



古井贡 · 年份原浆[®]

Anhui Gujing Distillery Company Limited

Annual Report 2025



April 2026



Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), as well as the directors and senior management of Anhui Gujing Distillery Company Limited (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Liang Jinhui, the legal representative, and Zhu Jiafeng, the Deputy Chief Accountant and Board Secretary, hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

All the Company’s directors have attended the Board meeting for the review of this Report and its summary.

Any plans for the future and other forward-looking statements mentioned in this Report shall NOT be considered as absolute promises of the Company to investors. Investors, among others, shall be sufficiently aware of the risk and shall differentiate between plans/forecasts and promises. Again, investors are kindly reminded to pay attention to possible investment risks.

Investors’ attention is kindly directed to the detailed description of possible risks in the Company’s operations in “XI Prospects” under “Part III Management Discussion and Analysis”.

The Board has approved a final dividend plan as follows: based on the Company’s total share capital of 528,600,000 shares, a cash dividend of RMB34.00 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.



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Documents Available for Reference

- (I) Financial statements signed and sealed by the Company's legal representative, the Company's Chief Accountant and the head of the Company's financial department (equivalent to financial manager);
- (II) The original copy of the Independent Auditor's Report stamped by the CPA firm as well as signed and stamped by the engagement certified public accountants;
- (III) All originals of the Company's documents and announcements that have been publicly disclosed in the Reporting Period on the media designated by the China Securities Regulatory Commission; and
- (IV) This Report disclosed in other securities markets.

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Definitions

Term	Refers to	Definition
The “Company”, “Gu Jing” or “we”	Refers to	Anhui Gujing Distillery Company Limited inclusive of its consolidated subsidiaries, except where the context otherwise requires
Gujing Sales	Refers to	Bozhou Gujing Sales Co., Ltd.
The Company as the parent	Refers to	Anhui Gujing Distillery Company Limited exclusive of subsidiaries, except where the context otherwise requires
Gujing Group	Refers to	Anhui Gujing Group Co., Ltd.
Yellow Crane Tower	Refers to	Yellow Crane Tower Distillery Co., Ltd.
Mingguang	Refers to	Anhui Mingguang Distillery Co., Ltd.
Longrui Glass	Refers to	Anhui Longrui Glass Co., Ltd.
Intelligent Park	Refers to	The Baijiu Production Intelligent Transformation Project

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	Gujing Distillery, Gujing Distillery-B	Stock code	000596,200596
Changed stock name (if any)			
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	安徽古井贡酒股份有限公司		
Abbr.	古井		
Company name in English (if any)	ANHUI GUJING DISTILLERY COMPANY LIMITED		
Abbr. (if any)	GU JING		
Legal representative	Liang Jinhui		
Registered address	Gujing Town, Bozhou City, Anhui Province, P.R. China		
Zip code	236820		
Change of registered address	N/A		
Office address	Gujing Industrial Park, Gujing Town, Bozhou City, Anhui Province, P.R. China		
Zip code	236820		
Company website	http://www.gujing.com		
Email address	gjzqb@gujing.com.cn		

II Contact Information

	Board Secretary	Securities Representative
Name	Zhu Jiafeng	Mei Jia
Address	Gujing Town, Bozhou City, Anhui Province, P.R. China	Gujing Town, Bozhou City, Anhui Province, P.R. China
Tel.	(0558)5712231	(0558)5710057
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III Media for Information Disclosure and Place where this Report Is Lodged

Website of the stock exchange where this Report is disclosed	The Shenzhen Stock Exchange (http://www.szse.cn)
Media and website where this Report is disclosed	China Securities Journal, Shanghai Securities News, Ta Kung Pao (HK) and http://www.cninfo.com.cn
Place where this Report is lodged	The Board Secretary's Office

IV Change to Company Registered Information

Unified social credit code	913400001519400083
Change to principal activity of the Company since going public (if any)	No change
Every change of controlling shareholder since incorporation (if any)	No change

V Other Information

The independent audit firm hired by the Company:

Name	RSM China
Office address	Suite 901-22 to 901-26, Wai Jing Mao Building (Tower 1), No. 22 Fuchengmen Wai Street, Xicheng District, Beijing, China
Accountants writing signatures	Zhang Liping, Han Songliang, Zeng Ziqi

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

VI Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

	2025	2024	2025- over-2024 change	2023
Operating revenue (RMB)	18,831,982,591.24	23,577,928,065.99	-20.13%	20,253,526,598.02
Net profit attributable to the listed company's shareholders (RMB)	3,549,108,530.34	5,517,251,073.10	-35.67%	4,589,164,052.80
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	3,489,463,594.30	5,457,155,276.12	-36.06%	4,495,219,187.57
Net cash generated from/used in operating activities (RMB)	1,947,212,977.00	4,727,652,873.85	-58.81%	4,496,206,034.42
Basic earnings per share (RMB/share)	6.71	10.44	-35.73%	8.68
Diluted earnings per share (RMB/share)	6.71	10.44	-35.73%	8.68
Weighted average return on equity (%)	14.28%	23.89%	-9.61%	22.92%
	December 31, 2025	December 31, 2024	Change of	December 31, 2023

			December 31, 2025 over December 31, 2024	
Total assets (RMB)	38,197,033,001.78	40,522,413,702.09	-5.74%	35,420,907,274.99
Equity attributable to the listed company's shareholders (RMB)	25,050,216,942.36	24,657,023,779.19	1.59%	21,525,309,609.44

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes No

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

Yes No

VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

No difference for the Reporting Period.

2. Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable Not applicable

No difference for the Reporting Period.

3. Reasons for Accounting Data Differences Above

Applicable Not applicable

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenues	9,146,061,070.75	4,733,791,132.00	2,544,788,530.16	2,407,341,858.33
Net profit attributable to the listed company's shareholders	2,329,843,939.99	1,331,741,845.95	298,617,577.53	-411,094,833.13
Net profit attributable to the listed company's shareholders before exceptional gains and losses	2,311,791,509.93	1,314,597,484.07	281,518,555.27	-418,443,954.97
Net cash generated from/used in operating activities	1,845,180,171.28	2,309,371,883.32	-1,527,498,577.59	-679,840,500.01

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

IX Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2025	2024	2023	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-3,255,352.82	-6,996,040.00	-2,063,270.90	
Government grants recognized in profit or loss (exclusive of those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with government policies, and have a continuing impact on the Company's profit or loss)	49,068,936.93	47,217,316.71	39,946,354.24	
Gain or loss on fair-value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities (exclusive of the effective portion of hedges that is related to the Company's normal business operations)	5,782,198.92	2,316,575.85	51,603,409.95	
Reversed portions of impairment allowances for receivables which are tested individually for impairment	0.00	0.00	98,239.02	
Non-operating income and expense other than the above	47,388,726.20	52,210,445.28	51,716,611.35	
Less: Income tax effects	24,237,194.74	23,534,161.55	34,596,052.57	
Non-controlling interests effects (net of tax)	15,102,378.45	11,118,339.31	12,760,425.86	
Total	59,644,936.04	60,095,796.98	93,944,865.23	--

Particulars about other items that meet the definition of exceptional gain/loss:

Applicable Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable Not applicable

No such cases for the Reporting Period.

Part III Management Discussion and Analysis

I Principal Activity of the Company in the Reporting Period

The Company is subject to the Guideline No. 14 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Food and Liquor & Wine Production.

The Company primarily produces and markets baijiu. According to the Industry Categorization Guide for Listed Companies (Revised in 2012) issued by the CSRC, baijiu making belongs to the “liquor, beverage and refined tea making industry” (C15). The Company’s principal operations remained unchanged in the Reporting Period.

Main sales model

The Company’s key sales model is dealer model. Under the dealer model, the Company will select one or more dealers for sales of a product brand (or product sub-brand) according to the market capacity.

Distribution model:

Applicable Not applicable

1. Operating Performance by Distribution Channel and Product Category

Unit: RMB

By	Operating revenues	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Channel						
Online	1,008,226,469.68	328,994,529.83	67.37%	30.65%	79.84%	-8.92%
Offline	17,823,756,121.56	3,577,505,260.34	79.93%	-21.85%	-21.46%	-0.10%
Total	18,831,982,591.24	3,906,499,790.17	79.26%	-20.13%	-17.55%	-0.64%
By	Operating revenues	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Product series						
Original Vintage Series	14,592,360,910.26	2,209,956,226.79	84.86%	-19.32%	-11.99%	-1.26%
Gujinggong Baijiu Series	1,921,514,468.31	961,522,857.00	49.96%	-14.25%	1.08%	-7.59%
Yellow Crane Tower and other	2,025,848,688.54	637,210,475.00	68.55%	-20.19%	-10.73%	-3.33%
Total	18,539,724,067.11	3,808,689,558.79	79.46%	-18.92%	-8.80%	-2.28%

2. Number of Distributors by Geographical Segment

Segment	Ending number	Change in the Reporting Period
North China	1,325	-35
South China	656	-5
Central China	2,856	-185
Overseas	28	1
Total	4,865	-224

Proportion of store sales terminal exceeds 10%

Applicable Not applicable

Online direct sales

Applicable Not applicable

The major product varieties sold online are Original Vintage Series, and Gujinggong Baijiu Series, among others. The main online sales platforms are Gujing Distillery platform, Tmall, JD.com, and Suning.com.

Any over 30% YoY movements in the selling price of main products contributing over 10% of current total operating revenue

Applicable Not applicable

Model and contents of purchase

Model of purchase: The Company primarily adopts the bidding and strategic cooperation models. It also adopts the base planting model in order to ensure the quality of some raw materials.

