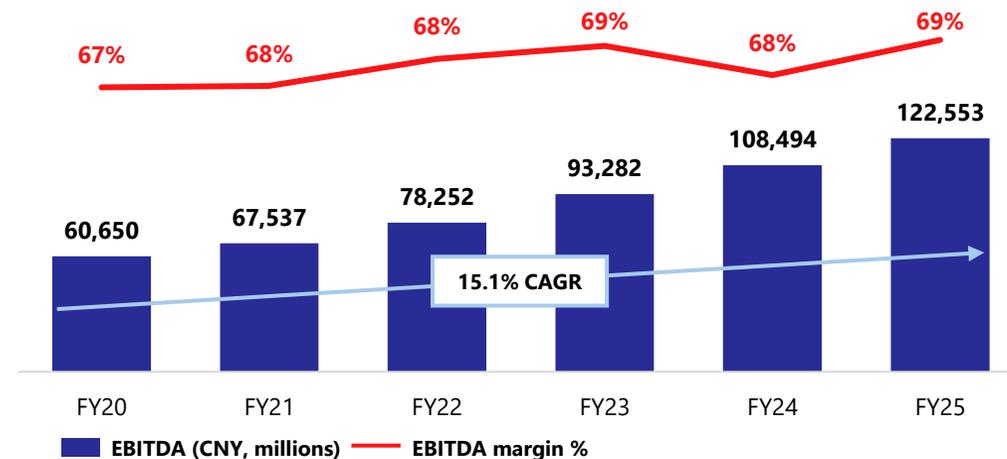


Unlike peers, Moutai’s supply chain ensures **built-in scarcity**

Source: Company website, company filings, CapIQ.

...thus, the market will re-rate as earnings stability gets proven

Moutai EBITDA and margins (FY20-25A)



The market is extrapolating wholesale market noise onto Moutai – we think Moutai’s fundamentals don’t justify the same level of fear

1 FY26 earnings prints will prove margin resilience

2 The market will re-rate Moutai as a scarcity asset

Agile strategic shifts unlock attractive TAM with minimal incremental cost

Investment Thesis 3

Shift towards younger demographics highlights high-growth opportunities...

New Product Offerings since 2023

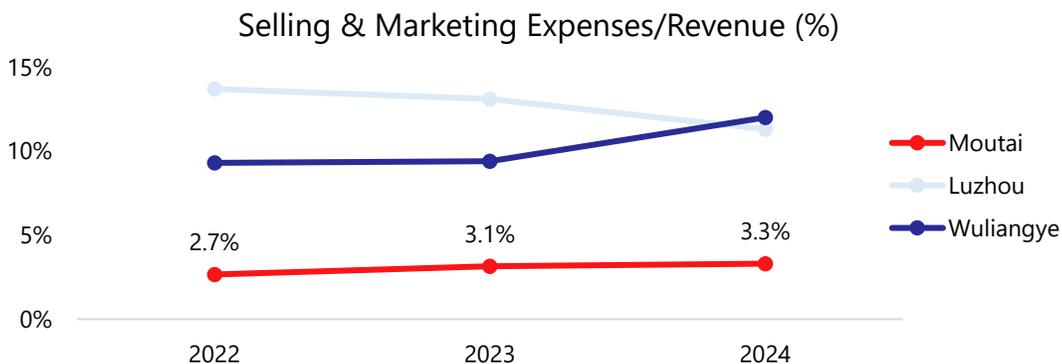
- 1 Pre-mixed Moutai Cocktails
- 2 Moutai-infused Chocolates
- 3 Jiangxiang Coffee

Case Study

- Partnership with Luckin Coffee
- Affordable, novel alcoholic baijiu-infused product
- 5.42m cups sold on first day

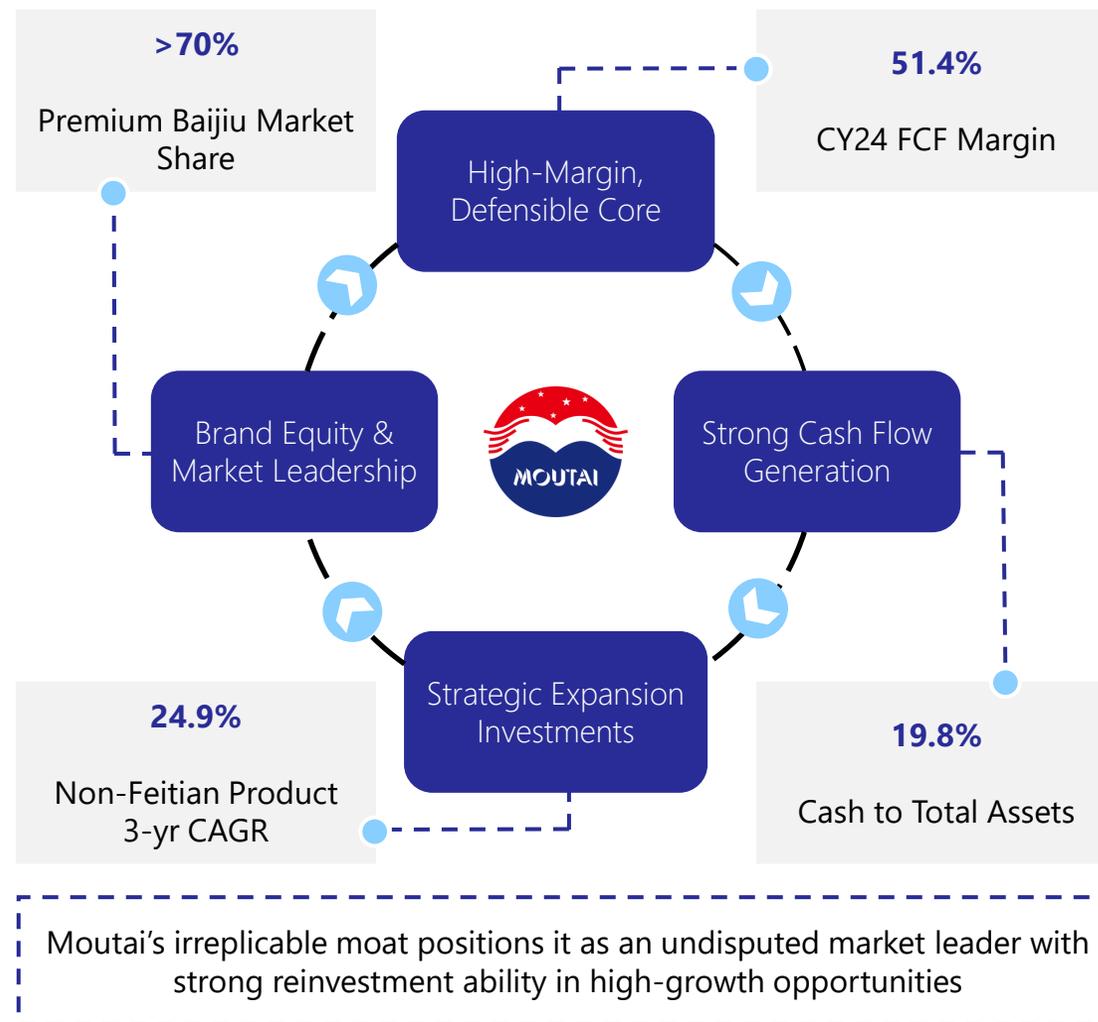
Moutai's strategic leverage of its premier brand and external partnerships signals an effective marketing shift to attract Gen Z customers

...which attracts a wide TAM at a significantly lower CAC than competitors



Source: Company website, company filings, CapIQ.

Thus, Moutai operates a strong recursive cycle of compounding value creation



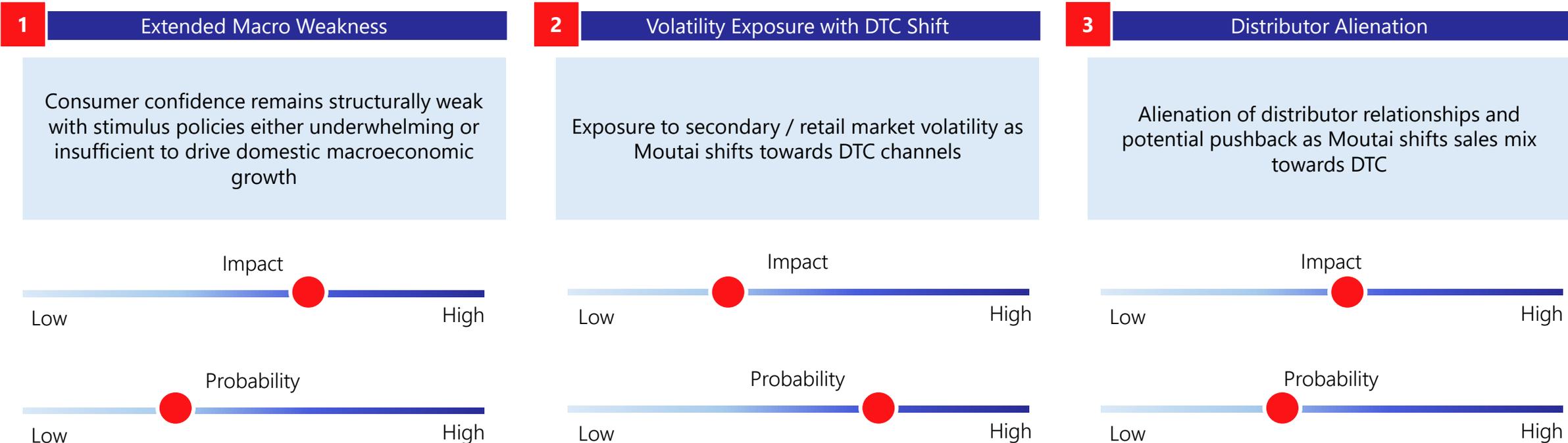
Our target price of ¥ 1,694 implies a 14.5% upside from last close

Valuation Summary

		Last Close ¥ 1,480	Target Price ¥ 1,694	Weighting	Comments
Market	Broker Targets	¥ 1,532	¥ 2,350	0%	<ul style="list-style-type: none"> Low of ¥ 1,532 published by JP Morgan High of ¥ 2,350 published by Macquarie
	52 Week Range	¥ 1,246	¥ 1,910	0%	<ul style="list-style-type: none"> Low on 27 Jun 2025 High on 30 Sep 2024
Intrinsic	DCF	¥ 1,579	¥ 1,742	70%	<ul style="list-style-type: none"> ¥ 1,656 implied share price (11.9% premium) 8.3% FWACC, 8.8% TWACC and 2.4% TGR Bear (¥ 1,506, +1.8%, Hold) Bull (¥ 1,815, +22.6%, Buy)
Relative	Comparables (Domestic)	¥ 1,232	¥ 1,392	15%	<ul style="list-style-type: none"> ¥ 1,392 implied share price (6.2% discount) Comps: Luzhou Laojiao, Wuliangye Yibin, Jiangsu Yianghe Distillery EV/EBITDA [NTM] (80%), EV/EBIT [NTM] (20%)
	Comparables (Global)		¥ 2,071	¥ 2,255	15%

Platinum should actively monitor three key risks to Moutai's growth opportunities

Risks & Mitigations



Mitigants

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> 1 Structural premiumisation tailwind offers resiliency to cyclical downturns 2 Unique SOE positioning provides political favourism to boost cultural Chinese 'jewel' | <ul style="list-style-type: none"> 1 Wholesale channel still represents substantial sales in the short-term 2 Long-term, secondary / retail markets stabilise as Moutai's premium demand proves resilient | <ul style="list-style-type: none"> 1 Favourable contract negotiating power with wholesalers allows for greater flexibility 2 DTC carries ~95% GPM% vs ~89% wholesale, so trade-off is margin expansion upside |
|---|---|---|

Where scarcity meets scale – everyone wants another round



Investment Recommendation

¥1,480

Current
Share Price

BUY

Implied Upside: +14.5%

¥1,694

Target
Share Price

Theses

Valuation

Risks

BUY

Investment Factors

Fueled by strong demand resilience, insulation at the margin and pricing power in the top line, and unmatched brand equity, Moutai represents a compelling value play in the Asian equity market

Methodology

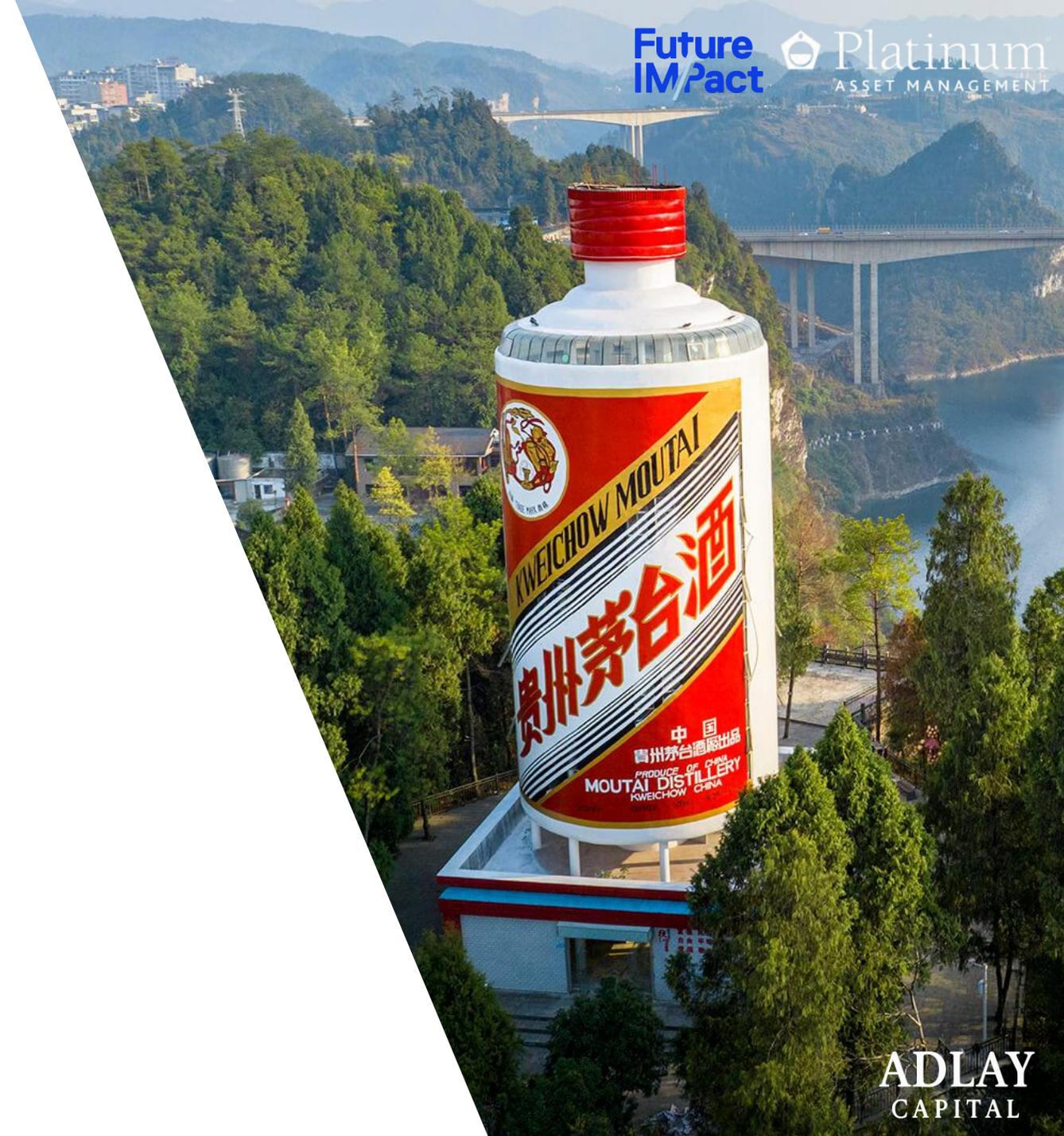
Assuming strong revenue growth, a DCF model in conjunction with comparable analysis suggests the security is currently trading at a discount to its true value

Potential Risks

Key risks have to be monitored to ensure conviction remains in our investment theses

Investment Decision

Appendices



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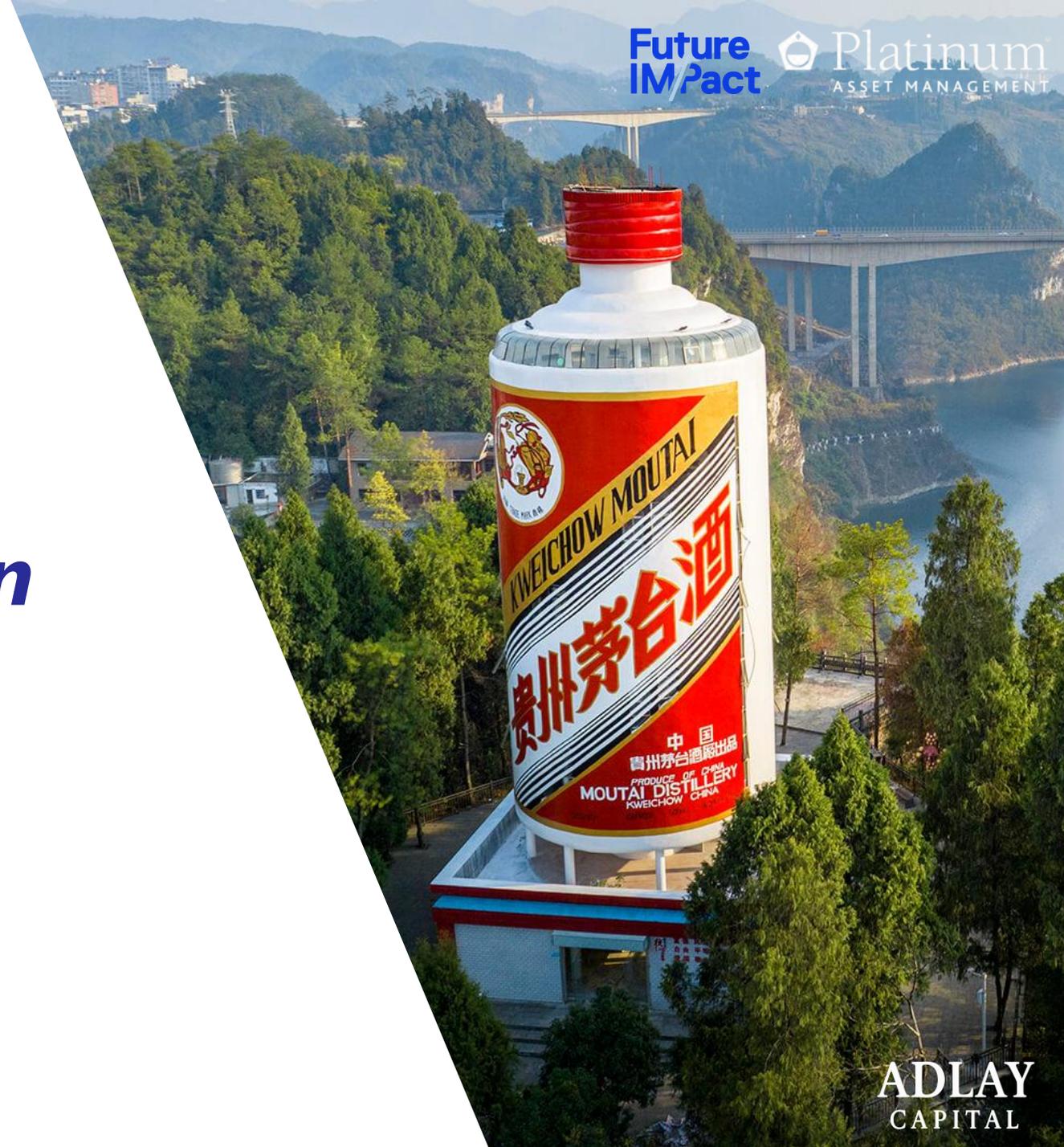
FY23 Financials

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FY24 Financials

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Moutai Information



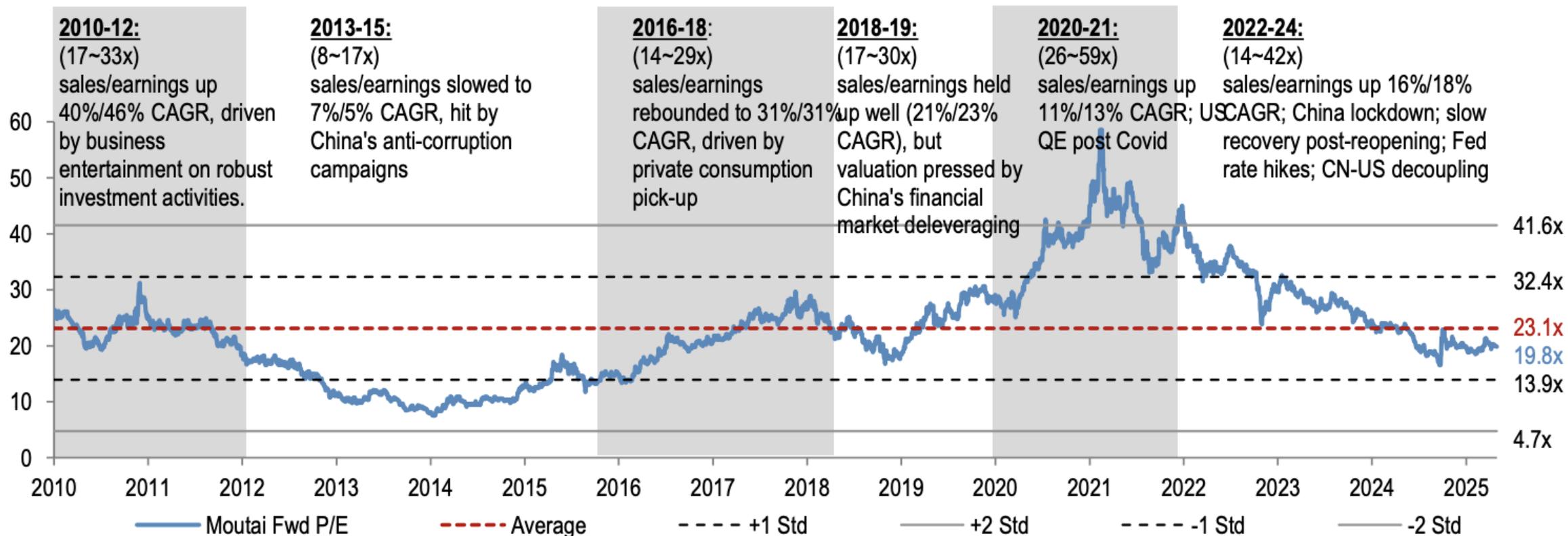
52 Week Trading Price



10-Year Trading Price



12-Month Forward P/E Ratio over 2010-2025



Source: Bloomberg Finance L.P. (price as of 29 April 2025), J.P. Morgan.

Moutai has fallen under its 15-year P/E in spite of consistent fundamentals, creating an attractive entry opportunity

State-Owned Enterprise (SOE) Analysis

Though SOEs are traditionally seen as less efficient than private companies...

- Overreliance on state bailouts, reducing incentives to cut costs or innovate
- Political interference, patronage hiring, and corruption weaken operational discipline

Case Study: China Railway



- Substantial debt exceeding RMB 6 trillion
- Operating primarily for national objectives like employment and infrastructure development over profitability
- Creates lack of market competitiveness

Impacts

Lower ROE

Poorer Governance

Less Shareholder Alignment

...Moutai is a unique case study where its SOE status (61% stake) is a net positive

Cultural Protection

Moutai benefits from state-sanctioned cultural branding, with strong historical links to Chairman Mao

Guizhou Symbiotic Relationship

Guizhou is one of china's most indebted regions, making alignment on Moutai profit a core common focus point

Preferential Policy Treatment

Monopoly-like protection on Moutai exports and IP enforcement against counterfeiters

Swift Corruption Responses

Moutai has faced corruption scandals, but government crackdowns largely mitigated long-term damage

Moutai is a rare case where SOE status enhances, rather than detracts from, profitability. Its cultural brand, state backing, and scarcity economics make it one of the world's most defensible consumer franchises, albeit with political and consumer preference risks.

Senior Management Team



An experienced team with long term involvement with the business

Mr Zhang Deqin *Chairman and Director*



Zhang Deqin began his career at Kweichow Moutai in 1995 as a technician. He steadily rose through the ranks, serving as workshop director, then Assistant to the General Manager. He later led Guizhou Xijiu, a Moutai subsidiary, as Chairman and Party Secretary.

In April 2024, Zhang was appointed Chairman and Party Secretary of Kweichow Moutai, combining deep operational experience with political acumen to lead China's most prestigious liquor brand into its next phase of growth.

Ms Wang Li *Director, Acting General Manager*



Wang Li graduated in Food Engineering and later earned a master's in Light Industry Engineering. Renowned as Moutai's first female chief engineer, she has led fermentation and flavour research, including Moutai's first technical system for flavour analysis.

Appointed Acting General Manager and Director on August 19, 2023, she also serves as Deputy Secretary of the Party Committee and Vice Chairman, guiding Moutai through strategic, technical, and market leadership.

Ms Jiang Yan *Deputy General Manager, CFO, Secretary of the Board*



Jiang Yan has served as CFO (Director of Finance), Corporate Secretary, Chief Accountant, and Deputy General Manager of Kweichow Moutai since late 2021. She also joined the board as Secretary in January 2022.

As a Party Committee member, she spearheaded strategic initiatives such as launching a three-year dividend plan and Moutai's first-ever share buyback, which, by mid-May 2025, had surpassed RMB 4 billion and contributed to over 80% combined dividend and repurchase payout.

Mr You Yalin *Chairman of the Board of Supervisors*



You Yalin is the Party Committee Deputy Secretary, Trade Union Chair, and since November 2022, Chairman of the Board of Supervisors at Kweichow Moutai.

His prior roles at Moutai include serving as Chairman of the Supervisory Board from February 2020 to November 2022, alongside a long-standing tenure in various management and party positions across the group since the early 1990s, including roles in union leadership, investment management, and administrative oversight.

Moutai Investor Breakdown



Shareholder/Investor	Approximate Holding	Insights
1 Moutai Group (China Kweichow Moutai Distillery Group)	~56%	<p>Dominant Control: Moutai Group's majority ownership (>50%) makes Kweichow Moutai a state-controlled enterprise, with real control rooted in Guizhou provincial authority.</p> <p>Shareholder Composition: A meaningful portion of shares is held via institutional investors (both domestic and Hong Kong). According to Investing.com, institutional investors hold about 70% of the free-floating shares, while individuals account for around 19.5% and mutual funds around 10%.</p> <p>Governance Implications: While this structure ensures stability, it raises potential concerns regarding corporate governance and minority shareholder rights, given the strong influence centralised in the state-owned Moutai Group Xueqiu.</p> <p>Kweichow Moutai is firmly state-controlled. Other major holdings come from government-affiliated institutions and asset managers, while a sizeable portion of the company remains publicly traded - held by both institutions and individuals. This concentrated ownership ensures stable control but also shapes the company's governance dynamics.</p>
2 Hong Kong Exchanges & Clearing (Asset Management)	~6.2%	
3 Guizhou Guimin Investment Corporation	~4.5%	
4 HKSCC (Hong Kong Securities Clearing – A-Shares)	~6.4%	
5 Guomin Capital Operation (A-Shares)	~4.5%	

Counter-Positioning

- SOE status and cultural embeddedness makes direct imitation politically impossible for peers
- Competitors have to dilute position to copy

Scale Economies

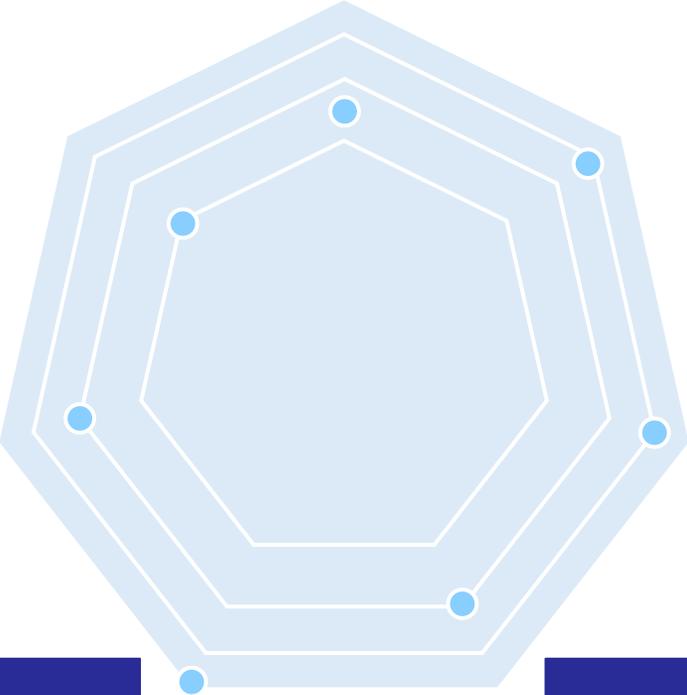
- >70% market share, massive distribution network and supply chain
- Clear margin advantage

Network Economies

- Engrained cultural network effect for older generations
- Creates self-reinforcing demand loops

Switching Costs

- Strong social status risks prestige for substituting Moutai
- Extremely high psychological and cultural switching costs



Cornered Resource

- Scarcity of production is geographically unique
- Tight distribution channel control creates structural scarcity

Branding

- Synonymous with Chinese national identity
- Provides perpetual pricing power

Process Power

- Functionally complex process makes difficult replication
- State backing protects against downturn risk

Value Proposition: Cost Efficiency

Driver	Key Features	How this helps?	What does this mean for Moutai?
<i>Raw Material Costs</i>	<ul style="list-style-type: none"> Raw materials (sorghum and wheat) sourced locally in Guizhou Province, leading to minimal exposure to global commodity fluctuations Raw materials represent ~1% of total production costs, and less than 20 yuan per bottle 	<ul style="list-style-type: none"> Local sourcing reduces transportation and logistics expenses Stable input costs provide insulation from commodity volatility Low costs lead to extremely high gross profit margins 	<ul style="list-style-type: none"> Wide margin between input cost and selling price boosts profitability Stable and predictable earnings attract long-term investors due to resilient and profitable view Strong gross margins support high returns and dividend potential, encouraging share price growth
<i>Centralised Procurement Model</i>	<ul style="list-style-type: none"> Centralised bidding and tendering platform for procurement Supplier evaluation system to ensure cost control and quality (2025 – 10 suppliers fired, costs down by 5%) Consolidated purchasing increases bargaining power and economies of scale 	<ul style="list-style-type: none"> Promotes supplier competition by driving down input prices Enforces cost discipline and quality consistency Reduces procurement costs and improves long-term scalability 	<ul style="list-style-type: none"> Demonstrates management’s strong cost control capabilities Cost reductions improve operating margins and profitability Strengthens supplier relationships and operational transparency
<i>High Labour Efficiency</i>	<ul style="list-style-type: none"> Average revenue per employee exceeds 4 million yuan Skilled technicians used in traditional brewing methods Balanced use of automation and craftsmanship to maintain efficiency 	<ul style="list-style-type: none"> High labor productivity minimises per unit labor costs Efficient workforce supports premium pricing without margin erosion Maintains operational excellence and product quality 	<ul style="list-style-type: none"> Scalable operations without proportional increases in labor costs Retention of skills workers reduces turnover costs Enhances brand authenticity while controlling costs Moutai remains resilient to wage inflation

Value Proposition: Supply Chain

Driver	Key Features	How this helps?	What does this mean for Moutai?
<p><i>Large-scale specialized production</i></p>	<ul style="list-style-type: none"> Centralised production in Mao town with unique climate / terroir Highly specialized brewing workforce with multi-generational expertise Industrial-scale fermentation and distillation facilities backed by SOE investment 	<ul style="list-style-type: none"> Ensures consistent output quality at high volumes Economies of scale reduce inefficiencies and create predictable supply Concentration of know-how reduces risk of quality variance 	<ul style="list-style-type: none"> Secures industry leading product consistency and brand trust Enables scalability while preserving authenticity Protects high-end positioning in global spirits despite expanding output
<p><i>Standardised brewing and process discipline</i></p>	<ul style="list-style-type: none"> Centuries-perfected brewing methods codified into strict SOPs Multi-vintage blending process that locks in quality and taste uniformity Rigorous quality testing and certification at each stage 	<ul style="list-style-type: none"> Guarantees uniformity across millions of bottles despite artisanal complexity Reduces operational risk of quality lapses Facilitates efficient training and workforce scaling 	<ul style="list-style-type: none"> Reinforces premium pricing power through absolute reliability of product Enhances brand equity as the “gold standard” of baijiu Strengthens defensibility versus competitors who lack such discipline
<p><i>Local sourcing and integrated supply partnerships</i></p>	<ul style="list-style-type: none"> Long-term contracts with Guizhou farmers; Moutai supplies seeds and inputs Government involvement to stabilize sorghum prices and protect supply chain Closed-loop supply ecosystem (inputs grown, produced, aged locally) 	<ul style="list-style-type: none"> Insulates from commodity price volatility Secures exclusive, terroir specific raw materials that competitors cannot replicate Builds resilience to policy shifts or external shocks 	<ul style="list-style-type: none"> Protects gross margins (~92-94%) by reducing input cost volatility Reinforces scarcity value: production capped by terroir and state quotas Positions Moutai as structurally advantaged relative to fragmented peers

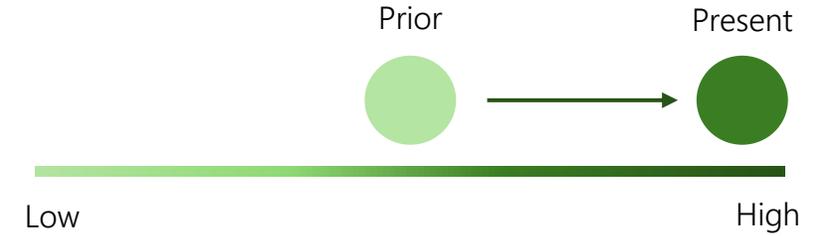
Value Proposition: State Owned Enterprise

Driver	Key Features	How this helps?	What does this mean for Moutai?
<p><i>Government backing and fiscal importance</i></p>	<ul style="list-style-type: none"> • Guizhou provincial government owns ~61% of Moutai • Moutai contributes ~20% of Guizhou's fiscal revenue through taxes/dividends • Treated as a "crown jewel" SOE vital for regional finances 	<ul style="list-style-type: none"> • Aligns government incentives with long-term profitability of Moutai • Reduces risk of punitive regulation or forced price cuts • Ensures continued support for brand protection and controlled supply 	<ul style="list-style-type: none"> • Strong downside protection versus policy shocks • Stability in cash flows = consistent dividends and compounding • Enhanced investor confidence in sustainability of monopoly rents
<p><i>Regulatory support and policy retention</i></p>	<ul style="list-style-type: none"> • Government enforces production quotas to prevent oversupply • Regulatory framework protects brand authenticity and heritage • Preferential treatment in national campaigns vs private peers 	<ul style="list-style-type: none"> • Preserves scarcity by structurally capping production growth • Prevents industry dilution and safeguards Moutai's premium positioning • Provides political backing in periods of consumption of gifting crackdowns 	<ul style="list-style-type: none"> • Reinforces perpetual pricing power by limiting external threats • Ensures resilience even during demand soft patches or policy downturns • Demonstrates SOE advantage relative to non-state competitors
<p><i>Regulatory support and policy protection</i></p>	<ul style="list-style-type: none"> • Guaranteed access to prime farmland for sorghum cultivation in Guizhou • State involvement in stability sorghum prices • Priority in capital allocation and infrastructure investment 	<ul style="list-style-type: none"> • Reduces input costs volatility and supply chain disruption risk • Secures long-term raw material pipeline unique to Moutai • Lowers risk of margin erosion from commodity cycles 	<ul style="list-style-type: none"> • Sustains >90% gross margins even in volatile macro environments • Protects competitive moat by making raw material base non-replicable • Provides structural advantage over fragmented industry peers

GOVERNANCE

Corruption Scandals

In October 2023, Kweichow Moutai established an ESG Promotion Committee with dedicated subcommittees and working groups to integrate ESG principles across its operations, subsidiaries, and supply chain, focusing on areas such as green development, employee care, ecological construction, and risk management.



SOCIAL

Shareholder Activism

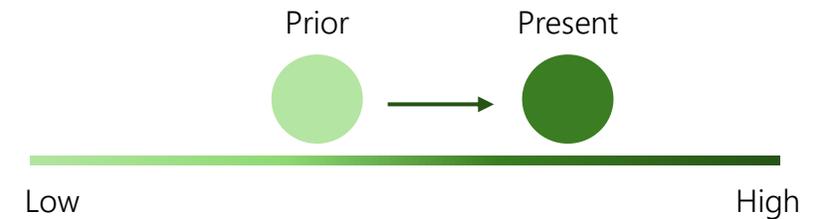
The Moutai Hope Project for Dream Realisation is a public welfare initiative started by Kweichow Moutai in 2012, in partnership with the China Youth Development Foundation. The project provides financial subsidies to academically excellent students from impoverished rural families in China to help them attend full-time colleges and universities, offering a one-time stipend for living and transportation costs.

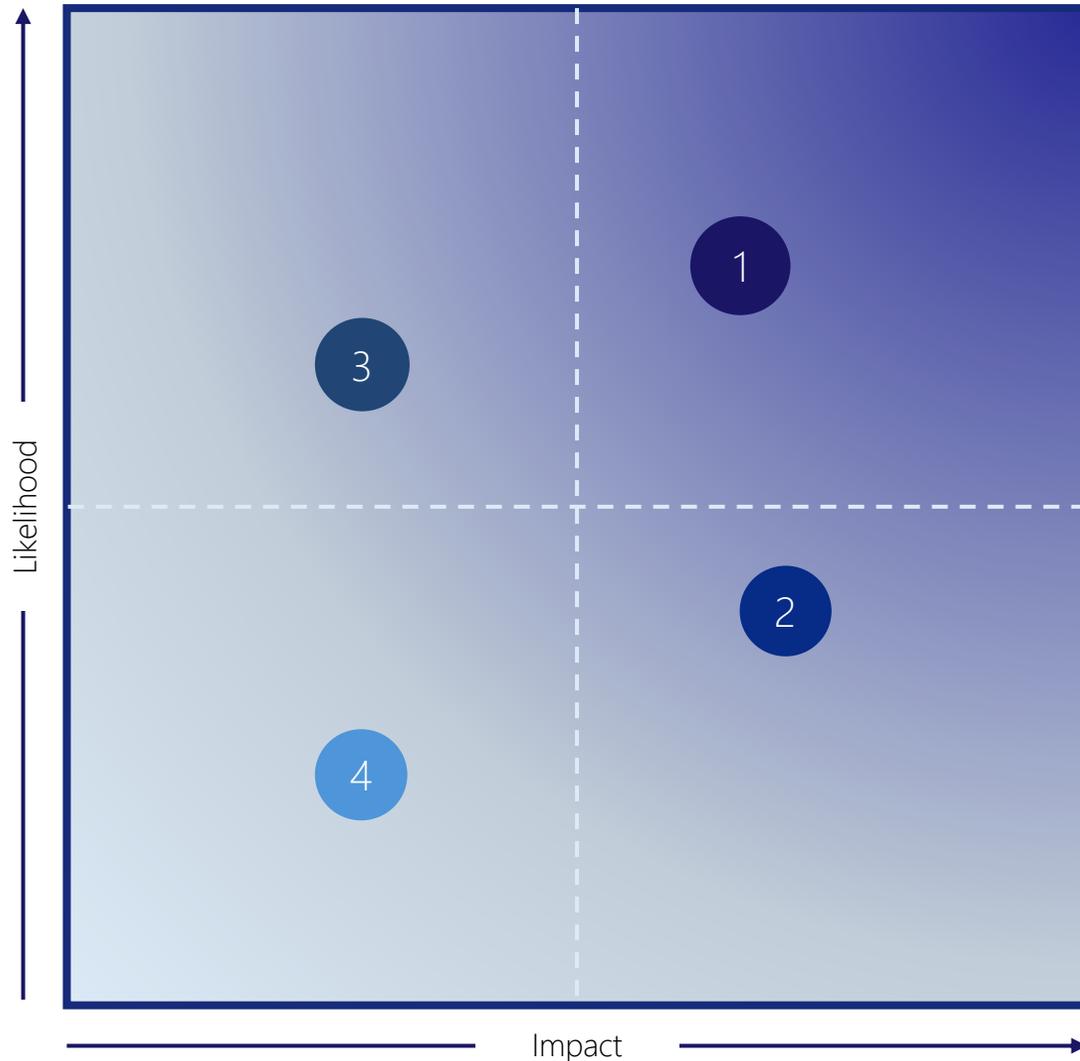


ENVIRONMENT

ESG Reporting

At the 2025 World Economic Forum, Kweichow Moutai highlighted its green technology initiatives, including energy and emission reduction, innovative by-product utilization, full lifecycle carbon tracking, packaging greening, and a carbon reduction strategy aiming for 20% lower industrial-chain emissions by 2030, supported by 100% green electricity and efficiency improvements across production.