Purchase contents

Purchase contents		Purchase model	Amount (RMB10,000)
1	Raw materials	Strategic purchasing	91,051.53
		Tendering purchasing	154,870.08
2	Packing materials	Tendering purchasing	188,532.25
Total			434,453.86

The proportion of raw materials purchased from cooperations or farmers to total purchase amount exceeds 30%

Applicable Not applicable

Any over 30% YoY movements in prices of main purchased raw materials

Applicable Not applicable

Main production model

The Company's existing production model is sales-based production. Specifically, the Logistics

Control Center is responsible for coordinating the implementation of production plans, release of material production plans, and delivery and tracking of products, and prepares balanced production plans on a quarterly basis according to the product inventory. The logistics distribution system is coordinated according to the production schedule and inventory with a view to ensuring timely delivery of products.

Commissioned production

Applicable Not applicable

Breakdown of cost of sales

Item	2025		2024		Change (%)
	Cost of sales (RMB)	As % of total cost of sales	Cost of sales (RMB)	As % of total cost of sales	
Direct materials	2,974,882,788.42	76.15%	3,413,392,362.86	72.04%	-12.85%
Direct labor cost	401,560,143.70	10.28%	410,226,875.37	8.66%	-2.11%
Manufacturing expenses	321,802,047.38	8.24%	248,318,564.49	5.24%	29.59%
Fuels	110,444,579.29	2.83%	104,092,682.27	2.20%	6.10%
Total	3,808,689,558.79	97.50%	4,176,030,484.99	88.14%	-8.80%

Output and inventory

1. Output, sales volume and inventory of main products for the Reporting Period and respective YoY changes thereof

Unit: ton

Main product	Output	Sales volume	Inventory	YoY changes of output	YoY changes of sales volume	YoY changes of inventory
Original Vintage Series	54,288.42	63,714.49	15,350.23	-23.76%	-10.37%	-38.04%
Gujingong Baijiu Series	31,108.64	33,550.28	2,742.87	-2.33%	3.79%	-47.09%
Yellow Crane Tower and other	22,147.53	22,106.00	4,362.02	-11.35%	-11.19%	0.96%

2. Ending inventory of finished liquor and semi-product

Category	Ending quantity (ton)
Finished liquor	22,455.12
Semi-product (including base liquor)	370,631.68

3. Capacity

Unit: ton

Main product	Designed capacity	Actual capacity	Capacity in progress
Finished liquor	180,000	107,545	0.00

II Industry Overview for the Reporting Period

1. Status of the Baijiu Industry

The baijiu industry is at a crucial turning point in its deep adjustment period. In 2025, the industry fundamentals are under pressure, showing three characteristics of “reduced volume and price drop, high inventory pressure, and consumption differentiation.” According to data from the National Bureau of Statistics, from January to December 2025, the output of baijiu enterprises above designated size (converted to 65 degrees) was 3,549,000 kiloliters, a year-on-year decline of 12.10%, marking the seventh consecutive year of decline since 2019. The terminal market has sluggish sales, high channel inventory, widespread phenomenon of inverted prices, reduced demand for business banquets, with banquets and mass consumption scenarios relatively stable, the industry has entered a stage of stock competition, and the mid-to-low price band has become the main force for de-stocking.

In 2026, the industry will accelerate differentiation in the “stock competition” pattern. In terms of market structure, the Matthew effect intensifies, with leading companies further squeezing the space for small and medium-sized baijiu companies by relying on brand momentum and channel control. In terms of consumption structure, there is an obvious “dumbbell-shaped” distribution: the growth rate of the high-end market (above 1,000 yuan) is slowing, the mass market (50-200 yuan price range) has become the fastest-growing ballast, and the sub-high-end range (300-800 yuan) is caught in the most intense price competition. In terms of consumer behavior, rational and pragmatic consumption becomes mainstream, the consensus of “drinking less but drinking better” is strengthened, and the consumption scene shifts from government and business-led to diversified modes such as family gatherings, self-drinking, and social circles. In terms of product innovation, trends of low-alcohol, lightweight, and health-conscious products are prominent, with strong demand for light bottle wine and small packaging, and new categories like fruit and herb wines breaking through against the trend. In terms of channel reform, digital construction has upgraded from an efficiency tool to a survival infrastructure, and the scale of the instant retail market continues to rise. In terms of the policy environment, the brewing industry has been explicitly included in the category of “historical classic industries,” gaining policy dividends while facing stricter industry regulation, promoting the market to develop towards standardization and centralization.

2. Position of the Company in the Industry

China has a long history of baijiu. There are a large number of baijiu production enterprises in the country, but the regional distribution of baijiu consumers is particularly evident. The baijiu industry is characterized by full competition, with a high degree of marketization. The market competition is fierce, and the industry adjustments are constantly deepening. In the national market, the competitive edges of the enterprises come from their brand influence, product style and marketing & operation models. In a single regional market, the competitive strengths of the enterprises depend on their brand influence in the region, the recognition of the companies by regional consumers and comprehensive marketing capacity.

As one of China’s traditional top eight liquor brands, the Company is the first listed baijiu company with both A and B stocks. It is located in Bozhou City, Anhui Province in China, the hometown of historic figures Cao Cao and Hua Tuo, as well as one of the world’s top 10 liquor-producing areas. No changes have occurred to the main business of the Company in the Reporting Period. As the main

product of the Company, the Gujing spirit originated as a “JiuYunChun Spirit”, together with its making secrets, being presented as a hometown specialty by Cao Cao, a famous warlord in China’s history, to Emperor Han Xiandi (name: Liu Xie) in A.D. 196, and was continually presented to the royal house since then. With crystalline liquid, rich aroma, a fine flavor and a lingering aftertaste, the Gujing spirit has helped the Company win four national baijiu golden awards, a golden award at the 13th SIAL Paris, the title of China’s “Geographical Indication Product”, the recognition as a “Key Cultural Relics Site under the State Protection”, the recognition with a “National Intangible Cultural Heritage Protection Project”, a Quality Award from the Anhui provincial government, a title of “National Quality Benchmark”, among other honors.

In April 2016, Gujing Distillery signed a strategic cooperation agreement with Yellow Crane Tower Distillery, opening a new era of cooperation in China’s famous baijiu industry. Yellow Crane Tower Baijiu is the only famous Chinese baijiu in Hubei. Its unique style is “soft, mellow, elegant and cool, and has a long lingering fragrance”. It won the two China gold medal in baijiu appreciation in 1984 and 1989. At present, Yellow Crane Tower Distillery has three bases: Wuhan, Xianning and Suizhou. Among them, Yellow Crane Tower Baijiu Culture Expo Park in Wuhan base has been approved as national AAA scenic spot, and Yellow Crane Tower Forest Baijiu Town in Xianning base has been approved as national AAAA scenic spot.

In January 2021, Gujing Distillery and Mingguang signed a strategic cooperation agreement. The unique mung bean flavor adds to the famous baijiu family of Gu Jing. The primary products of Mingguang Distillery include Mingguang Jianiang, Mingguang Daqu, Mingguang Youye, Mingguang Tequ, and 53% vol Mingluye. In December 2021, the Old Mingguang Brewing Technique was selected for the sixth batch of provincial intangible cultural heritage list.

III Core Competitiveness Analysis

No significant changes occurred to the Company’s core competitiveness in the Reporting Period.

IV Analysis of Core Businesses

1. Overview

In 2025, the Company adheres to Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era as its guide, thoroughly studying and implementing the spirit of the 20th National Congress of the Communist Party of China and the successive plenary sessions of the 20th CPC Central Committee, as well as the new development philosophy. Focusing on the Company’s “Year of Work Style Development and Management” and annual task objectives, the Company upholds the principles of prioritizing stability, seeking progress while maintaining stability, improving quality and efficiency, and long-termism, and has united and led all employees, tackled difficulties head-on, and upheld fundamental principles while pursuing innovation. During the industry adjustment period, the Company has consolidated the fundamentals, strengthened competitiveness, optimized the governance structure, and made every effort to ensure its sustained, healthy, and steady development.

During the Reporting Period, the Company achieved operating revenue of RMB 18,832 million and net profit attributable to the parent company of RMB 3,549 million. As at the end of the Reporting Period, the Company’s total assets were RMB 38,197 million, and the net assets attributable to shareholders of the listed company were RMB 25,050 million.

(I) Brand momentum building: The four-season IPs strung together into a chain, with dual-track communication resonating at home and abroad

Through the cultural matrix of “one festival, one season, one ceremony, one annual event” (Peach

Blossom Spring Qu Festival, Raw Grain Harvest Season, Autumn Brewing Opening Ceremony, Annual Culture Festival), the Company achieves uninterrupted year-round brand communication. Domestically, the Company continues to focus on high-speed rail special trains, CCTV Spring Festival Gala, and social interaction, which have brought the image of Gujing into ordinary households. Internationally, the six World Expos and global liquor culture tours have spread the fragrance of Gujing baijiu far and wide.

(II) Quality foundation consolidation: Safeguarded by a comprehensive quality control system, with digital-intelligent brewing enhancing quality

The Company strictly adheres to process standards, and has established a unified scheduling mechanism for production capacity, aroma profiles, and processes. The Company practices the concept of “green brewing, intelligent manufacturing”, and deepens the “1+1 production model”, making tradition more authentic and modernity more intelligent. The Company also uses digital technology to foster baijiu aroma, promoting the steady improvement of the quality and output of base liquor.

(III) Sci-tech innovation quality enhancement: Full-chain value control, and multi-dimensional patent breakthroughs

The quality chain integrating “field-workshop-laboratory-market” is to be established, and the orderly advancement of intelligent management platform construction for raw grain planting bases is promoted. The Company has established intelligent production models and taken multiple measures to improve the quality of base liquor. The Company implements pre-positioned management of packaging material quality and strengthens the quality control system of the supply chain. A total of 46 patents were applied for throughout the year (10 invention patents and 36 utility model patents), and six invention patents were granted, empowering quality upgrades through technological innovation.