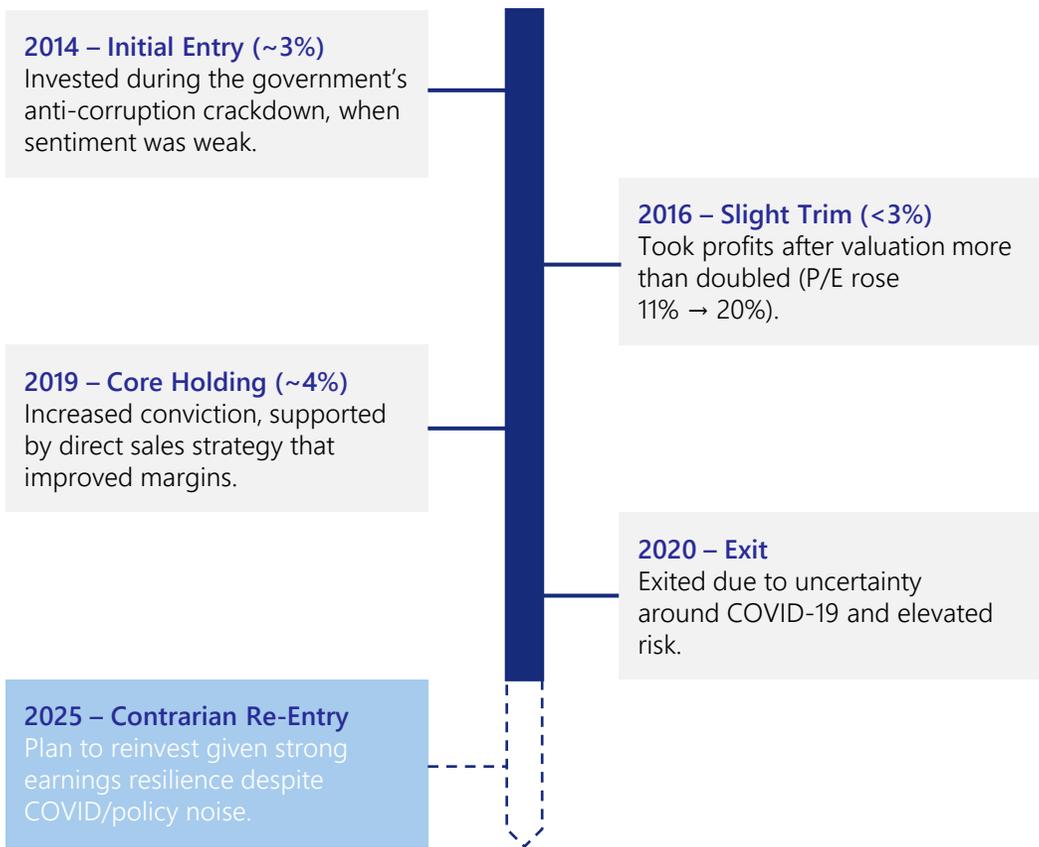


Catalysts	
1 DTC Success Announcement	<ul style="list-style-type: none"> Announcement of stronger-than expected distributor performance without impacting relationships with established distributors will provide a strong major catalyst as shareholders price in higher margin expansion opportunities
2 New Product Extensions	<ul style="list-style-type: none"> Announcement of further strategic product introductions which align with Gen Z demographic preferences will provide a positive catalyst
3 Robust Overseas Penetration	<ul style="list-style-type: none"> Announcement of stronger-than-expected overseas uptake will provide a more optimistic shareholder outlook on TAM prospects, providing upside for a share price re-rating as investors price in more attractive growth prospects outside of core domestic market
4 Corporate Governance Updates	<ul style="list-style-type: none"> Positive condonement from the Chinese government will drive stronger shareholder and consumer sentiment

Alignment with Platinum's Investment Philosophy

Kweichow Moutai aligns with Platinum's long-term contrarian investment approach, risk tolerance and diversification efforts

Platinum has a track record with Moutai...



...and investing in Moutai furthers diversification of the International Fund.

Provides differentiated exposure to Chinese consumer staples, reducing reliance on cyclical tech plays.

Moutai's correlation with other top holdings is low, improving portfolio diversification.



Moutai's negligible long-term debt aligns with Platinum's philosophy.

"We focus on companies that can survive through the cycle. Debt, particularly in emerging markets; magnifies risk and reduces resilience"

Long-Term Debt: 0.4bn

Cash: 59.3bn

- 1 By 2030, 40% of China's population will be middle/upper class (+80m consumers) → resilient private consumption growth.
- 2 Governance reforms (direct-to-consumer sales reducing distributor rent-seeking) → resilience against corruption exposure.

Source: Kweichow Moutai, Platinum Asset Management, BCG

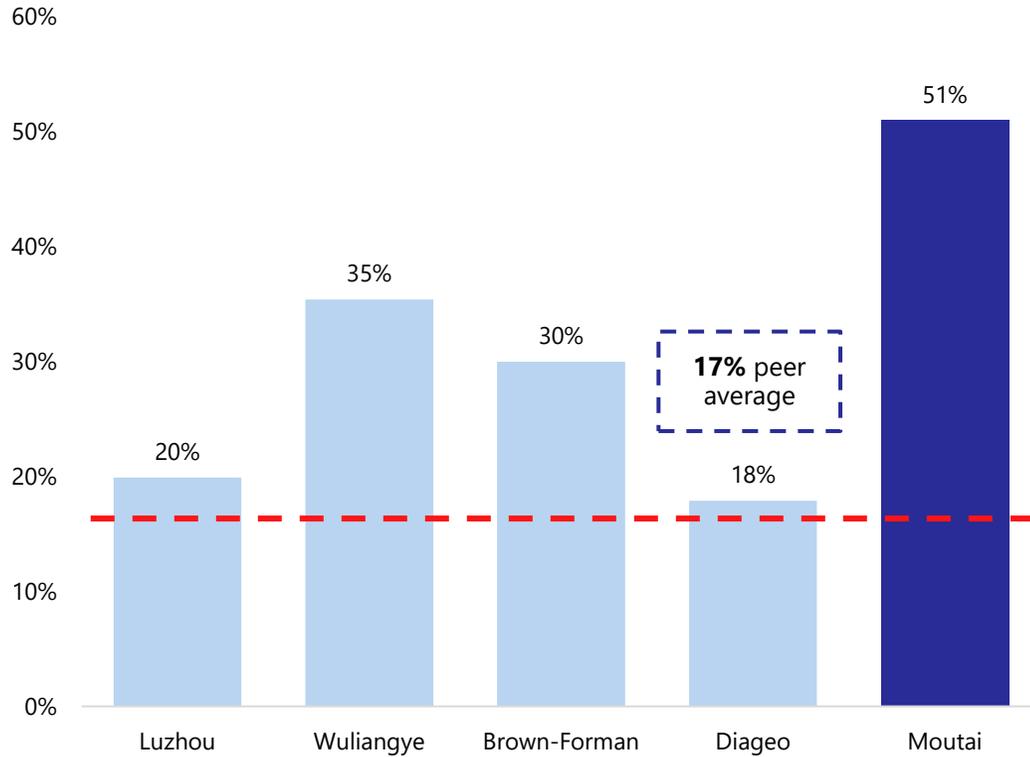
Industry Analysis



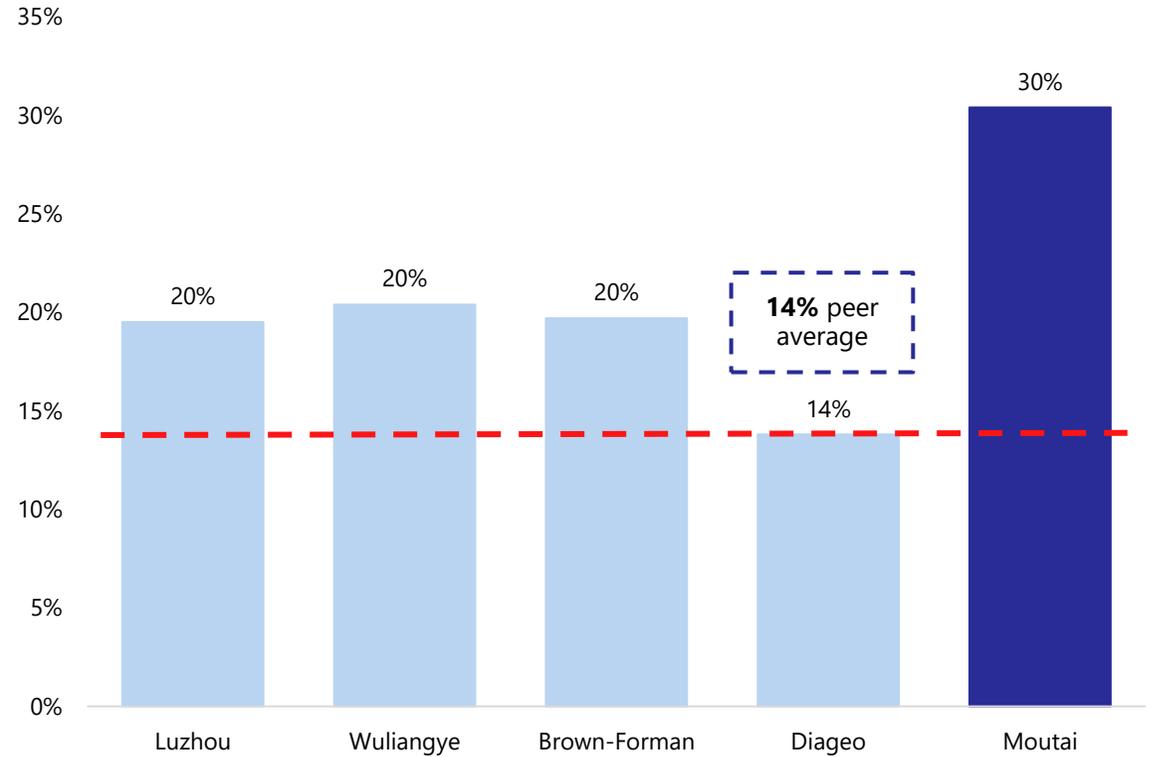
Competitor Margin Profile Assessment



10-year Average FCF Margin

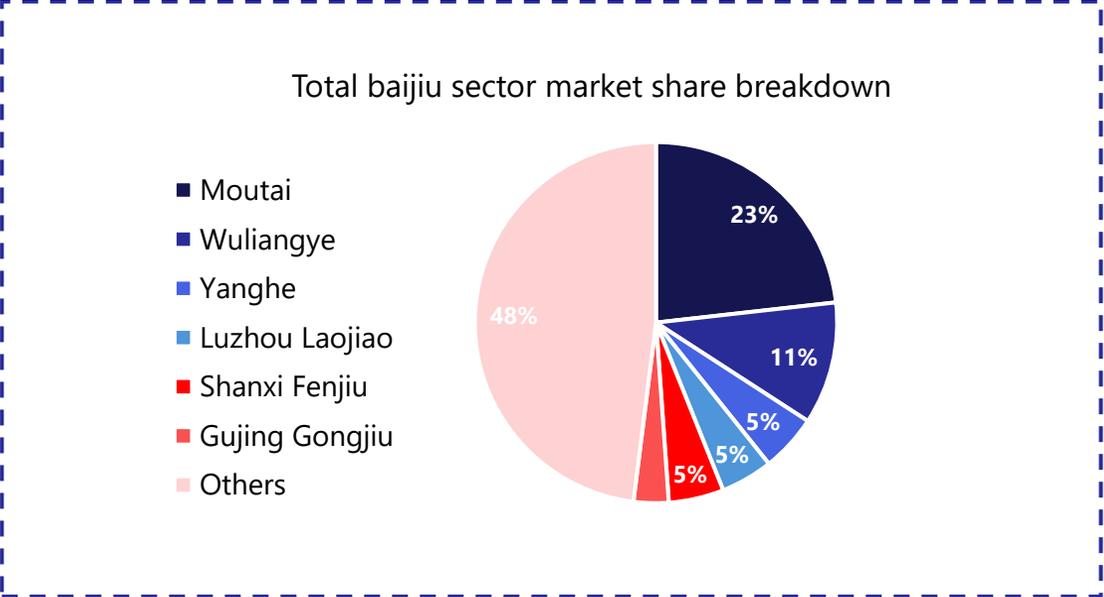


10-year Average ROIC Margin



Moutai has dominated against both domestic and global competitors, offering a 'blue-sky' margin profile as a golden standard of operational excellence

Moutai is the largest player in the Chinese baijiu sector



Premium tier (Rmb1k+) market share breakdown

Moutai: 70% share

Wuliangye: 15% share

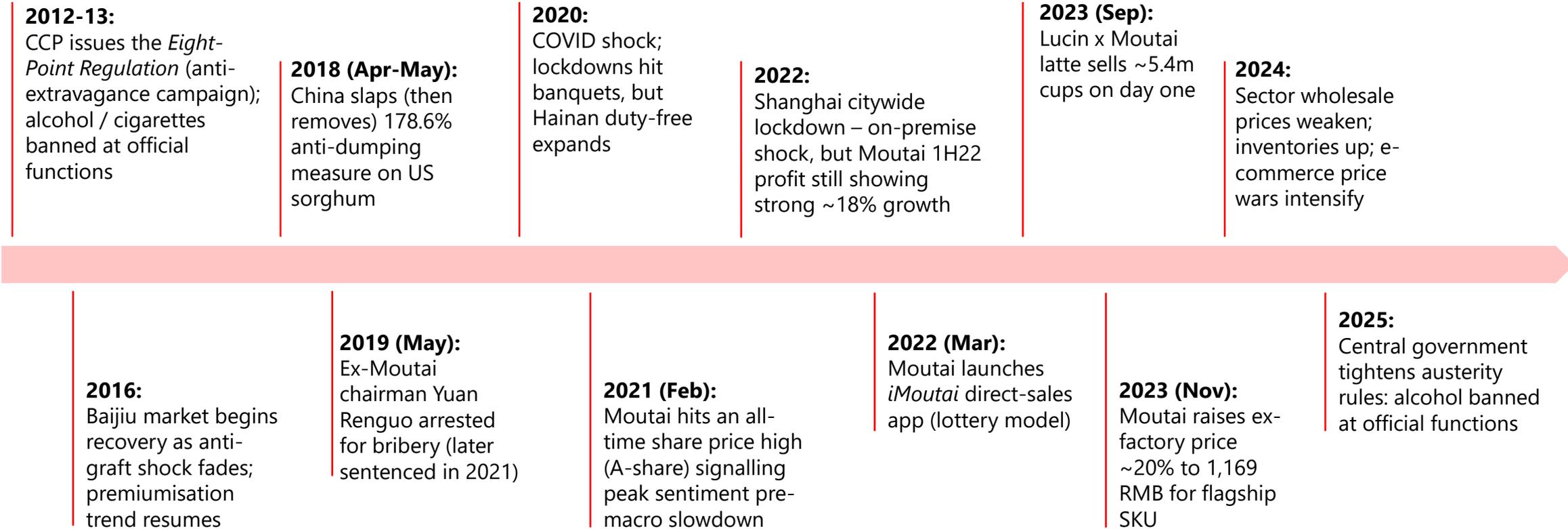
Luzhou Laojiao: 5% share

Moutai's 23% industry share understates its 70% ultra-premium dominance

Source: IBISWorld, CapIQ

Competitor profiles

	<p>Wuliangye: Large SOE player with broad mass-market appeal and wide product line bridging from mid-to-premium tiers</p> <p>TTM gross margin ~76.8%</p>
	<p>Luzhou Laojiao: Traditional strong-aroma baijiu leader, revitalising its flagship "Guojiao 1573" with premium focus</p> <p>TTM gross margin ~75-88%</p>
	<p>Shanxi Fenjiu: Heritage light-aroma baijiu brand, with regionally concentrated consumer appeal</p> <p>TTM gross margin ~76%</p>
	<p>Yanghe: Popular in the sub-premium / mid-tier segment, with portfolio of well-known labels like Dream Blue</p> <p>Long-term gross margin ~76%</p>
	<p>Gujing Gongjiu: Fast-growing Anhui-based challenger, gaining market share with solid financials in recent years</p> <p>2024 gross margin ~81.7%</p>

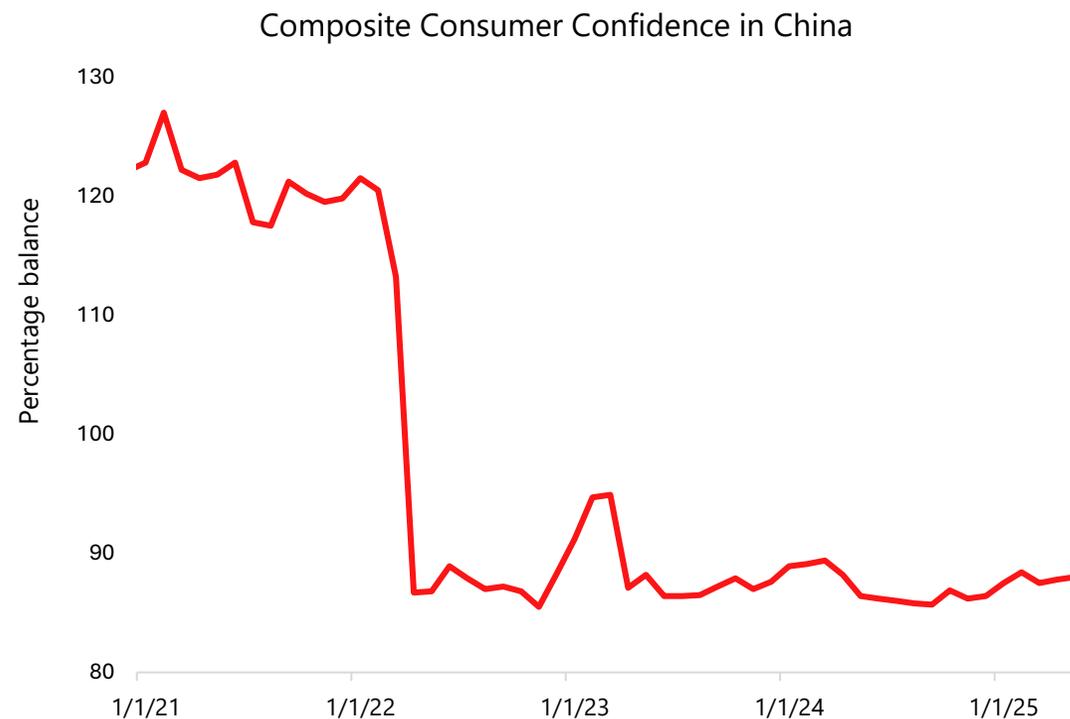
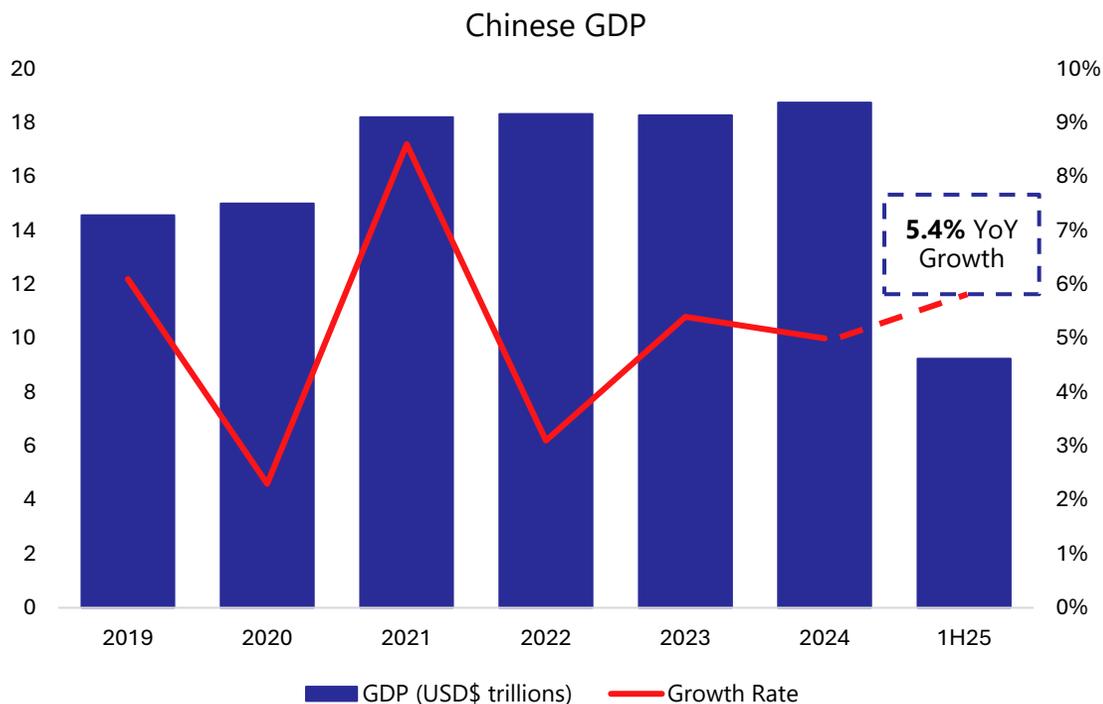


Source: Company filings, IBISWorld, media

Investment Thesis 1



Strong macroeconomic outlook despite low consumer sentiment indicates mispricing



- 1 **Active Stimulus Policy:** monetary easing, fiscal stimulus spending serve as key tailwinds for GDP growth
- 2 **Disposable Income Growth:** Rising middle-class and affluent households driven by urbanisation and income bracket-creep trends
- 3 **Recovery in Hospitality:** gradual recovery in banqueting post-economic slowdown

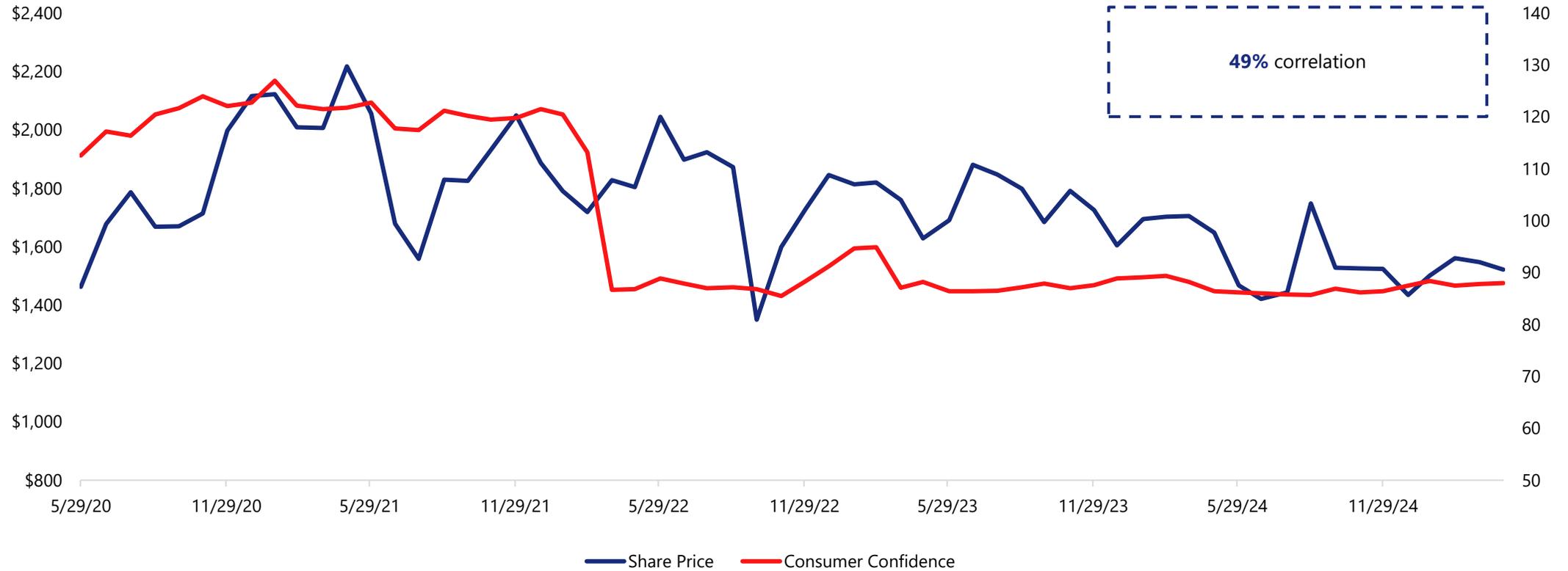
McKinsey & Company 2024 Report on Chinese Consumption