(IV) Digital intelligence foundation: In-depth AI private domain deployment, with comprehensive safety system foundation

The Company has privately deployed the DeepSeek-R1 inference model, and built a baijiu + AI application matrix, serving employees and distributors. The Company improves digital construction, operation and maintenance, and service standards, has launched the three major platforms of endpoint security, situational awareness, and host security management; and achieved early warning of security risks and timely handling of hidden dangers.

(V) Management efficiency enhancement: Precise empowerment and support for the grassroots, with digital assessment reaching the front lines

The Company implements an empowerment program for grassroots managers, and cultivates new-quality talent in intelligent manufacturing. The Company has established a dual mechanism of “task list + outcome performance”, implemented quantitative management of job responsibilities, and piloted a new digital performance evaluation system in frontline workshops to stimulate organizational vitality through precise assessment.

(VI) Forging the soul with Party building: The Eight-Point Regulations unite hearts and minds, and coordinated supervision enforces discipline

The Company integrates “study, inspection, and remediation” as one, and deepens the implementation of the spirit of the Central Eight-Point Regulations. The Company strengthens the overall planning of the Party building leading group, consolidates responsibility for strictly governing the Party, advances the “Year of Work Style Development and Management”, implements the “three listening

and three systems”, promotes coordination between discipline inspection and audit supervision, and unites the strength to forge ahead with excellent work style.

(VII) In the Reporting Period, the Company was still under pressure and had deficiencies as follows.

1. The industry is under pressure from deep adjustment, consumer demand and consumption scenarios have changed dramatically, competition in the existing market has intensified, and market sales are moving slowly;
2. The brand’s influence still needs to be further strengthened;
3. Internal management requires further reform and efficiency improvements, and the Company’s internal growth potential needs to be further activated.

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2025		2024		Change (%)
	Amount	As % of total operating revenue (%)	Amount	As % of total operating revenue (%)	
Total	18,831,982,591.24	100%	23,577,928,065.99	100%	-20.13%
By operating division					
Manufacturing	18,831,982,591.24	100%	23,577,928,065.99	100%	-20.13%
By product category					
Baijiu	18,539,724,067.11	98.45%	22,865,058,713.55	96.98%	-18.92%
Hotel services	88,636,179.44	0.47%	86,256,197.47	0.36%	2.76%
Other	203,622,344.69	1.08%	626,613,154.97	2.66%	-67.50%
By operating segment					
North China	1,058,108,918.58	5.62%	1,979,406,985.66	8.40%	-46.54%
Central China	16,647,874,031.21	88.40%	20,150,945,972.42	85.46%	-17.38%
South China	1,113,246,819.50	5.91%	1,425,975,566.51	6.05%	-21.93%
Overseas	12,752,821.95	0.07%	21,599,541.40	0.09%	-40.96%
By sales model					
Online	1,008,226,469.68	5.35%	771,686,684.39	3.27%	30.65%
Offline	17,823,756,121.56	94.65%	22,806,241,381.60	96.73%	-21.85%

(2) Operating Division, Product Category, Operating Segment or Sales Model Contributing over 10% of Operating Revenue or Operating Profit

Applicable Not applicable

Unit: RMB

	Operating revenues	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Manufacturing	18,831,982,591.24	3,906,499,790.17	79.26%	-20.13%	-17.55%	-0.64%
By product category						
Baijiu	18,539,724,067.11	3,808,689,558.79	79.46%	-18.92%	-8.80%	-2.28%
Hotel services	88,636,179.44	44,226,299.66	50.10%	2.76%	1.53%	0.60%
Other	203,622,344.69	53,583,931.72	73.68%	-67.50%	-89.66%	56.42%
By operating segment						
North China	1,058,108,918.58	299,925,598.86	71.65%	-46.54%	-25.40%	-8.04%
Central China	16,647,874,031.21	3,370,253,577.23	79.76%	-17.38%	-17.27%	-0.02%
South China	1,113,246,819.50	231,817,795.24	79.18%	-21.93%	-9.84%	-2.79%
Overseas	12,752,821.95	4,502,818.84	64.69%	-40.96%	-16.01%	-10.49%
By sales model						
Online	1,008,226,469.68	328,994,529.83	67.37%	30.65%	79.84%	-8.92%
Offline	17,823,756,121.56	3,577,505,260.34	79.93%	-21.85%	-21.46%	-0.10%

Core business data of the prior year restated according to the changed statistical caliber for the Reporting Period:

Applicable Not applicable

(3) Whether Revenue from Physical Sales is Higher than Service Revenue

Yes No

Operating division	Item	Unit	2025	2024	Change (%)
Baijiu brewage	Sales volume	Ton	119,370.77	128,301.64	-6.96%
	Output	Ton	107,544.59	128,045.48	-16.01%
	Inventory	Ton	22,455.12	34,281.30	-34.50%

Any over 30% YoY movements in the data above and why:

Applicable Not applicable

Inventory decreased by 34.50% compared with 2024, mainly because inventory was sold in the early stage of 2025, resulting in reduced production volume.

(4) Execution Progress of Major Signed Sales and Purchase Contracts in the Reporting Period

Applicable Not applicable

(5) Breakdown of Cost of Sales

Operating division

Unit: RMB

Operating division	Item	2025		2024		Change (%)
		Amount	As % of total cost of sales (%)	Amount	As % of total cost of sales (%)	
Food manufacturing	Direct materials	2,974,882,788.42	76.15%	3,413,392,362.86	72.04%	-12.85%
Food manufacturing	Direct labor cost	401,560,143.70	10.28%	410,226,875.37	8.66%	-2.11%
Food manufacturing	Manufacturing expenses	321,802,047.38	8.24%	248,318,564.49	5.24%	29.59%
Food manufacturing	Fuels	110,444,579.29	2.83%	104,092,682.27	2.20%	6.10%

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting PeriodYes No

Compared with the prior year, Anhui Guqi Distillery Co., Ltd. was added to the consolidated financial statements of the Reporting Period. This period also saw the liquidation of Hainan Yangshengtianxia Biotechnology Development Co., Ltd.

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting PeriodApplicable Not applicable**(8) Major Customers and Suppliers**

Major customers:

Total sales to top five customers (RMB)	2,224,927,541.14
Total sales to top five customers as % of total sales of the Reporting Period (%)	11.81%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Information about top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Distributor A	1,427,124,660.51	7.57%
2	Distributor B	245,864,930.53	1.31%
3	Distributor C	221,991,467.24	1.18%
4	Distributor D	167,090,742.91	0.89%
5	Distributor E	162,855,739.95	0.86%
Total	--	2,224,927,541.14	11.81%

Other information about major customers:

Applicable Not applicable

Major suppliers

Total purchases from top five suppliers (RMB)	911,923,688.94
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	20.99%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	0.00%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier A	273,719,673.20	6.30%
2	Supplier B	204,440,278.53	4.70%
3	Supplier C	157,094,652.09	3.62%
4	Supplier D	142,085,620.66	3.27%
5	Supplier E	134,583,464.46	3.10%
Total	--	911,923,688.94	20.99%

Other information about major suppliers:

Applicable Not applicable

In the Reporting Period, revenue from trade business accounted for more than 10% of the total operating revenue:

Yes No Not Applicable

3. Expense

Unit: RMB

	2025	2024	Change (%)	Reason for any significant change
Selling expense	5,458,012,676.27	6,181,762,995.50	-11.71%	
Administrative expense	1,454,681,864.68	1,442,398,926.31	0.85%	
Finance costs	-524,281,825.11	-348,824,206.45	-50.30%	The main reason is the increase in interest income
R&D expense	88,190,543.64	78,242,212.58	12.71%	

The Company is subject to the Guideline No. 14 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Food and Liquor & Wine Production.

Breakdown of selling expense:

Unit: RMB

Item	2025	2024	Change (%)	Reason
Employment benefits	1,146,851,003.95	1,280,868,189.84	-10.46%	
Travel fees	275,138,085.38	257,167,425.19	6.99%	

Advertisement fees	1,353,000,071.25	1,309,141,466.48	3.35%	
Comprehensive promotion costs	1,860,952,300.87	2,563,283,912.38	-27.40%	
Service fees	701,337,170.61	658,399,995.56	6.52%	
Others	120,734,044.21	112,902,006.05	6.94%	
Total	5,458,012,676.27	6,181,762,995.50	-11.71%	

Details about advertisement

No.	Main way	Amount (RMB10,000)
1	TV	42,675.76
2	Offline	62,608.85
3	Online	30,015.40
Total		135,300.01