- 1 Whilst aggregate consumption looks soft, pockets of robust growth exist, downplaying the 'consumption crisis' narrative
- 2 Appetite for luxury remains stronger than forecast, with overseas luxury spending in H124 exceeding 2019 levels

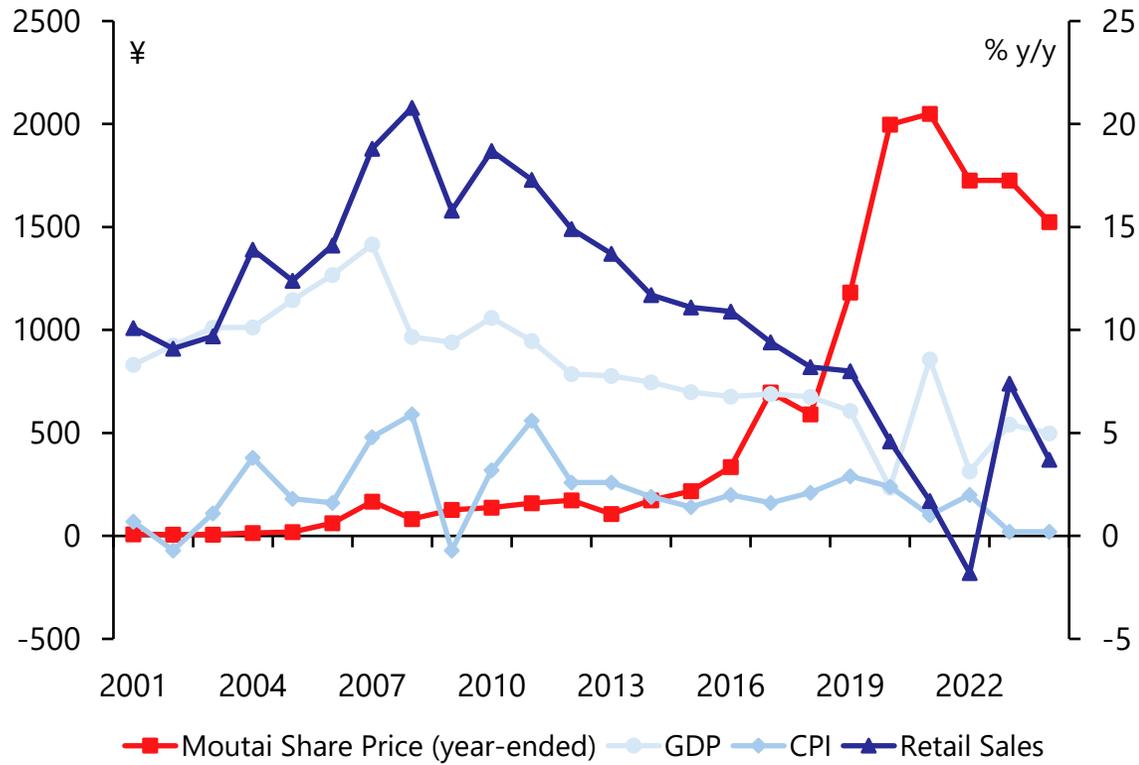
Correlation Analysis (Share Price v Consumer Confidence)



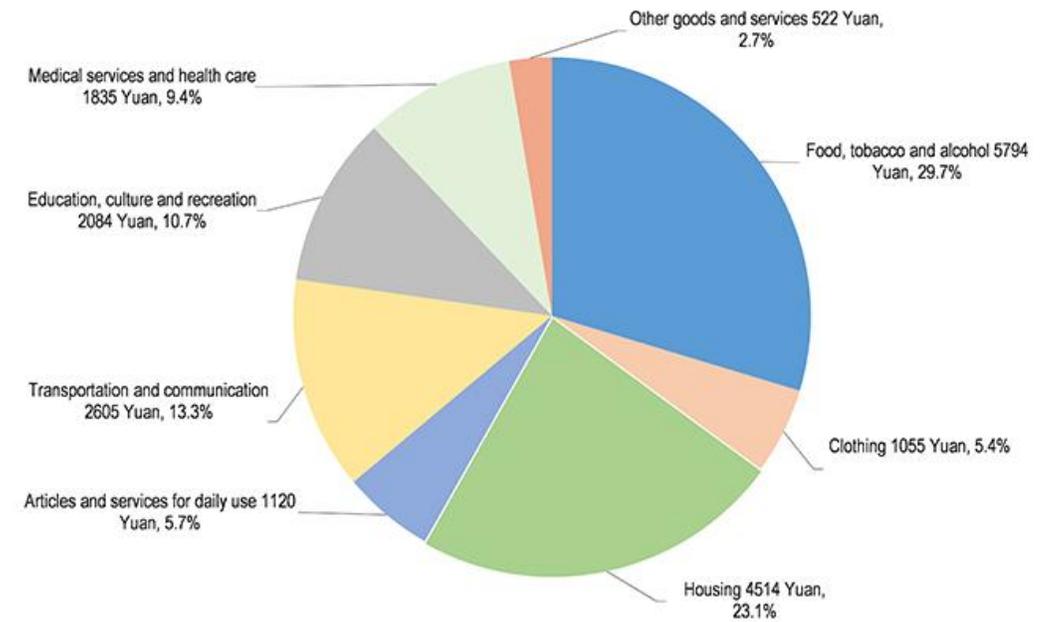
Share Price vs Consumer Confidence



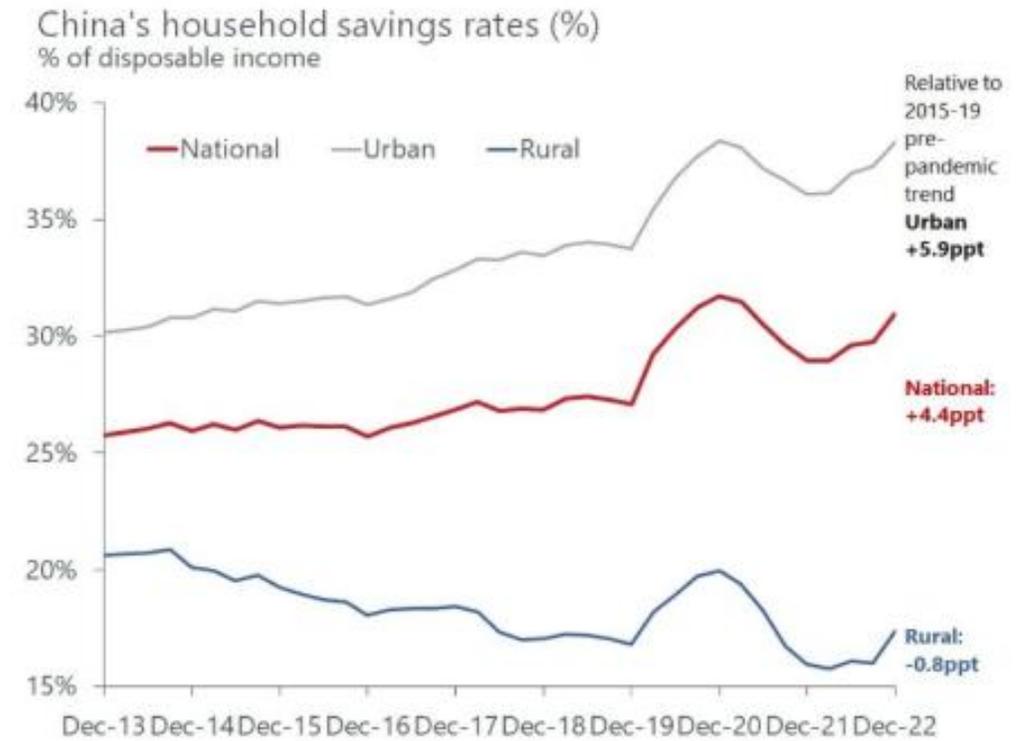
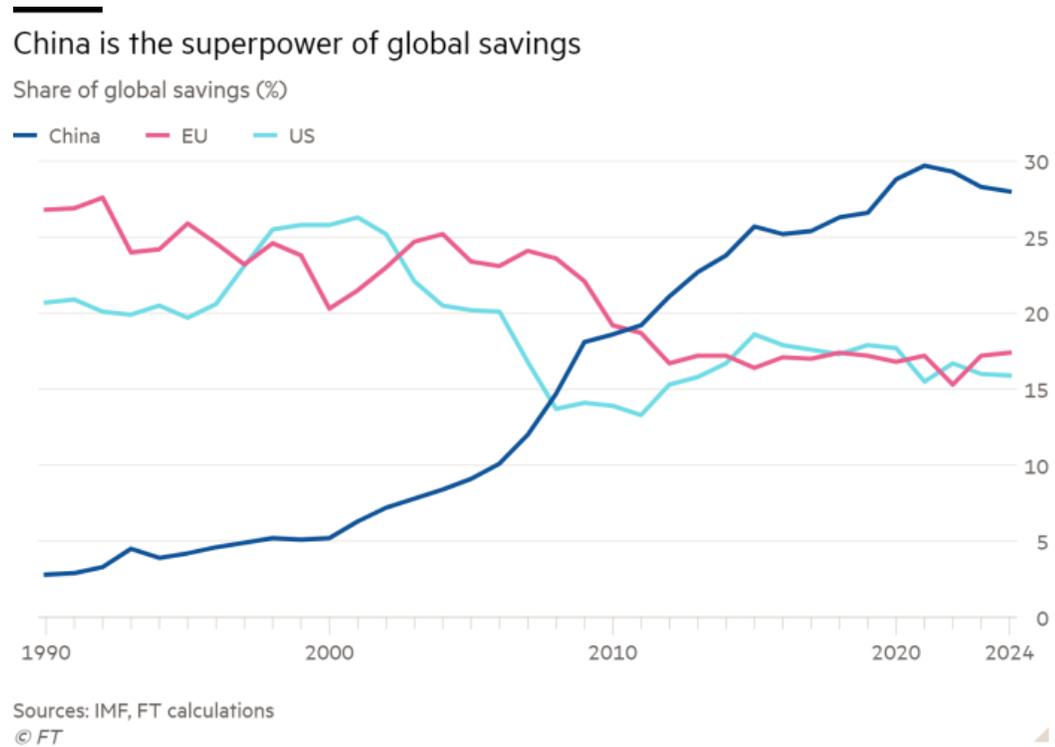
Moderate correlation suggests share price is impacted by Chinese consumer sentiment



Per Capita Consumption Expenditure and Composition in the First Three Quarters of 2023



Source: NBS China, Trading Economics, Adlay Capital



Source: IMF, FT, Oxford Economics, NBS China, Haver

Baijiu Pricing Tiers



1 Economic pressures weighing in on MM customers

2 Strong diversified consumer base

1 2025 industry survey reports baijiu in (¥500-800 range faces 'intense pressure')

2 Margin compression due to consumer pricing segmentation inconsistencies

1 Over 35% of new baijiu product launches in 2023 were in the premium or ultra-premium

'The baijiu market's 'two-speed scenario': everyday drinkers find MM liquor unnecessary, whilst status-seeking consumers prefer either the very best or nothing'

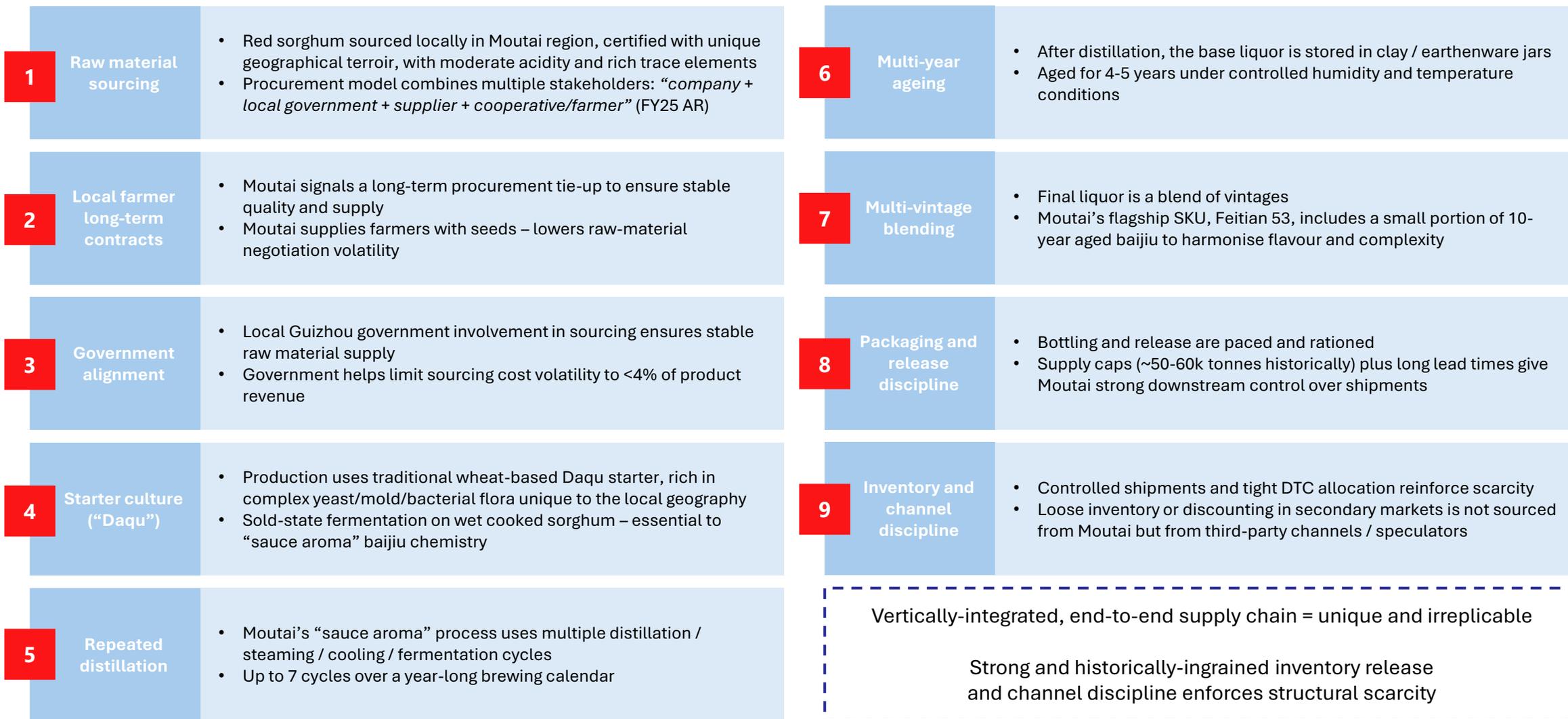
Source: China Alcoholic Drinks Association

Investment Thesis 2



Moutai supply chain breakdown

Moutai's unique end-to-end supply chain creates structural scarcity that peers cannot replicate

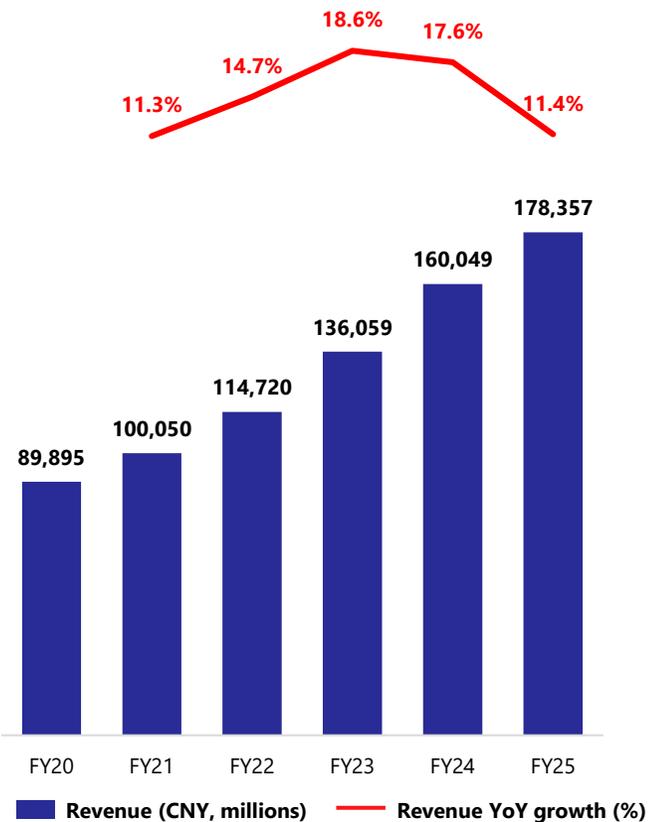


Source: Company website, company filings

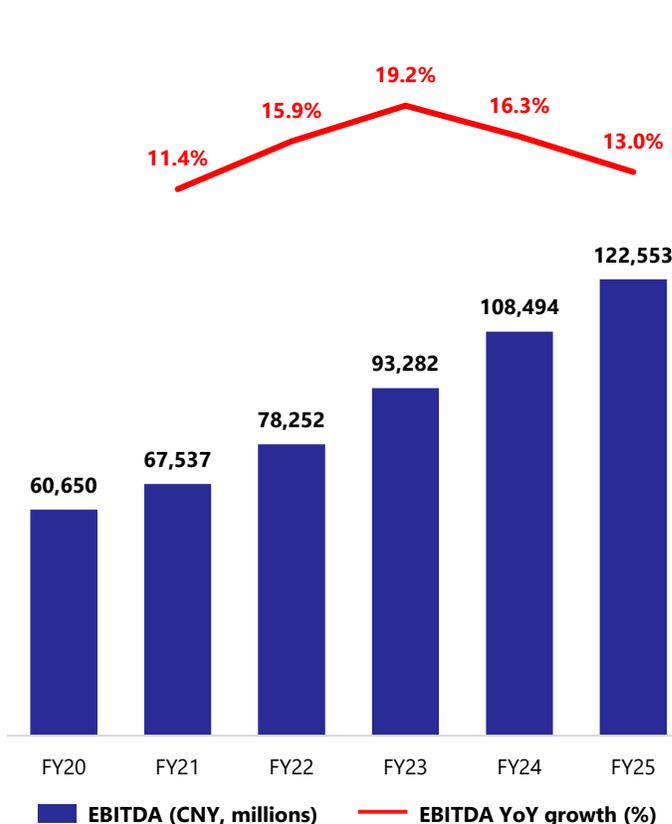
Moutai historical stability

Moutai's historical financials indicate stability through down-cycles

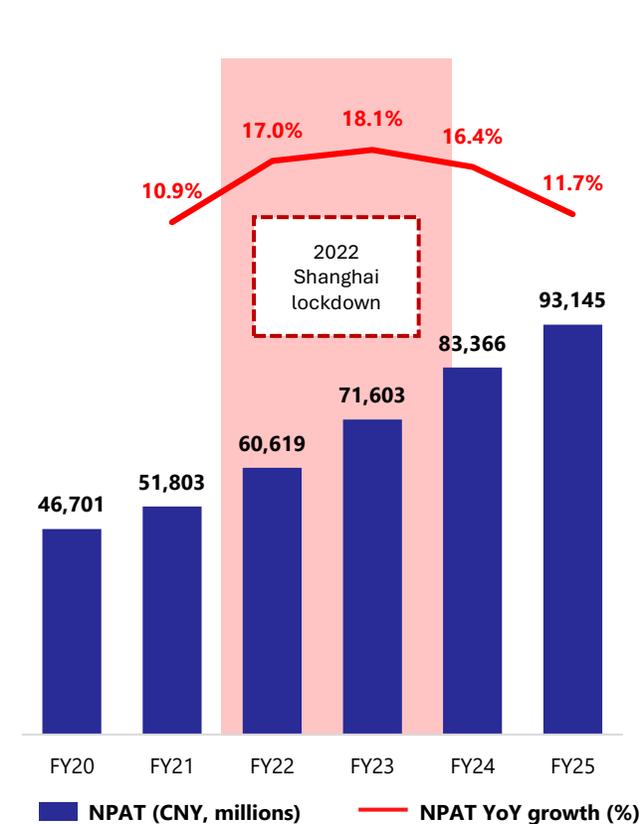
Revenue and YoY growth % (FY20-25A)



EBITDA and YoY growth % (FY20-25A)



NPAT and YoY growth % (FY20-25A)



Source: Company filings

Moutai inventory / shipment volumes

Historical inventory indicates capped supply and built-in scarcity, unlike peers

Tonnes p.a.	2021	2022	2023	2024
Production volume	84,721	91,886	100,141	104,385
Sales volume	66,439	68,176	73,274	83,333
Closing finished inventory	10,282	12,495	13,985	17,760
Closing semi-finished inventory	250,464	264,128	279,805	292,248

Closing semi-finished inventory represents ageing reserves used for Moutai's unique multi-vintage blended SKUs

Despite production volume crossing 100k tonnes p.a., sales volumes only track at ~66-83k tonnes – represents intentional release discipline

Production volume represents freshly-distilled base liquor, not finished supply ready for market – actual finished baijiu capacity = ~57K (FY24 AR)

Annual production has built-in scarcity – Moutai has historically been able to cap production at ~70k tonnes p.a. given its luxury status

Source: Company filings

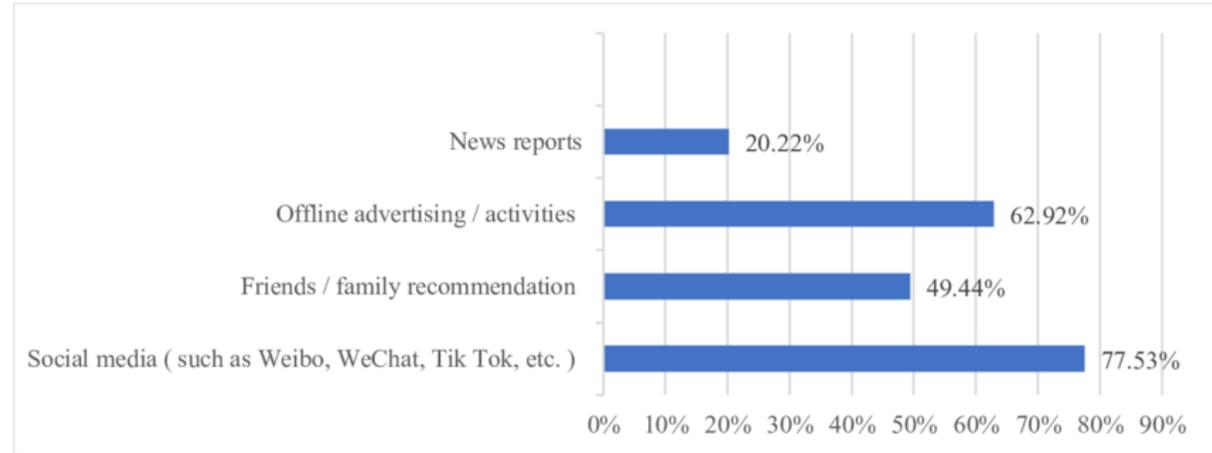
Investment Thesis 3



Rationale: Partner with Luckin Coffee to rejuvenate brand and reach Gen-Z professionals at mass price points, diversifying and expanding TAM



Where did consumers hear about the product?