4. R&D Investments

Applicable Not applicable

Names of main R&D projects	Project objectives	Project progress	Objectives to be achieved	Expected impact on the future development of the Company
Research on key technologies for the intelligent control of quinoa cultivation	The intelligent control of the quinoa cultivation process is achieved to establish a high-quality large quinoa fermentation model.	The optimization of the intelligent quinoa room management platform and the setup of the environmental parameter monitoring system are completed, and the system is operating stably.	The Company aims to monitor and adjust quinoa-related parameters online, establish quality standards for key control points in intelligent cultivation, and achieve intelligent control of the cultivation process.	By improving work efficiency and strengthening quality control in the cultivation process, the Company is expected to further enhance the quality of large quinoa and the level of digital and intelligent management.
Research on the construction of an intelligent prediction model system for fermented grain height	Key parameters such as steamer loading height and the temperature and humidity of fermented grains are predicted based on big data and machine learning.	The deployment and operation verification of the fermented grain loading height prediction model is completed.	Intelligent predictive models for parameters such as grain loading height is established, providing data support for subsequent process adjustments and production decision-making.	The Company's production efficiency is improved, supporting the intelligent development of the Company's baijiu distilling.
Research on key technologies for intelligent quinoa cultivation	A basic model for quinoa cultivation is established to explore its impact on large quinoa quality.	The development of the monitoring and control system interface is completed, achieving data preprocessing, model training, and prediction of temperature and humidity, acidity, and moisture content for the next eight hours.	The Company aims to improve the quality of its intelligent quinoa cultivation and assist in its intelligent development.	The level of intelligence in labor-intensive links of traditional industries is improved, helping enhance the Company's intelligent brewing technology.
Research on distillation quality improvement technologies of strongly fragrant baijiu and intelligent	The correlation of flavor components during the distillation process is explored.	The correlation analysis of indicators such as intelligent liquor cut point and distillation duration is completed.	The critical points for segmented baijiu picking are identified, providing theoretical support for intelligent liquor picking and standardization of raw liquor quality.	The project is expected to improve the quality of intelligent liquor picking and the standardization of raw liquor quality.

distillation rules of baijiu				
Research on the preparation of efficient artificial pit mud and its application in Minglvye baijiu	By optimizing the cultivation process of artificial pit mud, the flavor, aroma, and liquor yield of the base liquor is improved, ultimately enhancing the overall quality of Minglvye baijiu.	Concluded.	The quality and fermentation performance of pit mud is improved, and while controlling the structure of the pit mud microbial community, its support for fermentation performance during the brewing process of Minglvye baijiu is enhanced, thereby strengthening the aroma and mouthfeel of the liquor.	Fermentation efficiency and baijiu quality stability in Minglvye baijiu production is improved, thereby enhancing product consistency and meeting the requirements of modern baijiu production for high efficiency, controllability, and quality stability.
Research on the intelligent brewing process and environmental microbial communities	The changes in microbial communities during the intelligent park fermentation process are explored to conduct trace analysis of environmental microbial communities during fermentation.	The sampling of summer workshop environmental samples and fermented grain samples at different time sequences in the Smart Park and Industrial Park, and microbial DNA extraction, and high-throughput sequencing, etc. are completed.	The Company aims to systematically study the changes in microbial communities during the fermentation process of intelligent parks, and compare them with traditional brewing production workshops to analyze the differences in the quality of raw liquor in different factory areas.	The microbial community regulation strategy will provide guidance for improving raw liquor quality and lay the foundation for the stable upgrading of the quality of raw liquor produced in the intelligent park.
Research on technology for improving the quality of medium-temperature large quinoa	Yeast strains from Mingguang Daqu with high fermentative capacity as well as good tolerance and adaptability are isolated and identified. Their culture conditions are optimized, and then they are applied to the production of high-quality large quinoa.	Concluded.	Yeast strains with relatively high fermentative capacity and good tolerance are obtained. After applying the yeast to the production of medium-temperature large quinoa, the fermentative capacity of large quinoa is improved.	The taste of the base liquor is improved, bringing economic and social benefits to the Company.

Details about R&D personnel:

	2025	2024	Change (%)
Number of R&D personnel	1,170	1,061	10.27%
R&D personnel as % of total employees	8.61%	7.89%	0.72%
Educational background of R&D personnel	——	——	——
Master's degree	100	89	12.36%
Bachelor	298	203	46.80%
Other	772	769	0.39%
Age structure of R&D personnel	——	——	——
Below 30	285	259	10.04%
30~40	558	477	16.98%
Over 40	327	325	0.62%

Details about R&D investments:

	2025	2024	Change (%)
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R&D investments (RMB)	403,794,911.63	435,332,086.16	-7.24%
R&D investments as % of operating revenue	2.14%	1.85%	0.29%
Capitalized R&D investments (RMB)	0.00	0.00	0.00
Capitalized R&D investments as % of total R&D investments	0.00%	0.00%	0.00%

Reasons for any significant change to the composition of R&D personnel and the impact:

Applicable Not applicable

Reasons for any significant YoY change in the percentage of R&D investments in operating revenue:

Applicable Not applicable

Reason for any sharp variation in the percentage of capitalized R&D investments and rationale

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2025	2024	Change (%)
Subtotal of cash generated from operating activities	21,777,865,903.28	25,419,226,220.25	-14.33%
Subtotal of cash used in operating activities	19,830,652,926.28	20,691,573,346.40	-4.16%
Net cash generated from/used in operating activities	1,947,212,977.00	4,727,652,873.85	-58.81%
Subtotal of cash generated from investing activities	7,056,484,196.30	979,361,059.90	620.52%
Subtotal of cash used in investing activities	8,809,849,672.79	2,712,403,146.80	224.80%
Net cash generated from/used in investing activities	-1,753,365,476.49	-1,733,042,086.90	-1.17%
Subtotal of cash generated from financing activities	467,719,589.94	146,000,100.00	220.36%
Subtotal of cash used in financing activities	3,360,449,966.07	2,623,643,610.12	28.08%
Net cash generated from/used in financing activities	-2,892,730,376.13	-2,477,643,510.12	-16.75%
Net increase in cash and cash equivalents	-2,698,882,875.62	516,967,276.83	-622.06%

Explanation of why any of the data above varies significantly:

Applicable Not applicable

(1) The net cash flow from operating activities during the Reporting Period was RMB 1,947,212,977.00, a decrease of 58.81% compared with the same period last year, mainly due to the decrease in cash received from sales of goods;

(2) The net increase in cash and cash equivalents during the Reporting Period was RMB -2,698,882,875.62, representing a decrease of 622.06% compared with the same period last year, mainly due to a decrease in cash received from the sale of goods.

Reason for any big difference between the net operating cash flow and the net profit for this Reporting Period

Applicable Not applicable

V Analysis of Non-Core Businesses

Applicable Not applicable

VI Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	December 31, 2025		January 1, 2025		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	14,187,463,729.81	37.14%	15,894,104,466.53	39.22%	-2.08%	
Accounts receivable	53,996,692.68	0.14%	69,819,734.99	0.17%	-0.03%	
Inventories	10,739,794,676.82	28.12%	9,264,220,836.58	22.86%	5.26%	
Investment property	16,036,411.82	0.04%	43,893,659.88	0.11%	-0.07%	
Long-term equity investments	11,574,463.54	0.03%	11,732,641.44	0.03%	0.00%	
Fixed assets	9,121,969,040.94	23.88%	7,896,995,404.62	19.49%	4.39%	
Construction in progress	160,290,473.75	0.42%	1,038,780,764.86	2.56%	-2.14%	
Right-of-use assets	92,161,801.76	0.24%	100,293,500.73	0.25%	-0.01%	
Short-term borrowings	184,830,263.45	0.48%	50,038,194.44	0.12%	0.36%	
Contract liabilities	1,519,882,489.70	3.98%	3,514,800,038.80	8.67%	-4.69%	
Long-term borrowings	260,199,589.94	0.68%	41,600,000.00	0.10%	0.58%	
Lease liabilities	76,138,828.43	0.20%	84,453,588.30	0.21%	-0.01%	

Indicate whether overseas assets account for a high proportion of total assets.

Applicable Not applicable

2. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	60,184,353.81				1,116,000,000.00	1,176,184,353.81		0.00
2. Derivative financial assets								
3. Other debt investments								
4. Other equity investments	69,500,830.82		4,025,186.90					73,526,017.72
5. Other non-current financial assets								
Subtotal of financial assets	129,685,184.63		4,025,186.90		1,116,000,000.00	1,176,184,353.81		73,526,017.72
Total of the above	129,685,184.63		4,025,186.90		1,116,000,000.00	1,176,184,353.81		73,526,017.72
Financial liabilities	0.00	0.00	0.00		0.00	0.00		0.00

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes No

3. Restricted Asset Rights as at the Period-End

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	1,693,211,911.24	Time deposits and cash deposits that are pledged for issuing bank acceptance bills and other margins.
Intangible assets	16,531,830.55	Loan mortgage.
Total	1,709,743,741.79	--

VII Investments Made

1. Total Investment Amount

Applicable Not applicable

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable Not applicable

The project is still under construction as of the end of the Reporting Period and has not yet been completed, with the relevant project contract amount exceeding RMB200 million:

Yes No Not Applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

1) Investments in derivative financial instruments for the purpose of hedging during the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

2) Investments in derivative financial instruments for the purpose of speculation during the Reporting Period

Applicable Not applicable

Unit: RMB10,000

Operator	Relationship with the Company	Connected transaction	Type of derivative	Initial investment amount	Starting date	Ending date	Beginning investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment provision (if any)	Ending investment amount	Proportion of closing investment amount in the Company's ending net assets	Actual gain/loss in the Reporting Period
Reverse repurchase of national debt	Naught	No	Reverse repurchase of national debt		January 16, 2025	June 25, 2026		603,072.40	587,279.40	0.00	15,793.00	0.61%	329.35
Total					--	--		603,072.40	587,279.40	0.00	15,793.00	0.61%	329.35
Capital source for derivative investment				Company's own funds									
Lawsuits involved (if applicable)				N/A									
Disclosure date of board announcement approving derivative investment (if any)				April 26, 2025									
Disclosure date of shareholders' meeting announcement approving derivative investment (if any)				N/A									
Analysis of risks and control measures associated with derivative investments held in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				N/A									
Changes in market prices or fair value of derivative investments during the Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)				N/A									
Explanation of whether there have been significant changes in the Company's accounting policies and specific accounting principles for derivatives compared to the previous Reporting Period				N/A									