Insight: Gen Z discovery is driven through social media and peer networks, enabling Moutai to acquire young customers at structural low CAC through viral, capital-light campaigns

~¥100m
Day-1
Sales

Limited
Supply

0.5%
Moutai
per cup

DCF Valuation



Valuation Summary

Calculations	
Final forecast FCFF	161,276
Terminal value	2,602,011
Present value of forecast cash flows	474,398
Present value of terminal value	1,746,493
Enterprise value	2,220,891
Less: debt & other capital claims	(426)
Add: cash & cash equivalents	59,296
Equity value	2,279,761
Weighted average basic shares outstanding	1,256
Value per share	1814.75
Current value per share	1,480.00
Premium (discount to last close)	22.6%

Scenario Assumptions

Bull

- 1

Faster-than-expected DTC rollout - distributors adapt quickly, DTC surpasses over 61% of Feitian sales, driving 261bps EBITDA margin expansion by FY29
- 2

Strong demand rebound - stimulus and luxury consumption recovery reignite banqueting/gifting, boosted double-digit volume growth in Series Liquor
- 3

New categories succeed - partnerships (e.g., Luckin Coffee) replicate at scale, making adjacent products a real TAM expansion driver

¥1814.75 (22.6% premium)

FCFF Summary

Calendar year	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
Free cash flow schedule									
Add: EBIT					132,888	151,914	171,112	203,090	230,132
Less: Tax					(33,222)	(37,979)	(42,778)	(50,772)	(57,533)
Add: D&A					2,376	2,692	3,002	3,523	3,980
Less: Capex					(6,076)	(6,836)	(7,419)	(9,187)	(9,585)
Less: increase in NWC					(6,475)	(4,955)	(5,204)	(8,160)	(5,718)
Nominal FCFF					89,492	104,836	118,713	138,494	161,276
Discounted FCFF					82,633	89,383	93,458	100,674	108,250
<i>growth pcp</i>						8.17%	4.56%	7.72%	7.53%

DCF Valuation – Base Case Summary



Valuation Summary

Calculations	
Final forecast FCFF	145,128
Terminal value	2,341,477
Present value of forecast cash flows	449,241
Present value of terminal value	1,571,620
Enterprise value	2,020,861
Less: debt & other capital claims	(426)
Add: cash & cash equivalents	59,296
Equity value	2,079,731
Weighted average basic shares outstanding	1,256
Value per share	1655.52
Current value per share	1,480.00
Premium (discount to last close)	11.9%

Scenario Assumptions

Base

- 1
 Distribution reform progresses steadily - DTC reaches over 58% by FY29 without major distributor disruption, adding modest margin uplift
- 2
 Cultural demand resilience - gifting and premiumisation trends offset macro weakness, keeping volumes stable
- 3
 Product expansion intensifies - coffee/chocolates/RTDs gain traction with younger consumers

¥1655.53 (11.9% premium)

FCFF Summary

Calendar year	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
Free cash flow schedule									
Add: EBIT					131,074	147,448	162,772	186,559	205,608
Less: Tax					(32,768)	(36,862)	(40,693)	(46,640)	(51,402)
Add: D&A					2,347	2,618	2,865	3,249	3,576
Less: Capex					(5,919)	(6,573)	(7,008)	(8,309)	(8,614)
Less: increase in NWC					(6,125)	(4,405)	(4,374)	(6,299)	(4,040)
Nominal FCFF					88,608	102,226	113,562	128,560	145,128
Discounted FCFF					81,817	87,158	89,402	93,453	97,411
<i>growth pcp</i>						6.53%	2.58%	4.53%	4.24%

DCF Valuation – Bear Case Summary

Valuation Summary

Calculations	
Final forecast FCFF	130,386
Terminal value	2,103,636
Present value of forecast cash flows	421,515
Present value of terminal value	1,411,979
Enterprise value	1,833,494
Less: debt & other capital claims	(426)
Add: cash & cash equivalents	59,296
Equity value	1,892,364
Weighted average basic shares outstanding	1,256
Value per share	1506.37
Current value per share	1,480.00
Premium (discount to last close)	1.8%

Scenario Assumptions

Bear

- 1
Distributor pushback intensifies - alienated wholesalers shift shelf space to rivals like Wuliangye, slowing Moutai's sell-through volumes
- 2
Consumer sentiment stays muted - gifting and banqueting demand stagnates due to policy headwinds, volumes flat to low growth
- 3
Expansion efforts flop - new products lose momentum after initial hype, adding cost without meaningful revenue contribution, hurting margin growth

¥1506.37 (1.8% premium - HOLD)

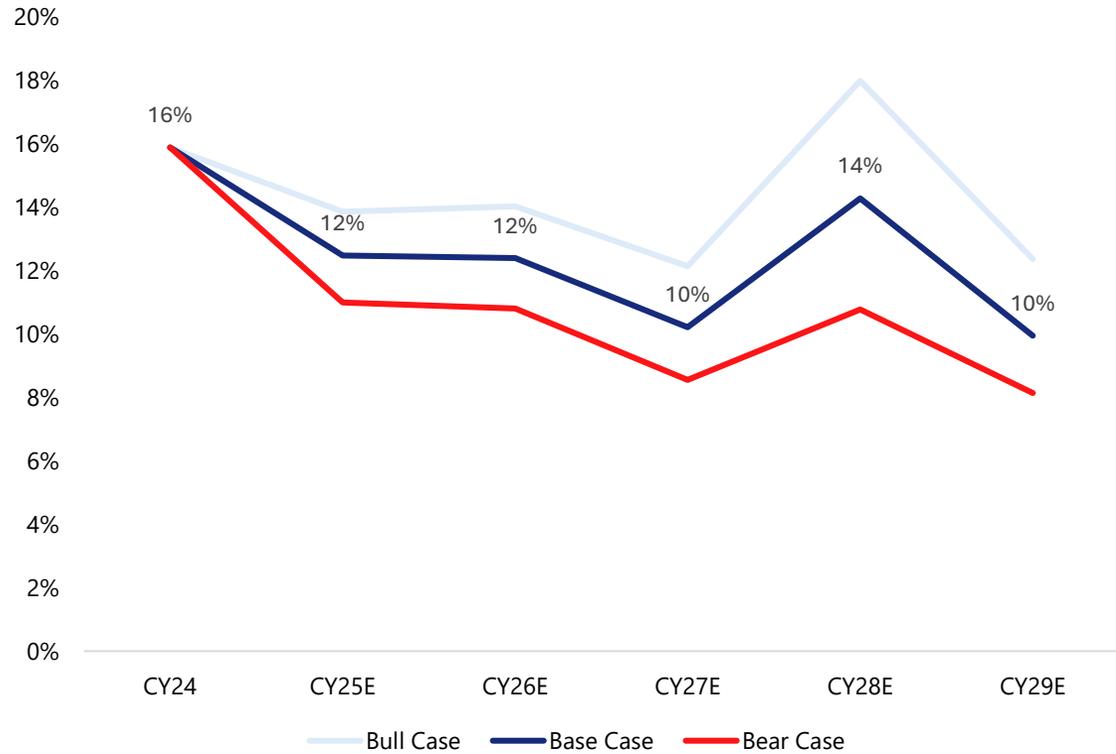
FCFF Summary

Calendar year	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
Free cash flow schedule									
Add: EBIT					127,340	141,186	153,444	170,156	184,127
Less: Tax					(31,835)	(35,297)	(38,361)	(42,539)	(46,032)
Add: D&A					2,315	2,546	2,744	3,015	3,262
Less: Capex					(5,756)	(6,326)	(6,669)	(7,580)	(7,953)
Less: increase in NWC					(5,761)	(3,895)	(3,710)	(4,768)	(3,018)
Nominal FCFF					86,303	98,215	107,448	118,284	130,386
Discounted FCFF					79,689	83,738	84,589	85,983	87,517
<i>growth pcp</i>						5.08%	1.02%	1.65%	1.78%

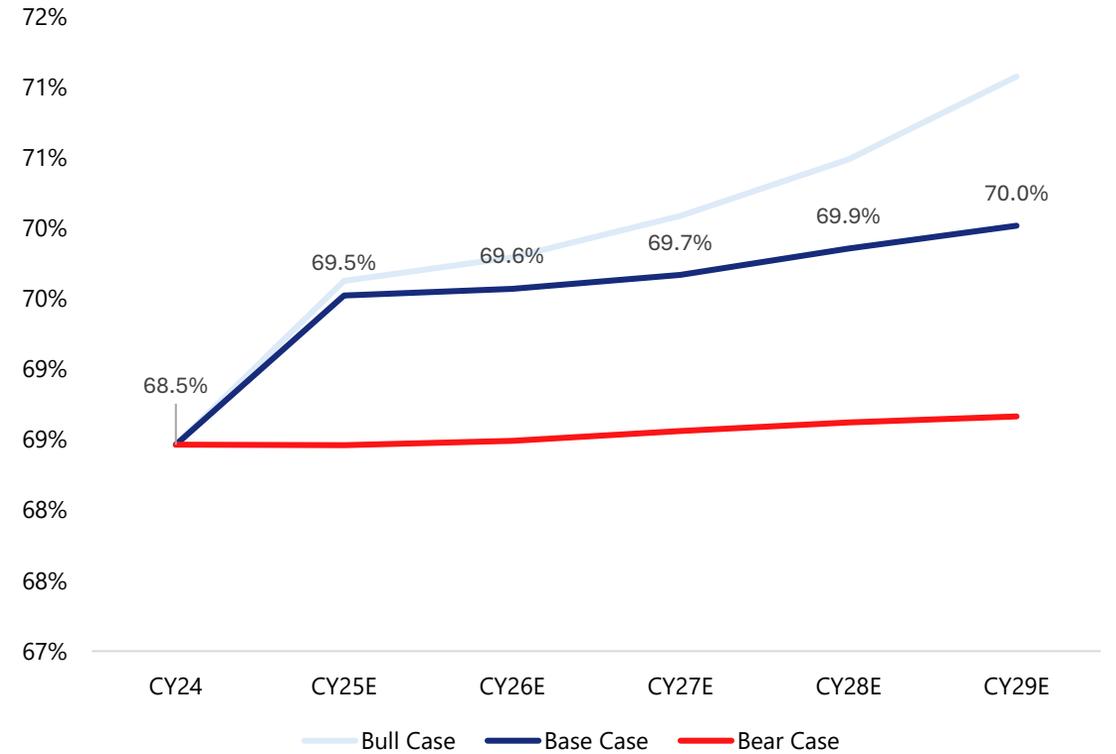
Key DCF Assumption Forecasts



5-Year Revenue Growth Forecasts (%)



5-Year EBITDA Margin Forecasts (%)



A bear-case scenario still drives relatively resilient top-line growth, driven by ingrained cultural status and rising middle-class premiumisation

Shift towards DTC and optimised supply chain process ensures that Gross Margin remains relatively resilient during a down-side scenario

DCF Valuation – Monte Carlo Analysis

Valuation Methodology

Share Price Weighted Scenario Analysis

Scenario	Share Price	Probability
Bull Case [1]	1,815	20%
Base Case [2]	1,656	70%
Bear Case [3]	1,506	10%

Threshold Attainment Probability Analysis

Key Assumptions

Expected Value:	1,672
BUY Threshold (>+10%)	1,628
SELL Threshold (>-10%)	1,332

Volatility:	84
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Cumulative Probability Model

Note: Assuming a normal distribution, a Monte Carlo process was utilised to find the probability of Moutai's share price surpassing the threshold.

P(BUY)	68.3%
P(HOLD)	31.7%
P(SELL)	0.0%

Valuation Likelihood Rationale

Bear (10%)

Unlikely situation of severe policy crackdown and large-scale wholesale pushback

Base (70%)

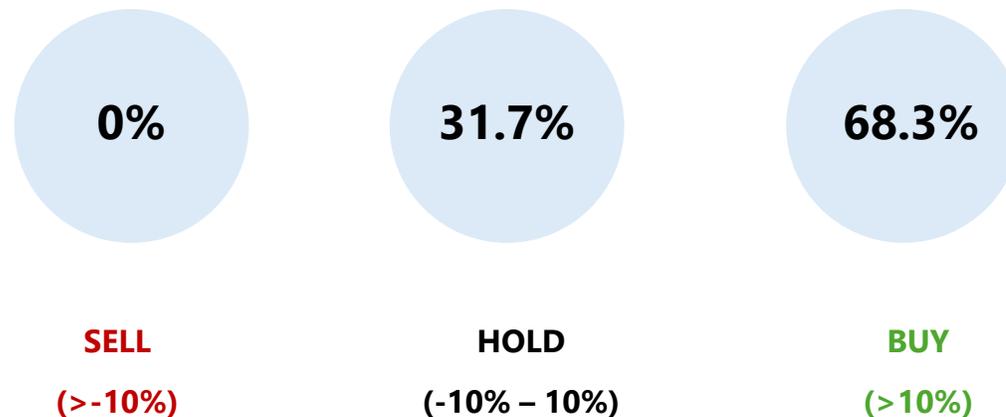
Relatively conservative demand assumptions and outlook

Bull (20%)

More upside catalysts than Bear (DTC reform/ accelerated premiumisation)

Valuation Summary

Monte Carlo Estimated Distribution Outcomes



Our analysis of outcome distribution shows high conviction that the stock will remain at least a HOLD with a net positive return

Income Statement Assumptions (Revenue Build)

	<i>Period from</i>	Forecast								
		01-Jan-21	01-Jan-22	01-Jan-23	01-Jan-24	01-Jan-25	01-Jan-26	01-Jan-27	01-Jan-28	01-Jan-29
		<i>Period to</i>								
	<i>Calendar year</i>	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
Total revenue		106,059	123,772	147,219	170,612	191,904	215,698	237,743	271,711	298,749
Total Revenue Growth			16.70%	18.94%	15.89%	12.48%	12.40%	10.22%	14.29%	9.95%
Premium Moutai Revenue		93,465	107,834	126,589	145,928	163,893	183,653	200,365	228,990	249,891
Premium Moutai Revenue Growth			15.37%	17.39%	15.28%	12.31%	12.06%	9.10%	14.29%	9.13%
Premium Moutai Revenue (Wholesale Channel)		70,637	60,924	62,718	74,827	79,884	84,868	88,859	98,909	103,058
Volume (tonnes)		27,789	21,954	21,476	24,474	25,443	26,450	27,232	27,765	28,309
Volume growth			-21.00%	-2.18%	13.96%	3.96%	3.96%	2.96%	1.96%	1.96%
Price (million per tonne)		2.54	2.78	2.92	3.06	3.14	3.21	3.26	3.56	3.64
Price Growth			9.17%	5.24%	4.69%	2.69%	2.19%	1.69%	9.17%	2.19%
Premium Moutai Revenue (Direct Channel)		22,828	46,910	63,871	71,101	84,009	98,785	111,506	130,081	146,832
Volume (tonnes)		8,472	15,947	20,633	21,939	24,760	27,943	30,417	32,503	35,381
Volume growth			88.23%	29.38%	6.33%	12.86%	12.86%	8.86%	6.86%	8.86%
Price (million per tonne)		2.69	2.94	3.10	3.24	3.39	3.54	3.67	4.00	4.15
Price Growth			9.17%	5.24%	4.69%	4.69%	4.19%	3.69%	9.17%	3.69%
Series Liquor Revenue		12,595	15,939	20,630	24,683.8	27,575	31,381	36,371	41,392	47,106
Volume (tonnes)		30,177	30,275	31,165	36,920	39,395	42,823	47,406	51,532	56,017
Volume growth			0.32%	2.94%	18.47%	6.70%	8.70%	10.70%	8.70%	8.70%
Price (million per tonne)		.42	.53	.66	.67	.70	.73	.77	.80	.84
Price Growth			26.1%	25.7%	1.0%	4.69%	4.69%	4.69%	4.69%	4.69%
Other Revenue		131	328	475	287	436.4	663.0	1,007.1	1,328.5	1,752.3
Other Revenue Growth			150.27%	44.9%	-39.5%	51.91%	51.91%	51.91%	31.91%	31.91%

Income Statement Assumptions (Remaining Assumptions)

	<i>Period from</i> <i>Period to</i> <i>Calendar year</i>	Forecast								
		01-Jan-21	01-Jan-22	01-Jan-23	01-Jan-24	01-Jan-25	01-Jan-26	01-Jan-27	01-Jan-28	01-Jan-29
		31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29
		CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
Expenses										
COGS (% revenue)		8.46%	8.15%	8.00%	8.08%	8.08%	8.08%	8.08%	8.04%	8.04%
General & Admin Expenses (% revenue)		7.94%	7.24%	6.59%	5.45%	5.43%	5.43%	5.43%	5.43%	5.43%
Selling & Marketing Expenses (% revenue)		2.58%	2.66%	3.15%	3.30%	3.22%	3.22%	3.21%	3.12%	3.05%
R&D Expense (% revenue)		0.06%	0.11%	0.11%	0.13%	0.14%	0.15%	0.15%	0.14%	0.13%
Consumption Tax Expense (% revenue)		14.40%	14.90%	15.0%	15.7%	15.02%	15.02%	15.02%	15.02%	15.02%
Other Operating Expenses (last period flatline)		(36)	(28)	(1)	(6)	(6)	(6)	(6)	(6)	(6)
D&A Expense		1.5%	1.36%	1.31%	1.22%	1.22%	1.21%	1.20%	1.19%	1.19%
Other										
Interest Income (% cash)			8.57%	7.0%	8.0%	7.85%	7.79%	7.79%	7.82%	7.85%
Interest Expense (% debt)			26.50%	39.0%	28.1%	27.89%	27.83%	27.83%	27.86%	27.89%
Abnormals (historical average flatline)		(216)	(234)	(180)	14	(154)	(154)	(154)	(154)	(154)
Income Tax Expense (% revenue)		17.71%	17.99%	17.70%	17.73%	17.78%	17.78%	17.78%	17.78%	17.78%
Minority Interests (historical average flatline)		(3,260)	(2,659)	(2,787)	(3,107)	(2,953)	(2,953.2)	(2,953.2)	(2,953.2)	(2,953.2)
DPR		51.90%	51.90%	51.90%	75.04%	76.54%	78.04%	78.04%	79.04%	80.04%