VIII Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

IX Principal Subsidiaries and Joint Stock Companies

Applicable Not applicable

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

Unit: RMB

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Bozhou Gujing Sales Co., Ltd.	Subsidiary	Wholesales of baijiu, construction materials, feeds, assistant materials, etc.	84,864,497.89	8,061,983,891.36	1,888,397,322.97	17,710,795,621.53	1,088,760,381.56	682,834,499.86

Subsidiaries obtained or disposed during the Reporting Period:

Applicable Not applicable

Company name	How subsidiary was obtained or disposed	Effects on overall operations and performance
Anhui Guqi Distillery Co., Ltd.	Incorporated with investment	Optimizing internal operation structure and enhancing endogenous impetus
Hainan Yangshengtianxia Biotechnology Development Co., Ltd.	De-registered and liquidated	

Notes to main controlled and joint stock companies:

N/A

X Structured Bodies Controlled by the Company

Applicable Not applicable

XI Prospects

(I) Development Prospect of the Industry the Company is in

1. Short-term pressure, with strong long-term development resilience of premium baijiu

The baijiu industry still faces considerable pressure in the short term, and the downward trend may continue. As the impact of policies continues to weaken and social inventory is cleared in a rational manner, the industry's fundamentals are reaching a turning point, and the revenue and profits of baijiu companies are expected to stop declining and recover. In the long term, the market size of the baijiu industry will gradually shrink. In the competition amid declining volumes, the polarization among operators will intensify. The increase in industry concentration is expected to enable leading famous baijiu enterprises to maintain strong development resilience.

2. Product innovation, driven by youthfulness- and scenario-based strategies

Youthfulness and scenario-based design will become the core keywords of product innovation. Driven rigidly by the generational shift of the main consumer force, youthfulness is no longer an exploratory strategy for baijiu companies, but a core strategy concerning future market discourse power. Youthfulness is no longer simply about lowering product alcohol content or innovating packaging, but a systematic reconstruction spanning brand culture, consumption scenarios, and marketing methods. Using low-alcohol products as touchpoints, the brand's cultural genes should be implanted into the lives of young consumer groups, so as to precisely adapt to diverse needs, achieve the intergenerational transmission of baijiu consumption, promote baijiu's shift from a "gift attribute" to a "lifestyle", and drive the baijiu industry from "product youthfulness" toward "brand youthfulness".

3. Channel restructuring, with omnichannel retail and digital empowerment

Channel flattening and digital transformation will accelerate. The traditional baijiu channel model is undergoing disruptive transformation. The previous production-sales logic of "manufacturers pushing inventory and channels bearing the pressure" is difficult to sustain in an environment of weakening demand. Leading enterprises increase the proportion of direct sales and establish new retail stores, compressing intermediate links to expand profit margins, while small and medium-sized baijiu companies rely on regional advantages to deeply cultivate community group buying. The core of channel restructuring lies in achieving deep integration of "marketing + sales", and improving channel efficiency through digital tools. The rise of instant retail and livestream e-commerce has provided a new engine for channel transformation.

4. Culture empowerment, representing the rise of national trends and the exploration of internationalization

Cultural marketing will enter a new stage of "youth-oriented expression". As a distilled liquor category unique to China, baijiu's cultural heritage and social attributes are irreplaceable, but the traditional narrative approach of "a long history and complex craftsmanship" struggles to resonate with younger groups. In the future, brands need to combine traditional craftsmanship with modern aesthetics, enabling consumers to transition from "drinking" to "understanding wine," establishing emotional resonance. Internationalization is another major strategic direction. Although baijiu is still viewed as a "niche spirit" in the international market, its globalization potential is being unleashed as Chinese cultural influence increases and consumption upgrades.

(II) Development Strategy of the Company

1. Firmly boost “Strategy 5.0, Five-Star Operation” strategy

Comprehensively fulfil Strategy 5.0 and have the “User-Centered” thought fully and deeply implemented in the Company. Solidly create the “Five-Star Operation”, enhance competitive force, improve quality and efficiency, optimize services and promote healthy and efficient operation of the enterprise.

2. Firmly boost reform and innovation strategy

Deeply boost marketing innovation, technological innovation and mechanism innovation and generate endogenous power of the enterprise.

3. Firmly create “Talent Highland” strategy

Intensify talent recruitment and attraction and establish flexible talent attraction and wisdom experience borrowing mechanism. Innovate talent training mode and promote independent cultivation & development and absorption & attraction simultaneously.

(III) Operating Revenue Plan of the Company in 2026

In 2026, the company will comprehensively strengthen management, expand the market, center on customers, and promote high-quality operation of the company.

(IV) Operating Risk of the Company

1. Uncertainty in the external environment;
2. Industry competition has intensified, entering a period of deep adjustment;
3. Consumption scenarios have changed, consumer demand remains sluggish, and sales turnover has further slowed.

(V) Operating Measures

1.Brand leadership: Anchoring the “four transformations” trend, and building a lifestyle brand

The Company will adhere to high-end leadership, and deepen cooperation with mainstream media. It will keep pace with changing consumer trends, innovate consumption scenarios around lower alcohol content, health, individuality, and youthfulness. On the product side, the Company will promote “Mild Gu 20” to target the younger customer segment, rely on the “Gujing Shenli Baijiu” series to establish a presence in the health track, and use the “Han, Tang, Song, Ming” Chinese trendy product line to advance internationalization. On the channel side, it will build the “Gujing Light Wellness Club” experiential scenario, strengthen instant retail, and drive the leap from “selling products” to “leading lifestyles.”

2.Deep marketing cultivation: Deeply advancing the dual strategy of “nationwide expansion + sub-high-end”

The Company will firmly implement the strategy of “national expansion, sub-high-end, Gu 20+, strong foundation”, and coordinate the baijiu and “baijiu+” businesses. With the core focus of “boosting sell-through, reducing inventory, expanding channels, stabilizing prices”, the Company will strengthen terminal execution. It will also build a three-dimensional framework of “consolidating Anhui, leading the Yangtze River Delta, and achieving breakthroughs in border areas and economic, cultural, and tourism zones”, while simultaneously advancing internationalization and e-commerce deployment, forming a dual-engine drive of “stable domestic performance and overseas growth”.

3. Building a quality foundation: Systematically upgrading product strength and strengthening the food safety defense line

The Company will comprehensively optimize product quality, taste, and sensory experience, creating a cost-effective product matrix. It will improve the dual mechanisms of quality accountability and market information feedback, and strengthen research on quality and safety risks and support for production technology. It will also use big data to continuously optimize processes, scientifically plan production capacity, and dynamically optimize production cycles and shifts.

4. Digital-intelligence empowerment: Four-in-one operations and maintenance, with AI transformation across all businesses

The Company will build a four-in-one collaborative innovation service digital operations and maintenance model integrating “requirements review, agile development, platform operations and maintenance, and intelligent services”, with “proactive embrace, deep application, and comprehensive integration” as the strategic orientation for AI. It will promote the deep integration of AI with business, advance the AI transformation of business systems across the entire process, reconstruct distinctive AI application scenarios suited to the Company’s needs, and comprehensively empower business development through intelligent transformation.

5. Governance upgrade: Three-in-one risk control, with deepening talent mechanism reform

The Company will improve and fully cover the integrated compliance, internal control, and risk “three-in-one” collaborative supervision mechanism across all businesses and the entire process, and strengthen supervision, auditing, and disciplinary inspection efforts in key areas. It will deepen the reform of talent systems and mechanisms, build a scientific and standardized talent development system, create a strategic talent team of appropriate scale, rational structure, and excellent quality, and ensure the standardized, transparent, and efficient operation of the enterprise.

6. Safety and environmental protection as a strong foundation: Company-wide and end-to-end control, with green and low-carbon development

The Company will build a safety management system involving all personnel, the entire process, and all aspects, and promote the implementation of safety responsibilities at every level. It will strengthen the food safety risk control system and achieve closed-loop management throughout the entire process, strengthen industrial host security protection and cybersecurity, strictly uphold the environmental protection baseline, and promote the iterative upgrading of the development model toward green and low-carbon.

7. Forging the soul with culture: Innovative dissemination of Baijiu culture and telling the brand's story well

The Company will deepen the construction of the Gujing Distillery Original Vintage Culture Research Institute, cultivate younger consumer groups, reconstruct drinking culture for the new era, and promote the formulation of a global spirits culture evaluation system. It will jointly develop cultural and creative products and digital collectibles, advance innovation in the expression of the new national trends, innovate dissemination methods such as short videos and livestreaming, and vividly tell the story of Chinese baijiu.

In 2025, in the face of a profound industry adjustment, the Company forged ahead under pressure, stabilized its fundamentals, and delivered an answer sheet full of resilience. This achievement stems from the trust and entrustment of all shareholders, the Board of Directors’ scientific guidance, the Audit Committee’s strict oversight, and the management team’s diligence and dedication. It also embodies the hard work and sweats of all employees.

The year 2026 is the “Year of Gujing’s Strive and Breakthrough”. We must take root downward and grow upward, consolidating our foundation through meticulous cultivation, and facing changing circumstances with steadfast perseverance. Strategically, we should maintain steadfast resolve without wavering. In terms of quality, we should strive for excellence without relaxation. In the market, we should charge forward with momentum to overcome obstacles. In management, we should innovate and renew with vitality. We will traverse cycles amid striving, accumulate momentum through innovation, anchor on value, break through against the trend, and achieve the Company’s steady and healthy development.

On the new journey, the Company will closely unite around the Party Central Committee with Comrade Xi Jinping at its core, and under the leadership of the Bozhou Municipal Party Committee and Municipal Government, with firmer determination, more pragmatic measures, and more innovative thinking, promote the enterprise to seize opportunities and make steady, long-term progress amid industry changes, create more substantial returns for shareholders, and contribute Gujing’s strength to the high-quality development of the baijiu industry.