Income Statement



	<i>Period from</i>		<i>Period to</i>		Forecast				
	<i>Period to</i>		<i>Calendar year</i>		01-Jan-25	01-Jan-26	01-Jan-27	01-Jan-28	01-Jan-29
	01-Jan-21	01-Jan-22	01-Jan-23	01-Jan-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29
3.0 Income Statement	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
Revenue	106,059	123,772	147,219	170,612	191,904	215,698	237,743	271,711	298,749
Other Revenue	131	328	475	287	436	663	1,007	1,328	1,752
Total Revenue	106,190	124,100	147,694	170,899	192,340	216,361	238,750	273,039	300,501
COGS	(8,983)	(10,111)	(11,818)	(13,802)	(15,532)	(17,471)	(19,279)	(21,939)	(24,145)
Gross Profit	97,207	113,989	135,876	157,097	176,809	198,890	219,471	251,100	276,356
General & Admin Expenses	(8,428)	(8,985)	(9,727)	(9,309)	(10,438)	(11,742)	(12,957)	(14,818)	(16,308)
Selling & Marketing Expenses	(2,737)	(3,298)	(4,649)	(5,639)	(6,200)	(6,975)	(7,673)	(8,529)	(9,176)
R&D Expense	(62)	(135)	(157)	(218)	(265)	(320)	(353)	(376)	(384)
Consumption Tax Expense	(15,289)	(18,485)	(22,217)	(26,912)	(28,825)	(32,399)	(35,710)	(40,812)	(44,874)
Other Operating Expenses	(36)	(28)	(1)	(6)	(6)	(6)	(6)	(6)	(6)
EBIT	70,655	83,058	99,125	115,013	131,074	147,448	162,772	186,559	205,608
Interest Income	4,277	4,993	4,843	4,731	5,143	5,348	5,945	5,997	6,802
Interest Expense	(187)	(118)	(126)	(120)	(134)	(145)	(158)	(173)	(188)
Abnormals	(216)	(234)	(180)	14	(154)	(154)	(154)	(154)	(154)
EBT	74,529	87,699	103,662	119,638	135,930	152,497	168,405	192,229	212,067
Income Tax Expense	(18,808)	(22,325)	(26,141)	(30,304)	(34,204)	(38,476)	(42,457)	(48,555)	(53,439)
Minority Interests Earnings	(3,260)	(2,659)	(2,787)	(3,107)	(2,953)	(2,953)	(2,953)	(2,953)	(2,953)
Net Income	52,461	62,715	74,733	86,228	98,772	111,068	122,995	140,720	155,675

Income Statement (Dividends and Earnings Metrics)



	<i>Period from</i> <i>Period to</i> <i>Calendar year</i>	Forecast								
		01-Jan-21	01-Jan-22	01-Jan-23	01-Jan-24	01-Jan-25	01-Jan-26	01-Jan-27	01-Jan-28	01-Jan-29
		31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29
		CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
Dividends and Earnings Metrics										
EBITDA										
Revenue (+)		106,059	123,772	147,219	170,612	192,340	216,361	238,750	273,039	300,501
D&A (+)		1,582	1,688	1,938	2,085	2,347	2,618	2,865	3,249	3,576
COGS (-)		(8,983)	(10,111)	(11,818)	(13,802)	(15,532)	(17,471)	(19,279)	(21,939)	(24,145)
SGA (-)		(26,551)	(30,931)	(36,751)	(42,084)	(45,735)	(51,442)	(56,699)	(64,541)	(70,748)
		72,106	84,418	100,588	116,811	133,420.6	150,066.1	165,637.2	189,808.0	209,183.6
Weighted average basic shares outstanding		1,256.2	1,256.1	1,256.2	1,256.2	1,256.2	1,256.2	1,256.2	1,256.2	1,256.2
Basic earnings per share (EPS)		41.8	49.9	59.5	68.6	78.6	88.4	97.9	112.0	123.9
Dividends per share (DPS)		21.7	25.9	30.9	51.5	60.2	69.0	76.4	88.5	99.2
Dividends Paid		27,229	32,547	38,788	64,704	75,598	86,675	95,983	111,223	124,599

Balance Sheet (Investing and Financing Assumptions)



	<i>Period from</i> <i>Period to</i> <i>Calendar year</i>	Forecast								
		01-Jan-21	01-Jan-22	01-Jan-23	01-Jan-24	01-Jan-25	01-Jan-26	01-Jan-27	01-Jan-28	01-Jan-29
		31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29
		CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
Investing Assumptions										
Net PPE (% YoY growth)			10.90%	0.03%	9.26%	10.08%	10.08%	10.08%	10.08%	10.08%
Other Intangibles (% revenue)		5.85%	5.71%	5.80%	5.18%	5.18%	5.18%	5.18%	5.18%	5.18%
Financing Assumptions										
Current Portion of Leases (% Total Assets)		0.04%	0.04%	0.02%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Long Term Leases (% Total Assets)		0.12%	0.13%	0.10%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%
Common Stock (flatline)		1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256
Additional Paid In Capital (flatline)		1,375	1,375	1,374	1,374	1,374	1,374	1,374	1,374	1,374
Comprehensive Inc. and Other (historical average flatline)		(13)	(11)	(5)	(9)	(9)	(9)	(9)	(9)	(9)
Total Minority Interest (flatline)		7,418	7,458	7,988	8,905	8,905	8,905	8,905	8,905	8,905

Balance Sheet



	<i>Period from</i>				Forecast				
	<i>01-Jan-21</i>	<i>01-Jan-22</i>	<i>01-Jan-23</i>	<i>01-Jan-24</i>	<i>01-Jan-25</i>	<i>01-Jan-26</i>	<i>01-Jan-27</i>	<i>01-Jan-28</i>	<i>01-Jan-29</i>
	<i>31-Dec-21</i>	<i>31-Dec-22</i>	<i>31-Dec-23</i>	<i>31-Dec-24</i>	<i>31-Dec-25</i>	<i>31-Dec-26</i>	<i>31-Dec-27</i>	<i>31-Dec-28</i>	<i>31-Dec-29</i>
	<i>Calendar year</i>								
	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
5.0 Balance Sheet									
Current Assets									
Cash and Cash Equivalents	51,810	58,274	69,070	59,296	65,492	68,622	76,286	76,652	86,615
Short-term Investments and Securities	135,067	116,173	103,446	126,543	135,058	147,598	158,097	175,341	186,967
Accounts Receivables	33	158	102	2,033	643	680	703	749	824
Notes Receivables	-	-	6,013	9,324	10,590	12,021	13,384	15,306	16,846
Inventory	33,394	38,824	46,435	54,343	60,419	67,792	74,616	85,114	93,434
Other Current Assets	461	3,182	106	187	984	984	984	984	984
Total Current Assets	220,766	216,611	225,173	251,727	273,187	297,697	324,069	354,147	385,671
Non Current Assets									
Net PPE	20,157	22,354	22,361	24,432	26,894	29,605	32,588	35,873	39,489
Gross PPE	30,409	34,049	35,624	39,422	44,231	49,559	55,408	61,942	69,134
Accumulated Depreciation	(10,252)	(11,695)	(13,263)	(14,990)	(17,337)	(19,955)	(22,820)	(26,069)	(29,645)
Long Term Investments	2,230	381	9,325	5,544	4,370	4,370	4,370	4,370	4,370
Other Intangibles	6,208	7,083	8,572	8,850	9,961	11,204	12,364	14,140	15,562
Long Term Loans Receivable	3,425	4,135	2,131	2,381	2,680	3,015	3,327	3,804	4,187
DTA	2,237	3,595	4,646	5,520	5,520	5,520	5,520	5,520	5,520
Other Long Term Assets	145	342	492	491	574	646	713	815	897
Total Non Current Assets	34,403	37,889	47,527	47,218	49,999	54,360	58,882	64,523	70,025
TOTAL ASSETS	255,168	254,501	272,700	298,945	323,186	352,057	382,952	418,669	455,696
Current Liabilities									
Accounts Payable	2,010	2,408	3,093	3,515	3,839	4,319	4,766	5,450	5,998
Accrued Expenses	10,319	8,840	9,646	10,473	9,820	9,820	9,820	9,820	9,820
Current Portion of Leases	104	109	57	112	115	125	136	149	162
Curr. Income Taxes Payable	5,254	2,769	2,639	3,032	3,424	3,424	3,424	3,424	3,424
Unearned Revenue	12,718	15,472	14,126	9,592	10,796	11,062	11,013	11,230	12,359
Other Current Liabilities	27,508	19,466	19,137	29,792	29,541	33,230	36,668	41,935	46,153
Total Current Liabilities	57,914	49,066	48,698	56,516	57,534	61,979	65,827	72,007	77,915
Non Current Liabilities									
Long Term Leases	296	334	267	314	364	396	431	471	513
DTL	-	163	79	103	103	103	103	103	103
Total Non Current Liabilities	296	497	346	417	467	500	535	575	616
TOTAL LIABILITIES	58,211	49,563	49,043	56,933	58,001	62,479	66,361	72,582	78,532
Shareholders Equity									
Common Stock	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256
Additional Paid In Capital	1,375	1,375	1,374	1,374	1,374	1,374	1,374	1,374	1,374
Retained Earnings	186,921	194,860	213,043	230,485	253,659	278,051	305,063	334,561	365,637
Comprehensive Inc. and Other	(13)	(11)	(5)	(9)	(9)	(9)	(9)	(9)	(9)
Total Common Equity	189,539	197,480	215,669	233,106	256,280	280,673	307,685	337,183	368,258
Total Minority Interest	7,418	7,458	7,988	8,905	8,905	8,905	8,905	8,905	8,905
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	255,168	254,501	272,700	298,945	323,186	352,057	382,952	418,669	455,696

Cash Flow Statement



	<i>Period from</i>	<i>Period to</i>	<i>Calendar year</i>	Forecast								
				01-Jan-21	01-Jan-22	01-Jan-23	01-Jan-24	01-Jan-25	01-Jan-26	01-Jan-27	01-Jan-28	01-Jan-29
				31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29
				CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
6.0 Cash Flow Statement												
Operating Cash Flows												
Net Income								98,772	111,068	122,995	140,720	155,675
D&A								2,347	2,618	2,865	3,249	3,576
Change in Working Capital								(6,125)	(4,405)	(4,374)	(6,299)	(4,040)
Short-term Investments and Securities								(8,515)	(12,540)	(10,499)	(17,245)	(11,626)
Long Term Investments								1,174	-	-	-	-
Long Term Loans Recievable								(299)	(335)	(312)	(478)	(383)
DTA								-	-	-	-	-
Other Long Term Assets								(84)	(72)	(67)	(102)	(82)
Curr. Income Taxes Payable								391	-	-	-	-
DTL								-	-	-	-	-
Total Cash From Operating Activities								87,661	96,335	110,609	119,846	143,121
Investing Cash Flows												
PPE Capex								(4,809)	(5,329)	(5,849)	(6,534)	(7,192)
Intangibles Capex								(1,110)	(1,244)	(1,159)	(1,776)	(1,422)
Total Cash From Investing Activities								(5,919)	(6,573)	(7,008)	(8,309)	(8,614)
Financing Cash Flows												
Leases								53	43	46	53	55
Common Stock								-	-	-	-	-
Additional Paid In Capital								-	-	-	-	-
Dividends Paid								(75,598)	(86,675)	(95,983)	(111,223)	(124,599)
Comprehensive Inc. and Other								-	-	-	-	-
Total Minority Interest								-	-	-	-	-
Total Cash From Financing Activities								(75,545)	(86,632)	(95,937)	(111,170)	(124,545)
Net Change in Cash								6,196	3,130	7,664	367	9,963
Cash at Beginning of Period								59,296	65,492	68,622	76,286	76,652
Cash at End of Period								59,296	65,492	68,622	76,652	86,615

Working Capital and Capex Schedule



	<i>Period from</i>	<i>Period to</i>	<i>Calendar year</i>	Forecast												
				01-Jan-21	01-Jan-22	01-Jan-23	01-Jan-24	01-Jan-25	01-Jan-26	01-Jan-27	01-Jan-28	01-Jan-29				
				31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29				
				CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029				
7.0 Working Capital																
Working Capital																
Add: accounts receivable							2,033	643	680	703	749	824				
Add: notes receivable							9,324	10,590	12,021	13,384	15,306	16,846				
Add: inventory							54,343	60,419	67,792	74,616	85,114	93,434				
Add: other current assets							187	984	984	984	984	984				
Less: accounts payable							3,515	3,839	4,319	4,766	5,450	5,998				
Less: accrued expenses							10,473	9,820	9,820	9,820	9,820	9,820				
Less: unearned revenue							9,592	10,796	11,062	11,013	11,230	12,359				
Less: other current liabilities							29,792	29,541	33,230	36,668	41,935	46,153				
Net working capital							12,516	18,641	23,046	27,420	33,719	37,759				
Change in Net Working Capital								6,125	4,405	4,374	6,299	4,040				
8.0 Capex Schedule																
Maintainance Capex on PP&E									1,688	1,938	2,085	2,347	2,618	2,865	3,249	3,576
Growth Capex on PPE									2,197	7	2,071	2,462	2,711	2,984	3,285	3,616
Total Intangibles Capex									875	1,489	278	1,110	1,244	1,159	1,776	1,422
Total Capex									4,759	3,435	4,434	5,919	6,573	7,008	8,309	8,614

FCFF Schedule and Valuation



	Period from Period to Calendar year	Forecast								
		01-Jan-21 31-Dec-21 CY2021	01-Jan-22 31-Dec-22 CY2022	01-Jan-23 31-Dec-23 CY2023	01-Jan-24 31-Dec-24 CY2024	01-Jan-25 31-Dec-25 CY2025	01-Jan-26 31-Dec-26 CY2026	01-Jan-27 31-Dec-27 CY2027	01-Jan-28 31-Dec-28 CY2028	01-Jan-29 31-Dec-29 CY2029
		9.0 Free Cash Flow Schedule								
Free cash flow schedule										
Add: EBIT						131,074	147,448	162,772	186,559	205,608
Less: Tax						(32,768)	(36,862)	(40,693)	(46,640)	(51,402)
Add: D&A						2,347	2,618	2,865	3,249	3,576
Less: Capex						(5,919)	(6,573)	(7,008)	(8,309)	(8,614)
Less: increase in NWC						(6,125)	(4,405)	(4,374)	(6,299)	(4,040)
Nominal FCFF						88,608	102,226	113,562	128,560	145,128
Discounted FCFF						81,817	87,158	89,402	93,453	97,411
<i>growth pcp</i>							6.53%	2.58%	4.53%	4.24%

10.0 Valuation

Assumptions

Final period in forecast horizon	CY2029
Terminal growth rate	2.4%
Tax rate	25.0%
Forecast WACC	8.3%
Terminal WACC	8.8%

Calculations

Final forecast FCFF	145,128
Terminal value	2,341,477
Present value of forecast cash flows	449,241
Present value of terminal value	1,571,620

Enterprise value

Enterprise value	2,020,861
Less: debt & other capital claims	(426)
Add: cash & cash equivalents	59,296

Equity value

Equity value	2,079,731
Weighted average basic shares outstanding	1,256

Value per share

Value per share	1655.52
Current value per share	1,480.00
Premium (discount to last close)	11.9%

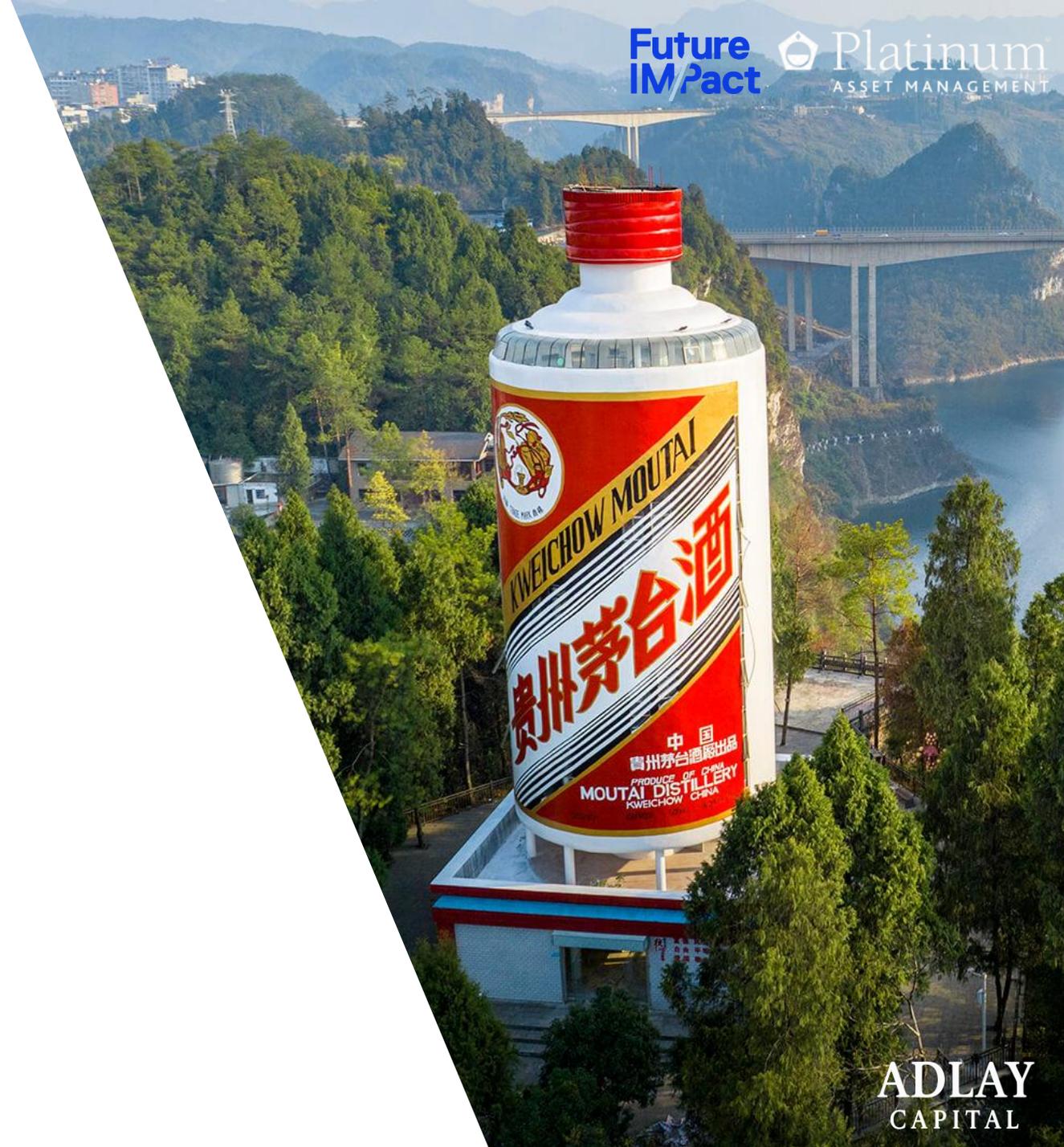
	<i>Calendar year</i>									
	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	
11.0 Ratio Analysis										
Gross Margins (%)	91.65%	92.10%	92.30%	92.08%	92.13%	92.21%	92.31%	92.41%	92.50%	
EBITDA Margin (%)	67.99%	68.20%	68.33%	68.47%	69.52%	69.57%	69.67%	69.86%	70.02%	
EBIT Margin (%)	66.62%	67.11%	67.33%	67.41%	68.30%	68.36%	68.47%	68.66%	68.82%	
Net Profit Margin (%)	49.46%	50.67%	50.76%	50.54%	51.47%	51.49%	51.73%	51.79%	52.11%	
FCF Margin (%)					46.17%	47.39%	47.77%	47.31%	48.58%	

Share Price vs TGR vs TWACC		TWACC				
		8.4%	8.6%	8.8%	9.0%	9.2%
TGR	2.85%	1841.44	1791.46	1744.84	1701.25	1660.41
	2.65%	1788.77	1742.23	1698.73	1657.97	1619.69
	2.45%	1739.63	1696.21	1655.52	1617.32	1581.39
	2.25%	1693.69	1653.08	1614.96	1579.09	1545.29
	2.05%	1650.64	1612.59	1576.79	1543.06	1511.21

Valuation Robustness

Even though the TV makes up above 70% of EV, movements in they key drivers of TV (TWACC and TGR) still result in a high conviction BUY recommendation 100% of the time

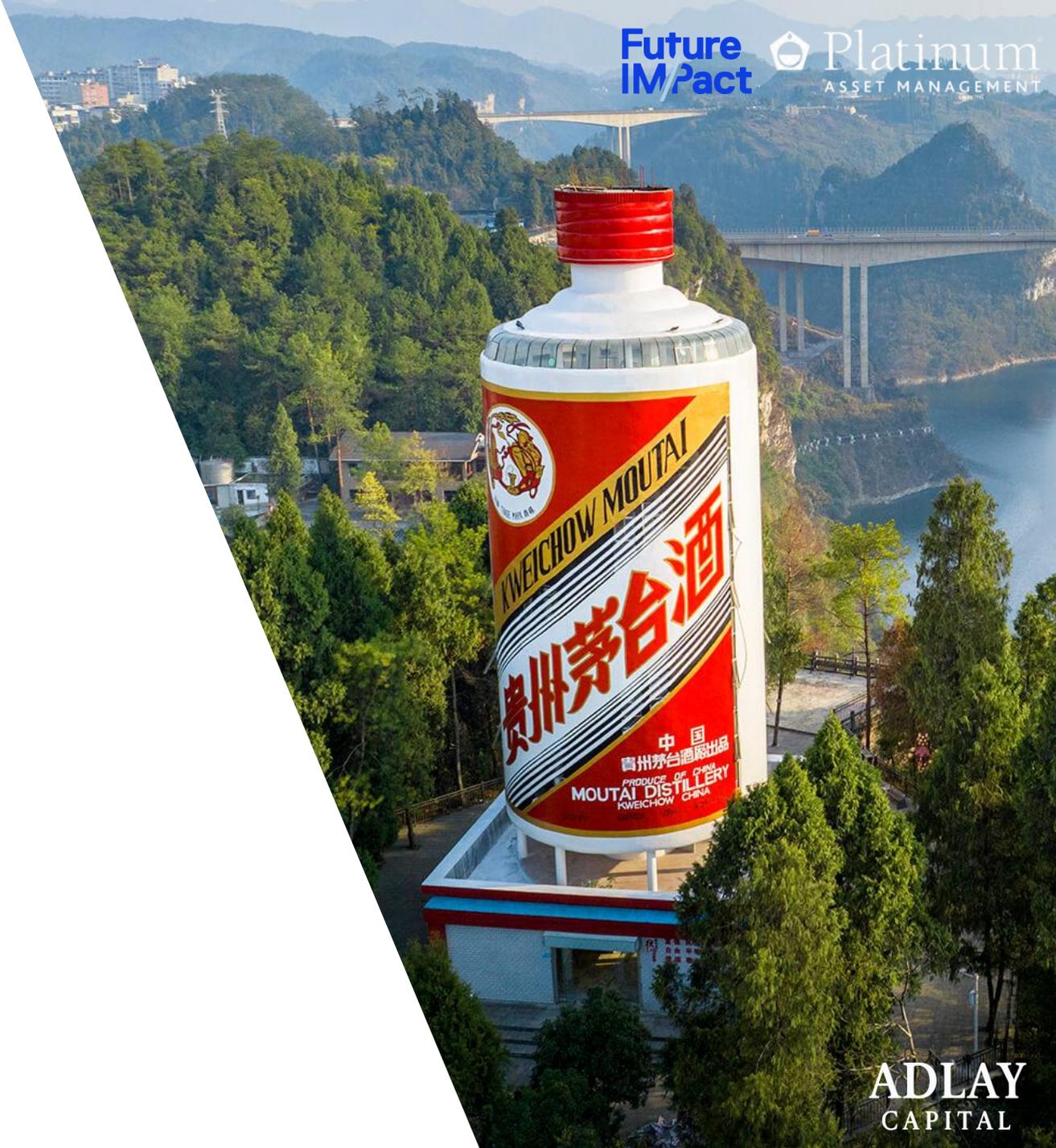
WACC



The CoE was used as the primary determinant of the WACC given Moutai's zero interest bearing debt capital structure. It is our view that moving forward there will be no material changes to the D/E ratio that will impact the WACC given strong cash holdings and generation.

Forecast Cost of equity				Terminal Cost of equity			
	Rate	Weighting			Rate	Weighting	
Capital Asset Pricing Model	8.3%	100%		Capital Asset Pricing Model	8.8%	100.0%	
Dividend Discount Model	0.0%	0%		Dividend Discount Model	0.0%	0.0%	
Fama-French 3 Factor Model	0.0%	0%		Fama-French 3 Factor Model	0.0%	0.0%	
Triangulated cost of equity	8.3%	100.0%		Triangulated cost of equity	8.8%	100.0%	
1 CAPM				1 CAPM			
Risk free rate	2.3%			Risk free rate	3.0%		
Equity Market Risk Premium	6.0%			Equity Market Risk Premium	5.8%		
CRP	0.9%			CRP	0.9%		
Beta	0.84			Beta	0.84		
Cost of equity (CAPM)	8.3%			Cost of equity (CAPM)	8.8%		
1.1 Risk free rate				1.1 Risk free rate			
		Weighting				Weighting	
3M Chinabond gov yield	1.6%	50%	<-- 3 month Chinabond government yield	10 year government bond 5 year average	3.0%	100.0%	
10-YR 3M Chinabond average	3.0%	50%		10 year government bond spot	1.6%	0.0%	
	2.3%	100.0%			3.0%	100.0%	
1.2 EMRP				1.2 EMRP			
	Rate	Weighting			Rate	Weighting	
IMRP	6.0%	100%	<- Damodaran	10-year average IMRP	5.8%	100.0%	
EMRP	6.0%	100.0%			5.8%	100.0%	
1.3 CRP				1.3 CRP			
	Rate	Weighting			Rate	Weighting	
CRP	0.9%	100%	<- Damodaran	CRP	0.9%	100%	<- Damodaran
	0.9%	100.0%			0.9%	100.0%	
1.3 Beta				1.3 Beta			
	Rate	Weighting			Rate	Weighting	
Comparable companies	0.92	50%		Comparable companies	0.92	50.0%	
Refinitiv / other providers	0.76	50%		Bloomberg / other providers	0.76	50.0%	
Beta	0.84	100.0%		Beta	0.84	100.0%	
Comparable company beta calculation							
Company name	Levered beta	D/E	Tax rate	Unlevered equity beta	Current D/E	Relevered beta	
Luzhou Laojiao	0.92	4.1%	25.0%	0.89	0.0%	0.89	
Wuliangye Yibin	0.91	0.10%	25.0%	0.91	0.0%	0.91	
Jiangsu Yanghe Distillery	0.97	2.5%	25.0%	0.95	0.0%	0.95	
						0.92	

Relative Valuation



Peer Comparables Spread Justification

Disparity in market structure, growth profile, and investor perception cause differences between domestic and international comps

Drivers of the domestic comparable discount

Regulatory Headwinds

The Chinese spirits sector has faced periodic anti-corruption campaigns, government restrictions on gifting and luxury consumption, and broader macroeconomic slowdown, which have weighed on valuations

Corporate Governance / Liquidity Risk

A-share listed peers typically trade at a discount due to governance concerns, capital controls, and limited foreign investor access, resulting in lower market liquidity

Premiumisation Gap

While Luzhou, Wuliangye, and Yanghe are established brands, they lack the same unique and entrenched luxury positioning and pricing power attributed to Moutai, constraining their relative valuation multiples

Drivers of the global comparable premium

Luxury and Brand Premium

Global peers such as Diageo and Pernod Ricard are positioned as consumer staples with resilient, long-term cashflows and diversified brand portfolios. Investors apply a valuation uplift reflecting their status as global luxury assets

ESG and Institutional Ownership

Strong ESG disclosure, high levels of institutional investor participation, and index inclusion contribute to higher trading multiples relative to emerging market peers

Market Structure Advantages

Listing in developed markets (US, EU) provides superior liquidity, higher investor confidence, and lower perceived geopolitical and regulatory risk, supporting premium valuations

1

Domestic weighting (15%) reflects Moutai's listing, liquidity profile, and exposure to China-specific risks

2

Global weighting (15%) recognises its brand equity, luxury positioning, and premium margin profile comparable to international peers

3

Balanced approach prevents overreliance on either domestic discounts or global premiums

4

Complementary to DCF (70%), which remains the core driver of our valuation

Domestic Baijiu Company Comparables



High End Chinese Baijiu Comps							
Company Name		EV / EBITDA (LTM)	EV / EBITDA (NTM)	EV / EBIT (LTM)	EV / EBIT (NTM)	P / E (LTM)	P / E (NTM)
Luzhou Laojiao		10.98	9.41	11.42	9.72	16.22	13.92
Wuliangye Yibin		10.41	9.37	10.59	9.01	17.28	15.51
Jiangsu Yanghe Distillery		7.99	7.19	8.45	7.39	13.53	12.43
Range Calculations	Range	EV / EBITDA (LTM)	EV / EBITDA (NTM)	EV / EBIT (LTM)	EV / EBIT (NTM)	P / E (LTM)	P / E (NTM)
	Quartile 1	9.2	8.28	9.52	8.2	14.875	13.175
	Median	10.41	9.37	10.59	9.01	16.22	13.92
	Quartile 3	10.695	9.39	11.005	9.365	16.75	14.715
Enterprise Value	Range	EV / EBITDA (LTM)	EV / EBITDA (NTM)	EV / EBIT (LTM)	EV / EBIT (NTM)	P / E (LTM)	P / E (NTM)
	Quartile 1	1,074,658	1,592,579	1,094,924	1,074,807	1,282,641	1,301,324
	Median	1,215,999	1,802,230	1,217,988	1,180,977	1,398,618	1,374,909
	Quartile 3	1,249,290	1,806,077	1,265,718	1,227,508	1,444,319	1,453,433
Equity Value	Range	EV / EBITDA (LTM)	EV / EBITDA (NTM)	EV / EBIT (LTM)	EV / EBIT (NTM)	P / E (LTM)	P / E (NTM)
	Quartile 1	1,133,528	1,651,449	1,153,794	1,133,677	1,341,511	1,360,194
	Median	1,274,869	1,861,100	1,276,858	1,239,847	1,457,488	1,433,779
	Quartile 3	1,308,160	1,864,946	1,324,588	1,286,378	1,503,189	1,512,303
Share Price	Range	EV / EBITDA (LTM)	EV / EBITDA (NTM)	EV / EBIT (LTM)	EV / EBIT (NTM)	P / E (LTM)	P / E (NTM)
	Quartile 1	902	1,315	918	902	1,068	1,083
	Median	1,015	1,481	1,016	987	1,160	1,141
	Quartile 3	1,041	1,485	1,054	1,024	1,197	1,204
	Weightings	0%	80%	0%	20%	0%	0%
	Implied Share Price	1392.44					

Moutai Key Financials (from forecasts)

EBITDA (CY24A)	116,811
EBITDA (CY25F)	192,340
EBIT (CY24A)	115,013
EBIT (CY25F)	131,074
Net Income (CY24A)	86,228
Net Income (CY25F)	98,772
Shares Outstanding	1256.2
Net Debt	58870.0
Current Share Price	1480

Global Premium Liquor Comparables

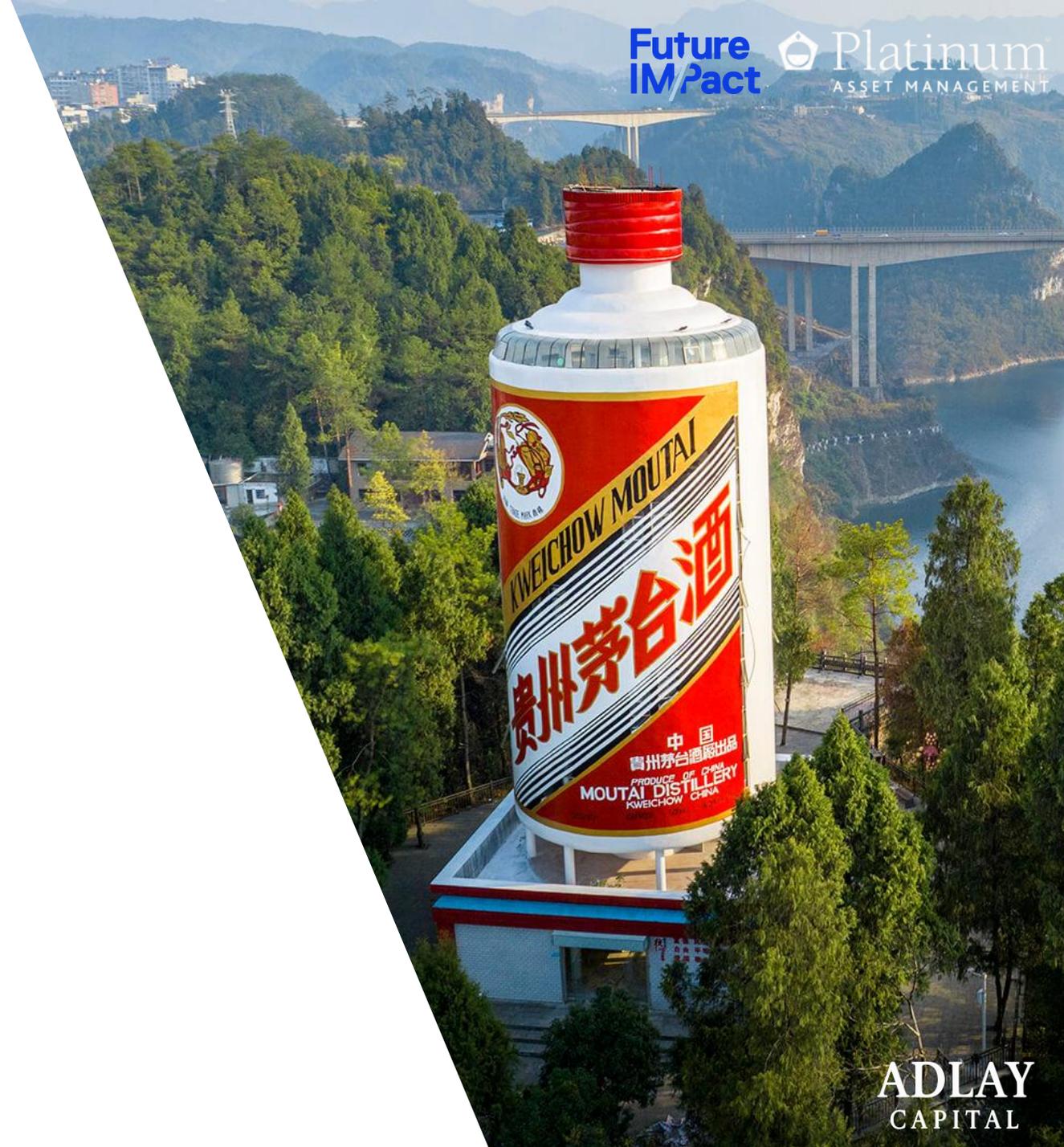


Global Premium Liquor Comps							
Company Name		EV / EBITDA (LTM)	EV / EBITDA (NTM)	EV / EBIT (LTM)	EV / EBIT (NTM)	P / E (LTM)	P / E (NTM)
Brown-Forman		19.62	18.75	21.82	20.03	24.41	25.16
Diageo		13.18	14.52	14.4	16.23	18.23	18.35
Pernod Ricard		15.67	14.66	17.46	16.45	21.16	19.46
Remy Cointreau		13.92	13.36	15.91	15.39	21.93	21.62
Beck's, SAB de CV		17.97	13.58	20.93	15.83	27.12	21.1
Davide Campari		17.93	15.16	20.79	17.91	30.69	35.88
Range Calculations	Range	EV / EBITDA (LTM)	EV / EBITDA (NTM)	EV / EBIT (LTM)	EV / EBIT (NTM)	P / E (LTM)	P / E (NTM)
	Quartile 1	14.36	13.82	16.30	15.93	21.35	19.87
	Median	16.8	14.59	19.125	16.34	23.17	21.36
	Quartile 3	17.96	15.04	20.90	17.55	26.44	24.28
Enterprise Value	Range	EV / EBITDA (LTM)	EV / EBITDA (NTM)	EV / EBIT (LTM)	EV / EBIT (NTM)	P / E (LTM)	P / E (NTM)
	Quartile 1	1,677,109	2,657,183	1,874,424	2,088,009	1,841,183	1,962,604
	Median	1,962,419	2,806,247	2,199,624	2,141,749	1,997,903	2,109,774
	Quartile 3	2,097,920	2,891,838	2,403,197	2,299,693	2,280,084	2,397,695
Equity Value	Range	EV / EBITDA (LTM)	EV / EBITDA (NTM)	EV / EBIT (LTM)	EV / EBIT (NTM)	P / E (LTM)	P / E (NTM)
	Quartile 1	1,735,979	2,716,053	1,933,294	2,146,879	1,900,053	2,021,474
	Median	2,021,289	2,865,117	2,258,493	2,200,619	2,056,773	2,168,644
	Quartile 3	2,156,790	2,950,708	2,462,066	2,358,563	2,338,954	2,456,565
Share Price	Range	EV / EBITDA (LTM)	EV / EBITDA (NTM)	EV / EBIT (LTM)	EV / EBIT (NTM)	P / E (LTM)	P / E (NTM)
Weight Total	Quartile 1	1,382	2,162	1,539	1,709	1,512	1,609
100%	Median	1,609	2,281	1,798	1,752	1,637	1,726
TRUE	Quartile 3	1,717	2,349	1,960	1,877	1,862	1,955
	Weightings	0%	80%	0%	20%	0%	0%
	Implied Share Price	\$ 2,174.92					
	Current Share Price	\$ 1,480.00					
	Premium (discount)	46.95%					

Moutai Key Financials (from forecasts)

EBITDA (CY24A)	116,811
EBITDA (CY25F)	192,340
EBIT (CY24A)	115,013
EBIT (CY25F)	131,074
Net Income (CY24A)	86,228
Net Income (CY25F)	98,772
Shares Outstanding	1256.2
Net Debt	58870.0
Current Share Price	1480

FY23 Financials



December 31, 2023

Prepared by: Kweichow Moutai Co., Ltd.

Monetary Unit: Yuan Currency: RMB

Item	Notes	31-Dec-23	31-Dec-22
Current assets:			
Cash and Cash equivalents	1	69,070,136,376.12	58,274,318,733.23
Settlements Provision			
Loans to banks and other financial institutions	2	105,553,836,462.58	116,172,711,554.59
Held-for-trading financial assets	3	400,712,059.93	
Derivative financial assets			
Notes receivable	4	13,933,440.00	105,453,212.00
Accounts receivable	5	60,373,410.41	20,937,144.00
Financing receivables			
Prepayments	6	34,585,111.79	897,377,162.27
Insurance premium receivable			
Due from reinsurers			
Reinsurance contract reserves receivable			
Other receivables	7	27,502,107.30	31,818,622.84
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under agreements to resell	8	3,504,849,885.05	
Inventories	9	46,435,185,061.53	38,824,374,236.24
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets	10		2,123,601,333.33
Other current assets	11	71,403,906.57	160,843,674.42
Total current assets		225,172,517,821.28	216,611,435,672.92
Non-current assets:			
Loans and advances	12	2,130,818,189.27	4,134,744,407.92
Debt investment	13	5,323,002,071.02	380,685,319.09
Other debt investments			

Balance Sheet (Part 2)



Long-term receivables			
Long-term equity investments			
Other equity instruments investments			
Other non-current financial assets	14	4,002,439,902.57	
Investment properties	15	4,138,545.33	5,335,046.99
Fixed assets	16	19,909,280,655.97	19,742,622,547.86
Construction in progress	17	2,137,464,700.45	2,208,329,892.95
Productive biological assets			
Oil and gas assets			
Right-of-use asset	18	314,205,484.56	402,551,533.46
Intangible assets	19	8,572,267,313.84	7,083,177,226.45
Development expenditures	20	218,015,555.49	190,536,632.60
Goodwill			
Long-term prepaid expenses	21	160,058,930.14	146,455,346.90
Deferred tax assets	22	4,645,887,425.10	3,594,952,468.88
Other non-current assets	23	109,563,497.23	
Total non-current assets		47,527,142,270.97	37,889,390,423.10
Total assets		272,699,660,092.25	254,500,826,096.02
Current liabilities:			
Short-term borrowings			
Borrowing from the central bank			
Deposits and balances from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	25	3,093,091,103.67	2,408,371,053.69
Receipts in advance			
Contract liabilities	26	14,125,755,802.29	15,471,920,924.98
Financial assets sold under agreements to buy			
Customer deposits and balances from banks and other financial institutions	27	12,034,492,909.95	12,874,043,355.42
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Payroll and employee benefits payable	28	5,401,921,213.77	4,782,311,242.41
Taxes payable	29	6,949,663,893.87	6,896,555,423.83
Other payables	30	5,213,133,685.87	4,543,842,833.87
Including: Interest payable			
Dividend payable			
Fees and commission payable			
Payable reinsurance			

Liabilities classified as held for sale			
Current portion of non-current liabilities	31	57,054,879.48	109,351,155.28
Other current liabilities	32	1,822,498,012.30	1,979,272,808.90
Total current liabilities		48,697,611,501.20	49,065,668,798.38
Non-current liabilities:			
Insurance reserves			
Long-term borrowings			
Bonds payable			
Including: Preference share			
Perpetual debt			
Lease liabilities	33	266,636,234.04	334,447,942.79
Long-term Payable			
Long-term payroll and employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities	22	78,943,062.19	162,628,090.99
Other non-current liabilities			
Total non-current liabilities		345,579,296.23	497,076,033.78
Total liabilities		49,043,190,797.43	49,562,744,832.16
Owners' equity (or shareholders' equity):			
Paid-in capital	34	1,256,197,800.00	1,256,197,800.00
Other equity instruments			
Including: Preference share			
Perpetual debt			
Capital reserve	35	1,374,964,415.72	1,374,964,415.72
Less: treasury shares			
Other comprehensive income	36	-6,061,727.51	-10,776,907.33
Special reserve			
Surplus reserve	37	38,998,763,095.13	32,520,123,399.97
General reserve	38	1,061,529,724.00	1,061,529,724.00
Retained earnings	39	172,983,178,300.09	161,278,002,807.10
Equity attributable to owners of the parent		215,668,571,607.43	197,480,041,239.46
Non-controlling interests		7,987,897,687.39	7,458,040,024.40
Total shareholders' equity		223,656,469,294.82	204,938,081,263.86
Total liabilities and shareholders' equity		272,699,660,092.25	254,500,826,096.02

Legal Representative: Ding Xiongjun
 Chief Accountant: Jiang Yan
 Head of the Accounting Department: Cai Congying

Income Statement (Part 1)



Prepared by: Kweichow Moutai Co., Ltd.