XII Communications with the Investment Community such as Researches, Inquiries and Interviews

Applicable Not applicable

XIII Formulation and Implementation of Market Value Management System and Valuation Improvement Plan

Has the Company established a market value management system?

Yes No

Has the Company disclosed a valuation enhancement plan?

Yes No

On 25 April 2025, the Company held the 10th meeting of the 10th Board of Directors, during which the proposal on establishing a market value management system for the Company was reviewed and approved. To strengthen the Company’s market value management, further standardize market value management practices, and effectively enhance the Company’s investment value and shareholder return capacity, the Company has formulated the Market Value Management System of Anhui Gujing Distillery Company Limited based on the Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China, Several Opinions of the State Council on Strengthening Supervision, Preventing Risks, and Promoting the High-Quality Development of the Capital Market, Guideline No. 10 on the Supervision of Listed Companies - Market Value Management, and other relevant laws, regulations, normative documents, as well as the Articles of Association. For specific details, please refer to the Market Value Management System of Anhui Gujing Distillery Company Limited disclosed by the Company on the CNINFO website.

XIV Implementation of the Action Plan for “Dual Enhancement of Quality and Profitability”

Indicate whether the Company has disclosed its Action Plan for “Dual Enhancement of Quality and Profitability”.

Yes No

In order to implement the guiding ideology of “to activate the capital market and boost investor confidence” proposed by the meeting of the Political Bureau of the CPC Central Committee and “to vigorously improve the quality and investment value of listed companies, and to take more effective

and effective measures to stabilize the market and stabilize confidence” proposed by the National Standing Committee, combined with the company’s development strategy, operating conditions and financial conditions, in order to safeguard the interests of all shareholders of the company, To enhance investor confidence and promote the long-term healthy and sustainable development of the company, the company has formulated a “quality return double improvement” action plan. For details, see the Announcement on Promoting the “Double Improvement of Quality Return” Action Plan disclosed by the company on March 7, 2024 (Announcement Number: 2024-001).

In accordance with the provisions on profit distribution policies under the Company Law, the Articles of Association, and other relevant regulations, and in light of the Company’s actual circumstances and development needs, in order to fully reward shareholders, the Company’s proposed profit distribution plan for 2025 is as follows: Based on a total share capital of 528,600,000 shares, a cash dividend of RMB 34 (tax included) will be distributed for every 10 shares to all shareholders, for a total proposed cash distribution of RMB 1,797,240,000.00 (tax included). Combined with the 2025 interim dividend plan, the Company’s total dividend amount for 2025 accounts for 65.53% of the net profit attributable to shareholders of the listed company in the consolidated financial statements for the year, representing an increase of 8.04% from 57.49% in 2024, thereby enabling a broad base of investors to fully share in the Company’s development achievements.

Part IV Corporate Governance, and Environmental and Social Responsibility

I General Information of Corporate Governance

The Company has enabled the General Meeting of Shareholders, the directors and the management to form a standardized and scientific decision-making mechanism of operation to sufficiently protect the rights and interests of investors, and small and medium investors in particular, and to intensify the standardized operation of the Company, in strict accordance with relevant laws and regulations such as the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules for Stock Listing of Shenzhen Stock Exchange, and Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Standard Operation of Listed Companies on the Main Board. During the Reporting Period, the Company's actual situation of corporate governance met the relevant requirements of the normative documents on the governance of listed companies issued by the China Securities Regulatory Commission. In strict accordance with the relevant laws and regulations, and the Company's requirements on internal rules, regulations, and management system, each of the directors and senior managers of the Company executed his or her rights and obligations, to ensure transparent disclosure of the Company's information, its operation according to law, and honesty and trustworthiness.

1. Shareholders and General Meeting of Shareholders

The Company regulates the convening, holding, and voting procedures of the general meeting of shareholders in strict accordance with the provisions and requirements of the Company Law, the Articles of Association, and the Rules of Procedure of the General Meeting. During the Reporting Period, the convening and holding procedures of general meetings of shareholders, the qualifications of attendants to the meetings and the voting procedures of the meetings all met the provisions of the Company Law, Rules of Procedure of the General Meeting, and other laws and regulations. The Company equally treated all of its shareholders, and small and medium shareholders in particular, to ensure full execution of rights of all shareholders.

2. The Company and Controlling Shareholders

The Company's controlling shareholders are able to strictly regulate their own behaviors, without any violation of provisions of relevant laws, regulations, and the Company's Articles of Association. They have not directly or indirectly interfered with the Company's decision-making, and production and operation activities, nor have they occupied the Company's funds; the Company has not provided its controlling shareholders with any form of guarantee.

3. Directors and Board of Directors

The Company's Board of Directors consists of nine directors, three of whom are independent directors. The number of directors and the personnel composition of the Board of Directors comply with the requirements of laws, regulations, and the Articles of Association. All directors act in accordance with the Articles of Association, Rules of Procedure of the Board of Directors, and the Work Policy for Independent Directors, etc., attend the meetings of the Board of Directors and general meetings of shareholders, diligently and faithfully perform their duties and obligations. Meanwhile, they actively participate in relevant training, and get familiar with relevant laws and legislations. Under the Board of Directors, there are four special committees, i.e., the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy and ESG Committee, which perform their normal duties, to provide scientific and professional comments and references for decision-making of the Board of Directors.

4.The Mechanism of Performance Appraisal, and Incentive and Constraint

The procedures for appointment and removal of directors, and senior managers of the Company shall be open and transparent, and in line with the relevant provisions of laws, regulations, and the *Articles of Association*; the Company's remuneration appraisal scheme shall specifically stipulate the evaluation to the Company's management team. The Company shall constantly improve the performance evaluation standard and incentive and constraint mechanism of directors, and senior managers.

5.Fulfillment of Social Responsibilities, and Stakeholders

The Company is able to fully respect and protect the legitimate rights and interests of relevant stakeholders, achieve a balance of interests between the society, shareholders, the Company, suppliers, customers, employees, and other relevant parties, to promote the sustainable, stable, and healthy development of the Company.

6.Information Disclosure and Transparency

The Company faithfully performs the obligation of information disclosure in strict accordance with the Articles of Association of the Company, Rules for Stock Listing of Shenzhen Stock Exchange, Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Standard Operation of Listed Companies on the Main Board, Self-regulatory Guidelines No. 5 for Companies Listed on Shenzhen Stock Exchange - Management of Information Disclosure Affairs, and the relevant laws and regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange. The Company designates China Securities Journal, Shanghai Securities News, Ta Kung Pao, and Cninfo (<http://www.cninfo.com.cn>) as its information disclosure media and website, to guarantee investors' right to know, and to ensure that all shareholders of the Company have a fair opportunity to obtain information of the Company. Meanwhile, the Company has established diversified communication channels for investors, including special telephone line, exclusive mailbox, and interactive platform for investors, and many other forms, to fully guarantee the right of a large number of investors to know.

7.The Formulation and Implementation of the Registration and Management System on Inside Information and Insiders

In accordance with the requirements of regulatory authorities, the Company and all of its controlling shareholders have formulated the system for registration and record on inside information and insiders, regulated the acts of managing inside information of the Company and its controlling shareholder, strengthened the classification of inside information, and safeguarded the principle of fairness for information disclosure. During the Reporting Period, in strict accordance with the *Management System on Inside Information and Insiders*, the Company has made well classification of inside information, and registration and record on insiders.

Indicate by tick mark whether there is any material in-compliance with laws, administrative regulations and the regulatory documents issued by the CSRC governing the governance of listed companies.

Yes No

No such cases in the Reporting Period.

II The Company's Independence from Its Controlling Shareholder and Actual Controller in Business, Personnel, Asset, Organization and Financial Affairs

The Company and the controlling shareholder, Anhui Gujing Group Co., Ltd., realized five

independences in terms of business, personnel, assets, organizations and financial affairs, with separate independent calculation, independent and complete business, independent operation ability, and independent responsibilities and risks. The controlling shareholder cannot surpass the General Meeting of Shareholders to directly or indirectly interfere with the Company's decisions and legal production as well as operation activities, and there is no same trade competition state of the same products between the Company and the controlling shareholder.

1.Independence of Business

The Company is mainly engaged in the production and sale of baijiu, and the Company's business is mutually independent of its controlling shareholder Gujing Group and other enterprises controlled by the Group. The issuer owns independent research and development system, purchasing system, production system, and sale system, forming a complete business chain, all of which do not rely on its shareholders and their subordinate enterprises. Therefore, the issuer's business is independent of its controlling shareholders.

2.Independence of Personnel

The Company has independent management systems of labor, personnel, salary, etc., and independent staff teams, in which the salary payment and welfare expenditure of the Company are strictly independent of those of its shareholders and related parties. The directors and senior managers of the Company are all selected in strict accordance with the relevant provisions of the Company Law and the Company's Articles of Association. All senior managers do not take other positions than directors in the controlling shareholders or actual controllers of the Company or other entities controlled by them, nor do they receive salary from the controlling shareholders or actual controllers of the Company or other entities controlled by them. None of the financial staff members of the Company takes part-time positions in the controlling shareholders or actual controllers of the Company or other entities controlled by them.

3.Independence of Assets

The Company has its production system, auxiliary production system, and supporting facilities related to its production and operation; and legally has the ownership or use rights of the land, plants, machines, trademarks, and patents in relation to its production and operation. Therefore, there is not any damage to the Company's interests in such a way that the assets and funds of the Company are occupied by the Company's controlling shareholders and their related parties.