Monetary Unit: Yuan Currency: RMB

Item	Notes	2023	2022
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I. Total revenue		150,560,330,316.45	127,553,959,355.97
Including: Operating revenue	40	147,693,604,994.14	124,099,843,771.99
Interest income	41	2,866,725,322.31	3,454,115,583.98
Net earned premiums			
Net fee and commission revenue			
II. Total operating costs		46,960,889,468.54	39,748,309,616.85
Including: Operating costs	40	11,867,273,851.78	10,093,468,616.63
Interest expenses	41	113,500,129.93	105,584,206.24
Fees and commission expenses	41	68,578.57	143,141.51
Surrenders			
Net payments for insurance claims			
Net provision of insurance reserve			
Policyholder dividends			
Reinsurance expenses			
Taxes and surcharges	42	22,234,175,898.60	18,495,818,534.22
Selling expenses	43	4,648,613,585.82	3,297,724,190.94
General and administrative expenses	44	9,729,389,252.31	9,012,191,073.63
R&D expenses	45	157,371,873.01	135,185,680.40
Financial expenses	46	-1,789,503,701.48	-1,391,805,826.72
Including: Interest expense		12,624,628.35	12,023,204.77
Interest income		1,942,301,920.98	1,475,422,303.64
Add: Other income	47	34,644,873.86	24,505,353.83
Investment income/(loss)	48	34,025,967.82	63,840,000.00
Including: Share of profits or loss of associates and joint ventures			
Gain from derecognition of financial assets measured at amortized cost			
Exchange gains or losses			
Net exposure hedging gains/(losses)			
Gain/(loss) on the changes in fair value	49	3,151,962.50	
Credit impairment losses	50	37,871,293.26	-14,686,546.25
Assets impairment losses			
Gain/(loss) from disposal of assets	51	-479,736.97	213,235.69

III. Operating profit		103,708,655,208.38	87,879,521,782.39
Add: Non-operating income	52	86,779,655.95	70,852,285.40
Less: Non-Operating expenses	53	132,881,174.52	248,884,319.61
IV. Profit/(loss) before tax		103,662,553,689.81	87,701,489,748.18
Less: Income tax expense	54	26,141,077,412.01	22,325,449,790.30
V. Net profit/(loss)		77,521,476,277.80	65,376,039,957.88
(1) Categorized by operation continuity			
1. Net profit from continuing operations		77,521,476,277.80	65,376,039,957.88
2. Net profit from discontinuing operations			
(2) Categorized by ownership			
1. Net profit attributable to owners of the parent		74,734,071,550.75	62,717,467,870.12
2. Net profit attributable to non-controlling interests		2,787,404,727.05	2,658,572,087.76
VI. Other comprehensive income, net of tax	55	4,715,179.82	2,240,973.45

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(1) Other comprehensive income, net of tax, attributable to owners of the parent		4,715,179.82	2,240,973.45
1. Other comprehensive income that will not be reclassified to profit or loss			
1.1 Remeasurement gains or losses of a defined benefit plan			
1.2 Other comprehensive income using the equity method that will not be reclassified to profit or loss			
1.3 Changes in fair value of other equity instrument investments			
1.4 Changes in fair value of enterprise's own credit risk			
2. Other comprehensive income to be reclassified to profit or loss		4,715,179.82	2,240,973.45
2.1 Other comprehensive income that can be reclassified to profit or loss in equity method			
2.2 Changes in fair value of other debt investments			
2.3 Amount of financial assets reclassified into other comprehensive income			
2.4 Provision for credit impairment of other debt investments			
2.5 Cash flow hedging reserves			
2.6 Exchange differences on translation of foreign currency financial statements		4,715,179.82	2,240,973.45

2.7 Others			
(2) Other comprehensive income, net of tax, attributable to non-controlling interests			
VII. Total comprehensive income		77,526,191,457.62	65,378,280,931.33
(1) Total comprehensive income attributable to owners of the parent		74,738,786,730.57	62,719,708,843.57
(2) Total comprehensive income attributable to non-controlling interests		2,787,404,727.05	2,658,572,087.76
VIII. Earnings per share			
(1) Basic earnings per share (CNY / share)		59.49	49.93
(2) Diluted earnings per share (CNY / share)		59.49	49.93

Legal Representative: Ding Xiongjun

Chief Accountant: Jiang Yan

Head of the Accounting Department: Cai Congying

Cash Flow Statement (Part 1)



Prepared by: Kweichow Moutai Co., Ltd.

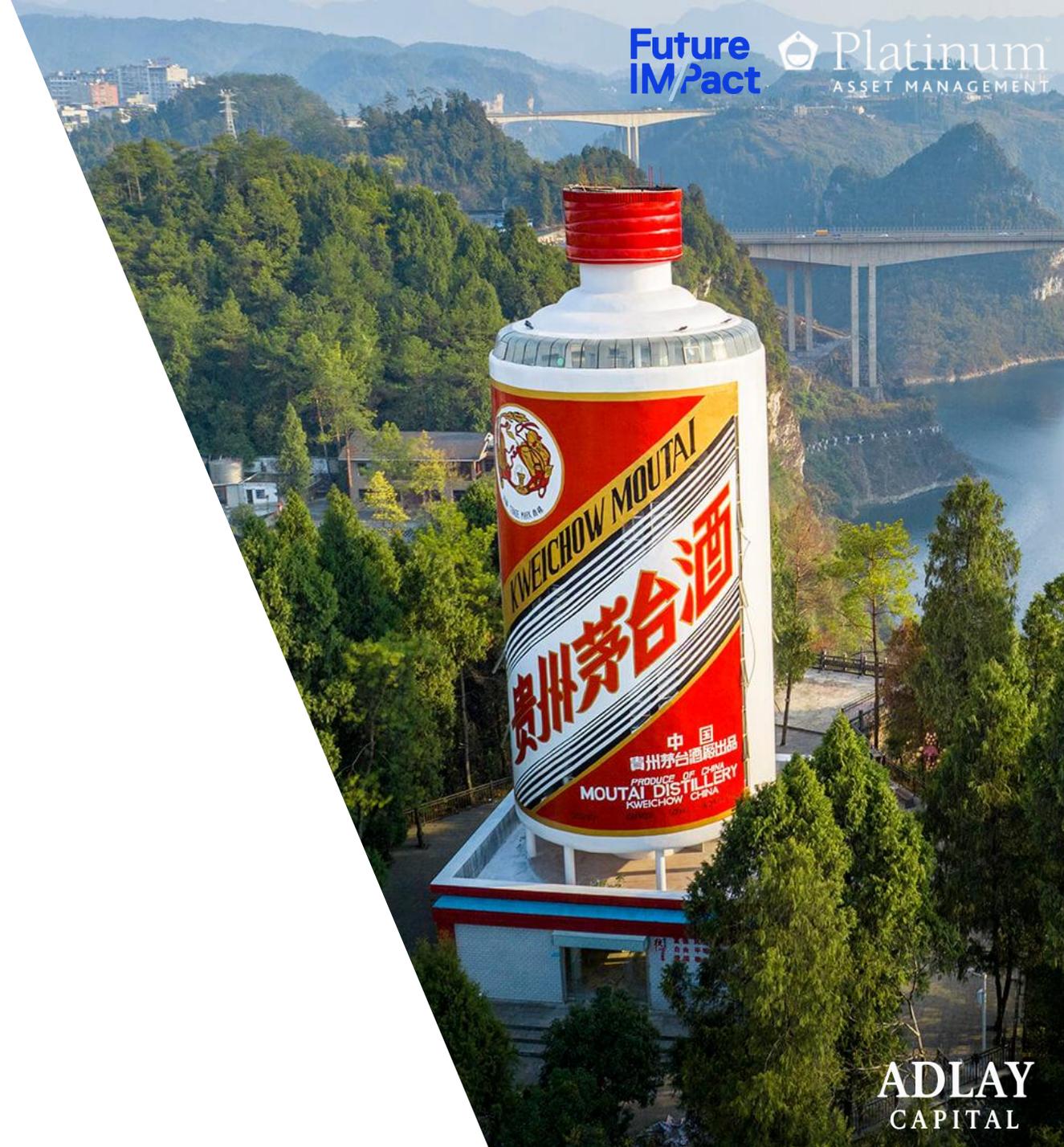
Monetary Unit: Yuan Currency: RMB

Item	Notes	2023	2022
I. Cash flows from operating activities			
Cash receipts from the sale of goods and the rendering of services		163,699,909,417.62	140,691,678,592.00
Net increase in customer bank deposits and due to banks and other financial institutions		-810,223,002.76	-8,916,033,228.67
Net increase in loans from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash premiums received on original insurance contracts			
Net cash received from re-insurance business			
Net increase in deposits and investments from insurers			
Cash received from interest, fees and commission		3,018,786,023.42	3,247,615,476.04
Net increase in funds deposit			
Net increase in repurchase business funds			
Net income from securities trading brokerage business			
Tax refunds received		1,500,047.04	33,191,912.56
Cash received relating to other operating activities	56(1)	2,346,196,470.63	2,759,422,171.88
Sub-total of cash inflows		168,256,168,955.95	137,815,874,923.81
Cash paid for purchase of goods and services		11,029,476,036.21	8,357,859,151.03
Net increase in loans and payments on behalf of customers		-2,051,930,316.19	723,778,672.00
Net increase in deposits with central bank and other financial institutions		1,570,003,429.01	13,037,761,321.90
Payments for claims for original insurance contracts			
Net increase in funds lent		2,500,000,000.00	
Cash paid for interest, fees and commission		142,896,151.21	79,226,410.98
Commissions on insurance policies paid			
Cash paid to and on behalf of employee		13,845,293,907.26	11,752,241,598.62

Cash paid for taxes		66,683,472,509.22	62,043,324,506.36
Cash paid relating to other operating activities	56(1)	7,943,709,518.14	5,123,087,432.89
Sub-total of cash outflows		101,662,921,234.86	101,117,279,093.78
Net cash flows from operating activities		66,593,247,721.09	36,698,595,830.03
II. Cash flows from investing activities			
Cash received from disposal of investments	56(2)	7,549,947,301.15	
Cash received from investment income		140,715,000.00	5,880,000.00
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		24,948,352.95	355,149.00
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities	56(2)	4,605,886.63	4,971,762.18
Sub-total of cash inflows		7,720,216,540.73	11,206,911.18
Purchase of property, plant and equipment, intangible assets and other non-current assets		2,619,755,888.79	5,306,546,416.54
Cash paid for investments	56(2)	14,817,852,800.00	210,000,000.00
Net increase in secured loans			
Net cash paid for acquisition of a subsidiary and other operating units			
Cash paid relating to other investing activities	56(2)	7,021,867.10	31,486,829.54
Sub-total of cash outflows		17,444,630,555.89	5,548,033,246.08
Net cash flows from investing activities		-9,724,414,015.16	-5,536,826,334.90

III. Cash flows from financing activities			
Cash received from investment			
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries			
Proceeds from borrowings			
Cash receipts relating to other financing activities			
Subtotal of cash inflows			
Repayments for debts			
Cash payments for distribution of dividends or profit and interest expenses		58,754,786,730.01	57,370,196,191.46
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries		2,204,530,367.41	2,618,815,078.45
Cash payments relating to other financing activities	56(3)	134,315,261.93	54,332,788.37
Subtotal of cash outflows		58,889,101,991.94	57,424,528,979.83
Net cash flows from financing activities		-58,889,101,991.94	-57,424,528,979.83
IV. Effect of exchange rate changes on cash and cash equivalents		1,718,255.65	911,088.01
V. Net increase in cash and cash equivalents		-2,018,550,030.36	-26,261,848,396.69
Add: Cash and cash equivalents at beginning of year		152,378,738,982.83	178,640,587,379.52
VI. Cash and cash equivalents at end of year		150,360,188,952.47	152,378,738,982.83

FY24 Financials



(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2023
Current assets:			
Cash and bank balances	1	59,295,822,956.89	69,070,136,376.12
Settlement funds			
Loans to banks and other financial institutions	2	127,187,293,298.17	105,553,836,462.58
Held-for-trading financial assets	3	248,513,280.00	400,712,059.93
Derivative financial assets			
Notes receivable	4	1,984,407,967.50	13,933,440.00
Accounts receivable	5	18,974,192.75	60,373,410.41
Receivables financing			
Advances paid	6	26,975,033.20	34,585,111.79
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	7	29,955,673.47	27,502,107.30
Including: interest receivable			
Dividends receivable			
Financial assets purchased under agreements to resell	8	7,220,310,691.10	3,504,849,885.05
Inventories	9	54,343,285,157.47	46,435,185,061.53
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year	10	1,210,959,803.42	
Other current assets	11	160,176,582.69	71,403,906.57
Total current assets		251,726,674,636.66	225,172,517,821.28
Non-current assets:			
Loans and advances	12	2,381,228,475.45	2,130,818,189.27
Debt investments	13	1,515,174,439.92	5,323,002,071.02
Other debt investments			
Long-term receivables			
Long-term equity investments			
Other equity instrument investments			
Other non-current financial assets	14	4,028,978,995.56	4,002,439,902.57
Investment property	15	7,625,167.83	4,138,545.33
Fixed assets	16	21,871,446,747.14	19,909,280,655.97
Construction in progress	17	2,149,619,937.05	2,137,464,700.45
Productive biological assets			
Oil & gas assets			
Right-of-use assets	18	410,594,173.53	314,205,484.56
Intangible assets	19	8,850,205,831.00	8,572,267,313.84
Including: Data resources			
Development expenditures	20	98,522,878.42	218,015,555.49
Including: Data resources			
Goodwill			
Long-term prepayments	21	152,105,949.85	160,058,930.14
Deferred tax assets	22	5,520,006,868.83	4,645,887,425.10
Other non-current assets	23	232,395,817.46	109,563,497.23
Total non-current assets		47,217,905,282.04	47,527,142,270.97
Total assets		298,944,579,918.70	272,699,660,092.25

Balance Sheet (Part 2)



(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2023
Current liabilities:			
Short-term borrowings			
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	25	3,514,969,230.31	3,093,091,103.67
Advances received			
Contract liabilities	26	9,592,453,014.66	14,125,755,802.29
Financial assets sold under agreements to buy			
Absorbing deposit and interbank deposit	27	23,102,858,820.97	12,034,492,909.95
Deposits for agency security transaction			
Deposits for agency security underwriting			
Employee benefits payable	28	5,824,371,399.07	5,401,921,213.77
Taxes and rates payable	29	7,717,686,541.38	6,949,663,893.87
Other payables	30	5,429,006,700.86	5,213,133,685.87
Including: interest payable			
Dividends payable			
Handling fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	31	111,951,112.20	57,054,879.48
Other current liabilities	32	1,222,693,799.51	1,822,498,012.30
Total current liabilities		56,515,990,618.96	48,697,611,501.20
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	33	313,906,415.76	266,636,234.04
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities	22	103,367,763.38	78,943,062.19
Other non-current liabilities			
Total non-current liabilities		417,274,179.14	345,579,296.23
Total liabilities		56,933,264,798.10	49,043,190,797.43
Equity:			
Share capital:	34	1,256,197,800.00	1,256,197,800.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	35	1,374,964,415.72	1,374,964,415.72
Less: Treasury shares			
Other comprehensive income	36	-9,916,224.69	-6,061,727.51
Special reserve			
Surplus reserve	37	46,635,793,479.39	38,998,763,095.13
General risk reserve	38	1,061,529,724.00	1,061,529,724.00
Undistributed profit	39	182,787,415,205.05	172,983,178,300.09
Total equity attributable to the parent company		233,105,984,399.47	215,668,571,607.43
Non-controlling interest		8,905,330,721.13	7,987,897,687.39
Total equity		242,011,315,120.60	223,656,469,294.82
Total liabilities & equity		298,944,579,918.70	272,699,660,092.25

Legal representative: Zhang Deqin Officer in charge of accounting: Jiang Yan Head of accounting department: Cai Congying

Income Statement (Part 1)



(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative				
I. Total operating revenue		174,144,069,958.25	150,560,330,316.45				
Including: Operating revenue	40	170,899,152,276.34	147,693,604,994.14	Add: Other income	47	21,229,466.81	34,644,873.86
Interest income	41	3,244,917,681.91	2,866,725,322.31	Investment income (or less: losses)	48	9,130,340.37	34,025,967.82
Premiums earned				Including: Investment income from associates and joint ventures			
Revenue from handling fees and commissions				Gains from derecognition of financial assets at amortized cost			
II. Total operating cost		54,523,971,452.57	46,960,889,468.54	Gains on foreign exchange (or less: losses)			
Including: Operating cost	40	13,789,482,367.98	11,867,273,851.78	Gains on net exposure to hedging risk (or less: losses)			
Interest expenses	41	105,127,802.03	113,500,129.93	Gains on changes in fair value (or less: losses)	49	60,980,724.35	3,151,962.50
Handling fees and commissions	41	94,078.17	68,578.57	Credit impairment loss	50	-23,248,436.03	37,871,293.26
Surrender value				Assets impairment loss			
Net payment of insurance claims				Gains on asset disposal (or less: losses)	51	388,852.05	-479,736.97
Net provision of insurance policy reserve				III. Operating profit (or less: losses)		119,688,579,453.23	103,708,655,208.38
Premium bonus expenditures				Add: Non-operating revenue	52	70,936,575.97	86,779,655.95
Reinsurance expenses				Less: Non-operating expenditures	53	120,937,834.74	132,881,174.52
Taxes and surcharges	42	26,926,161,474.99	22,234,175,898.60	IV. Profit before tax (or less: total loss)		119,638,578,194.46	103,662,553,689.81
Selling expenses	43	5,639,300,059.49	4,648,613,585.82	Less: Income tax expenses	54	30,303,850,168.56	26,141,077,412.01
Administrative expenses	44	9,315,650,060.38	9,729,389,252.31	V. Net profit (or less: net loss)		89,334,728,025.90	77,521,476,277.80
R&D expenses	45	218,375,472.87	157,371,873.01				
Financial expense	46	-1,470,219,863.34	-1,789,503,701.48				
Including: Interest expenses		14,474,584.09	12,624,628.35				
Interest income		1,476,991,223.18	1,942,301,920.98				

Income Statement (Part 2)



(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	89,334,728,025.90	77,521,476,277.80
2. Net profit from discontinued operations (or less: net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company (or less: net loss)	86,228,146,421.62	74,734,071,550.75
2. Net profit attributable to non-controlling shareholders (or less: net loss)	3,106,581,604.28	2,787,404,727.05
VI. Other comprehensive income after tax	55	-3,854,497.18
Items attributable to the owners of the parent company		-3,854,497.18
(I) Not to be reclassified subsequently to profit or loss		
1. Remeasurements of the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss		-3,854,497.18
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve		-3,854,497.18
7. Others		
Items attributable to non-controlling shareholders		
VII. Total comprehensive income	89,330,873,528.72	77,526,191,457.62
Items attributable to the owners of the parent company	86,224,291,924.44	74,738,786,730.57
Items attributable to non-controlling shareholders	3,106,581,604.28	2,787,404,727.05
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)		68.64
(II) Diluted EPS (yuan per share)		68.64

Legal representative: Zhang Dejin Officer in charge of accounting: Jiang Yan Head of accounting department: Cai Congying

Cash Flow Statement (Part 1)



(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering services		182,645,203,339.89	163,699,909,417.62
Net increase of client deposit and interbank deposit		11,060,205,782.10	-810,223,002.76
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling fees and commissions		3,122,827,833.43	3,018,786,023.42
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund			1,500,047.04
Other cash receipts related to operating activities	56(1)	3,258,097,705.14	2,346,196,470.63
Subtotal of cash inflows from operating activities		200,086,334,660.56	168,256,168,955.95
Cash payments for goods purchased and services received		10,824,874,163.03	11,029,476,036.21
Net increase of loans and advances to clients		262,376,929.65	-2,051,930,316.19
Net increase of central bank deposit and interbank deposit		-4,585,245,646.29	1,570,003,429.01
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others		-400,000,000.00	2,500,000,000.00
Cash payments for interest, handling fees and commissions		97,061,751.28	142,896,151.21
Cash payments for policy bonus			
Cash paid to and on behalf of employees		15,352,541,000.17	13,845,293,907.26
Cash payments for taxes and rates		77,055,621,533.11	66,683,472,509.22
Other cash payments related to operating activities	56(1)	9,015,412,761.18	7,943,709,518.14
Subtotal of cash outflows from operating activities		107,622,642,492.13	101,662,921,234.86
Net cash flows from operating activities		92,463,692,168.43	66,593,247,721.09

II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments	56(2)	8,550,000,000.00	7,549,947,301.15
Cash receipts from investment income		92,382,151.66	140,715,000.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		715,708.44	24,948,352.95
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities	56(2)	5,532,536.42	4,605,886.63
Subtotal of cash inflows from investing activities		8,648,630,396.52	7,720,216,540.73
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		4,678,712,053.56	2,619,755,888.79
Cash payments for investments	56(2)	5,745,136,000.00	14,817,852,800.00

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Items	Note No.	Current period cumulative	Preceding period comparative
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities	56(2)	9,984,973.67	7,021,867.10
Subtotal of cash outflows from investing activities		10,433,833,027.23	17,444,630,555.89
Net cash flows from investing activities		-1,785,202,630.71	-9,724,414,015.16

III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings		
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities		
Cash payments for the repayment of borrowings		
Cash payments for distribution of dividends or profits and for interest expenses	70,951,027,702.94	58,754,786,730.01
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit	2,164,148,570.54	2,204,530,367.41
Other cash payments related to financing activities	56(3) 116,478,781.87	134,315,261.93
Subtotal of cash outflows from financing activities	71,067,506,484.81	58,889,101,991.94
Net cash flows from financing activities	-71,067,506,484.81	-58,889,101,991.94
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-1,082,747.55	1,718,255.65
V. Net increase in cash and cash equivalents	19,609,900,305.36	-2,018,550,030.36
Add: Opening balance of cash and cash equivalents	150,360,188,952.47	152,378,738,982.83
VI. Closing balance of cash and cash equivalents	169,970,089,257.83	150,360,188,952.47

Legal representative: Zhang Dejin Officer in charge of accounting: Jiang Yan Head of accounting department: Cai Congying