4.Independence of Organization

The Company has established a sound and integral governance structure of General Meeting of Shareholders and the Board of Directors, and formulated the corresponding internal control management system. The Company independently exercises the duties and rights of operation and management, in which the Company's units of production, operation, and office are completely separated from the shareholding entities. Therefore, the Company does not make mixed operation and has mixed office with its shareholding entities; the Company's shareholding entities and their related entities or persons do not interfere with the Company's structural setup; there is not any subordinate relationship between the Company and its controlling shareholders, or between their functional departments.

5. Independence of Finance

The Company has set up an independent finance department with full-time personnel; and established an independent accounting system and financial management system, independently making financial decisions, and implementing a strict internal audit system. An independent bank account has been opened for the Company, without sharing the account with the Company's shareholding entities or any other entity or person. The Company, as an independent taxpayer, declares taxes and fulfills tax payment obligations independently according to law, and does not pay taxes together with its shareholding entities.

III Horizontal Competition

Applicable Not applicable

IV. Directors and Senior Management

1. Basic Information

Name	Gender	Age	Office title	Incumbent /Former	Start of tenure	End of tenure	Beginning shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)	Reasons for changes in shareholding
Liang Jinhui	Male	60	Chairman of the Board	Incumbent	April 23, 2014	June 29, 2026						
Li Peihui	Male	53	Director	Incumbent	August 23, 2016	June 29, 2026						
Zhou Qingwu	Male	52	Director, GM	Incumbent	April 23, 2014	June 29, 2026						
Yan Lijun	Male	53	Director, Executive Deputy GM	Incumbent	August 5, 2016	June 29, 2026						
Xu Peng	Male	56	Director, Deputy GM	Incumbent	August 23, 2016	June 29, 2026						
Ye Changqing	Male	52	Director	Incumbent	December 15, 2011	June 29, 2026						
Xu Zhihao	Male	50	Independent director	Incumbent	June 19, 2020	June 29, 2026						
Li Jing	Female	58	Independent director	Incumbent	June 29, 2023	June 29, 2026						
Zhang Bin	Male	42	Independent director	Incumbent	January 15, 2025	June 29, 2026						

Zhang Lihong	Male	58	Deputy GM	Incumbent	August 5, 2016	June 29, 2026							
Kang Lei	Male	48	Deputy GM	Incumbent	September 23, 2022	June 29, 2026							
Gao Jiakun	Male	56	Deputy GM	Incumbent	August 28, 2020	June 29, 2026							
Li Anjun	Male	56	Deputy GM, chief engineer	Incumbent	August 28, 2020	June 29, 2026							
Zhu Xianghong	Male	52	Deputy GM	Incumbent	August 28, 2020	June 29, 2026							
Zhu Jiafeng	Male	49	Deputy GM, chief accountant, and Board Secretary	Incumbent	September 23, 2022	June 29, 2026							
Wang Ruihua	Male	64	Independent director	Resigned									
Total	--	--	--	--	--	--							--

Indicate by tick mark whether any directors or supervisors left or any senior management were disengaged during the Reporting Period

Yes No

Mr. Wang Ruihua, the Company’s independent director, resigned from his position as independent director for personal reasons. The Company held the first extraordinary general meeting of shareholders in 2025 on January 15, 2025, and elected Mr. Zhang Bin as an independent director.

Changes in directors and senior executives personnel

Applicable Not applicable

Name	Office title	Type	Date	Reason
Wang Ruihua	Independent director	Resigned	January 15, 2025	Personal reasons

2. Biographical Information

The professional backgrounds, main work experience, and current primary responsibilities of the Company’s existing directors, and senior executives

(1). Mr. Liang Jinhui, male, born in 1966, member of CPC, is Political Engineer, a deputy to the 13th National People’s Congress, a deputy to the 14th National People’s Congress and Chinese Brewmaster with MBA degree, incumbent Secretary of CPC and president of the Company and president and Secretary of CPC of Gujing Group. He ever took the post of MD, GM, Deputy GM, GM of Bozhou Gujing Sales Co., Ltd., Supervisor of Third Board of Supervisors, Director of the 4th, 5th and 6th Board of Directors and Chairman of the 7th, 8th and 9th Board of Directors of the Company.

(2) Mr. Li Peihui, male, born in 1973, member of CPC, is a holder of master degree. He is a senior accountant, CPA (non-practicing) and member of national leading accounting talents. At present, he acts as the director of the Company and Vice Secretary of CPC and president of Gujing Group. He had ever served as deputy GM and GM of Financial Department, deputy chief accountant, chief accountant, Secretary of Board of Directors and Director of the Company; Chairman of the Board of

Anhui Ruijing Business Travel Group Co. and Anhui Huixin Financial Investment Group; executive vice president and CFO of Gujing Group; and director of the 7th, 8th and 9th Board of Directors.

(3) Mr. Zhou Qingwu, male, born in 1974, member of CPC, is a professor-level senior engineer, and China Chief Baijiu Taster with educational experience of graduate student. At present, he is Vice Secretary of CPC, Director and General Manager of the Company, Vice Secretary of CPC of Gujing Group. He had ever acted as Deputy GM and executive deputy GM of the Company and Director of the 5th, 6th, 7th, 8th and 9th Board of Directors of the Company.

(4) Mr. Yan Lijun, male, born in 1973, member of CPC, is a holder of master degree with Senior Taster. Now he is Vice Secretary of CPC, Director, Executive Deputy GM of the Company, member of CPC Committee of Gujing Group, Chairman of the Board and GM of Bozhou Gujing Sales Co., Ltd. He once worked as a salesman of Sale Company, District Manager, Director of Market Research, Vice Manager of Planning Department, Director of Hefei Strategic Operations Center, Vice GM and director of the 7th, 8th and 9th Board of Directors of the Company.

(5) Mr. Xu Peng, male, born in 1970, member of CPC, has educational experience of undergraduate college. He is the member of CPC Committee, Director and Deputy GM of the Company, member of CPC Committee of Gujing Group. He had ever acted as Deputy Director and Director of Finance Second Office of Finance Department of the Company, Manager of Finance Department of Anhui Laobada Co., Ltd., Vice Manager and Manager of Finance Department of the Company, Deputy General Manager and Chief Supervisor of Market Supervision Department of Bozhou Gujing Sales Co., Ltd., Secretary of CPC and president of Yellow Crane Tower Distillery Co., Ltd., Chairman of the 7th Board of Supervisors and Director of the 7th, 8th and 9th Board of Directors of the Company.

(6) Mr. Ye Changqing, male, born in October 1974, member of CPC, senior accountant, is a member of national leading accounting talents with master degree and International Certified Internal Auditor. He is the incumbent Director of the Company and CFO of Gujing Group. He had ever acted as Chief Auditor of Audit Department, Vice Manager of Audit Department and Vice Supervisor and Supervisor of Auditing & Supervision Department of Gujing Group; and Supervisor of the 4th Board of Supervisors of the Company; Director and Secretary of the 5th, 6th, 7th, 8th and 9th Board of Directors, and Chief Accountant of the Company.

(7) Mr. Xu Zhihao, male, born in 1976, is a senior economist who holds a doctor's degree. He received the national May 1 Labor Medal. Currently serves as an independent director of the company and the Chief Executive Officer (CEO) of Geely Technology Group Co., Ltd., while also serving as Qianjiang Motorcycle (000913.SZ), Chairman of Qianjiang Motorcycle (000913.HK), Chairman of the Board. He is currently Independent Director of the Company, CEO of Geely Technology Group Co., Ltd., Chairman of QJMOTOR (Stock Code: 000913.SZ), and Chairman of the Board of Honbridge Holdings Limited.

(8) Ms. Li Jing, female, born in 1968, holds a master's degree and is a senior accountant. She is currently serving as an independent director at the Company, Kingsignal (300252) and Shunyu Water (301519). Her previous roles include Deputy Manager of the Finance Department, Director of the Audit Center, Manager of Audit and Internal Control Department, and Director of the Settlement Center at Beijing District Heating Group Co., Ltd.

(9) Mr. Zhang Bin, male, born in 1983, member of CPC, is a professor-level senior engineer with a doctor's degree. He currently serves as a senior expert researcher in global core technologies at Siemens China Research Institute, recipient of the 2024 Siemens China Top Inventor award, Secretary of the Second Party Branch of Siemens, expert included in the expert database of the Ministry of Science and Technology, technical expert of the China-Germany Intelligent Manufacturing Science and Technology Innovation Cooperation Alliance, and corporate mentor of

the China Development Research Foundation.

(10) Mr. Zhang Lihong, male, born in 1968, member of CPC, is an economist with bachelor degree. He is incumbent Vice Secretary of CPC and Deputy GM of the Company and full-time deputy secretary of CPC Committee of Gujing Group. He once acted as clerk, Secretary of Operation Department and Market Development Department, Deputy GM, Director of General Office, Director of Service Center of Bozhou Gujing Sales Co., Ltd., Director of HR Department and Administrative Service Center and GM Assistant of the Company.

(11) Mr. Kang Lei, male, born in 1978, is a member of CPC and senior accountant with a bachelor's degree. He is currently a member of the Party Committee, Deputy GM, and Director of the Enterprise Management Center of the Company. He served as Deputy Director of the Financial Management Center of Bozhou Gujing Sales Company, Director and Assistant to General Manager of the Company's Administrative Service Center, and Deputy Director of the President's Executive Office of Gujing Group.

(12) Mr. Gao Jiakun, male, born in 1970, member of CPC, is a professor-level senior engineer with a bachelor's degree. He is incumbent member of the CPC and Deputy GM of the Company. He once served as GM of Production Management Department and Vice Director of Production Management Center of the Company, Chairman of the Board and GM of Bozhou Pairuite Packing Products Co., Ltd., Director of Finished Products Filling Center and Production Management Center, and assistant to GM of the Company.

(13) Mr. Li Anjun, male, born in 1970, is a member of CPC and professor-level senior engineer with a master's degree. He is currently a member of the Party Committee, Deputy General Manager and Chief Engineer of the Company. He served as the Deputy Director and Director of the Company's Technical Quality Center.

(14) Mr. Zhu Xianghong, male, born in 1974, member of CPC, is a senior Wine Taster with bachelor degree. He is incumbent member of the Party Committee and Deputy GM of the Company, Secretary of Party Committee, Chairman and GM of Yellow Crane Tower Distillery. He once acted as GM of Product Department of Bozhou Gujing Sales Co., Ltd., GM of Hefei Office, regional GM of Northern Anhui Province, GM of Anhui Operating Center, executive Deputy GM of Sales Company and assistant to GM of the Company.

(15) Mr. Zhu Jiafeng, male, born in 1977, is a member of CPC and senior accountant with a college degree. He is currently a member of the Party Committee, Deputy GM, Chief Accountant, Secretary of the Board and Director of the Financial Management Center of the Company. He served as the Manager, Deputy Director, assistant to General Manager and Deputy Chief Accountant of the Financial Management Center of the Company.

Offices held concurrently in shareholding entities:

Applicable Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity
Liang Jinhui	Anhui Gujing Group Co., Ltd.	Chairman of the Board	May 1, 2014		Yes
Li Peihui	Anhui Gujing Group Co., Ltd.	President	October 31, 2017		Yes
Ye Changqing	Anhui Gujing Group Co., Ltd.	CFO	August 13, 2021		Yes

Notes	The above-mentioned personnel, though they take posts in shareholding entities, comply with the relevant employment requirements of <i>Company Law</i> , <i>Securities Law</i> and never disciplined by CSRC, other relevant departments and the Stock Exchange.
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Offices held concurrently in other entities:

Applicable Not applicable

Name	Other entity	Office held in other entity	Start of tenure	End of tenure	Remuneration or allowance from other entity
Xu Zhihao	Geely Technology Group Co., Ltd.	Director and general manager	November 2023		Yes
	Zhejiang Qjiang Motorcycle Co., Ltd.	Chairman of the Board	May 2024	May 2027	No
	Honbridge Holdings Limited	Chairman of the Board	October 2024		Yes
Li Jing	Kingsignal Technology Co., Ltd.	Independent director	October 2024	October 2027	Yes
	Anhui Shunyu Water Co., Ltd.	Independent director	December 2023	August 2028	Yes
Zhang Bin	Siemens China Research Institute	Senior Expert Researcher	December 2021		Yes
Notes	None.				

The situation of penalties imposed by the Securities Regulation Institute on current and former directors and senior management personnel of the Reporting Period in the past three years

Applicable Not applicable

3.Remuneration of Directors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors and senior management:

(1) Decision-making procedure of remuneration for directors and senior management

The remuneration of independent directors is decided through the general meeting of shareholders, and the remuneration of the directors and senior managers assuming positions in the Company is defined in accordance with the relevant regulations of the State-owned Assets Supervision and Administration Commission (the “SASAC”) of Bozhou Municipal People’s Government, and the relevant policies of the Company.

(2) Determination basis of remuneration for directors and senior management

Compensation for personnel will be determined in accordance with the Implementation Opinions on Deepening the Reform of the Remuneration System for Leaders of Provincial Enterprises issued by the CPC Anhui Provincial Committee and the Anhui Provincial People’s Government (W.F. [2015] No. 28) and the Bozhou Municipal Enterprises Leaders’ Salary Management Interim Measures (G.Z.G. [2017] No. 21), in conjunction with the Company’s annual operational status and performance evaluation results.

(3) Actual payment situation of remuneration for directors and senior management

Part of basic remuneration is paid on a monthly basis, and according to appraisal, performance-based remuneration is paid at the end of the year.

Remuneration of directors and senior management for the Reporting Period

Unit: RMB10,000

Name	Gender	Age	Office title	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Liang Jinhui	Male	60	Chairman of the Board	Incumbent		Yes
Li Peihui	Male	53	Director	Incumbent		Yes
Zhou Qingwu	Male	52	Director, GM	Incumbent	85.29	No
Yan Lijun	Male	53	Director, Executive Deputy GM	Incumbent	82.33	No
Xu Peng	Male	56	Director, Deputy GM	Incumbent	80.28	No
Ye Changqing	Male	52	Director	Incumbent		Yes
Xu Zhihao	Male	50	Independent director	Incumbent	20.00	No
Li Jing	Female	58	Independent director	Incumbent	20.00	No
Zhang Bin	Male	42	Independent director	Incumbent	8.33	No
Zhang Lihong	Male	58	Deputy GM	Incumbent	79.88	No
Kang Lei	Male	48	Deputy GM	Incumbent	72.75	No
Gao Jiakun	Male	56	Deputy GM	Incumbent	72.09	No
Li Anjun	Male	56	Deputy GM, chief engineer	Incumbent	72.46	No
Zhu Xianghong	Male	52	Deputy GM	Incumbent	81.29	No
Zhu Jiafeng	Male	49	Deputy GM, chief accountant, and Board Secretary	Incumbent	72.57	No
Wang Ruihua	Male	64	Independent director	Resigned	11.67	No
Total	--	--	--	--	758.94	--
Performance evaluation basis for actual remuneration of all directors and senior management at the end of the Reporting Period				The remuneration of the Company's directors and senior management is determined upon review in accordance with specific rules and regulations, and the Company disburses it in accordance with the relevant provisions.		
Performance completion status for actual remuneration of all directors and senior management at the end of the Reporting Period				In 2025, the independent director allowances received by independent directors were not subject to performance evaluation. Some non-independent directors and senior management personnel of the Company received corresponding remuneration in accordance with the Company's performance evaluation regulations. The performance evaluation work was reviewed and determined in accordance with the Company's specific systems, and was effectively implemented and completed.		
Deferred payment arrangements for the remuneration actually received by all directors and senior management at the end of the Reporting Period				Deferred payment arrangements for directors and senior management are reviewed and determined in accordance with specific rules and regulations, and the Company distributes them in accordance with relevant provisions.		
Payment suspension or recourse for the remuneration actually				N/A		

received by all directors and senior management at the end of the Reporting Period	
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Other notes

Applicable Not applicable

V. Performance of Duty by Directors in the Reporting Period

1. Attendance of Directors at Board Meetings and General Meetings

Attendance of directors at board meetings and general meetings							
Director	Total number of board meetings the director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the director failed to attend	The director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Liang Jinhui	4	1	3	0	0	No	1
Li Peihui	4	1	3	0	0	No	3
Zhou Qingwu	4	1	3	0	0	No	3
Yan Lijun	4	1	3	0	0	No	3
Xu Peng	4	1	3	0	0	No	3
Ye Changqing	4	1	3	0	0	No	3
Xu Zhihao	4	1	3	0	0	No	3
Li Jing	4	1	3	0	0	No	3
Zhang Bin	4	1	3	0	0	No	2

2. Objections Raised by Directors on Matters of the Company

Indicate by tick mark whether any independent directors raised any objections on any matter of the Company.

Yes No

No such cases in the Reporting Period.

3. Other Information about the Performance of Duty by Directors

Indicate by tick mark whether any suggestions from directors were adopted by the Company.

Yes No

Suggestions from directors adopted or not adopted by the Company:

During the Reporting Period, the directors of the Company carried out their work diligently and conscientiously in strict accordance with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, the *Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Standard Operation of Listed Companies on the Main Board*, the *Articles of Association*, and *Rules of Procedure of the Board of Directors*. Based on the Company's reality, they put forward relevant opinions on the Company's major governance and operation decisions, and reached consensus through full communication and discussion. They resolutely supervised and promoted the implementation of the resolutions of the Board of Directors to ensure scientific, timely, and efficient decision-making and safeguard the legitimate rights and interests of the Company and all of its shareholders.

VI Performance of Duty by Special Committees under the Board in the Reporting Period

Committee	Members	Number of meetings convened	Convening date	Content	Important opinions and suggestions raised	Other information about the performance of duty	Details about issues with objections (if any)
Meeting of the Audit Committee of the Board	Li Jing, Xu Zhihao, Zhang Bin, Li Peihui, Ye Changqing	1	February 24, 2025	Review of the Company's 2024 annual audit report and communication letter with the governance team, 2024 internal audit work summary and 2025 work plan, review report on the use and placement of raised funds in the fourth quarter of 2024.	Upon full communication and discussion, all proposals were unanimously approved.		
Meeting of the Audit Committee of the Board	Li Jing, Xu Zhihao, Zhang Bin, Li Peihui, Ye Changqing	1	April 24, 2025	Review of the Company's 2024 Annual Internal Control Self-Assessment Report, the Company's 2024 Annual Report and its Summary, the Company's 2025 First Quarter Report, the proposal on the Company's appointment of the 2025 audit institution, the Company's special report on the deposit and use of raised funds in 2024, and the Company's 2024 financial final accounts report.	Upon full communication and discussion, all proposals were unanimously approved.		
Meeting of the Audit Committee of the Board	Li Jing, Xu Zhihao, Zhang Bin, Li Peihui, Ye Changqing	1	August 27, 2025	Review of the Company's 2025 Semi-annual Report and its Summary, and the Proposal on Revising the Implementation Rules of the Company's Audit Committee of the Board.	Upon full communication and discussion, all proposals were unanimously approved.		
Meeting of the Audit Committee of the Board	Li Jing, Xu Zhihao, Zhang Bin, Li Peihui, Ye Changqing	1	October 29, 2025	Review of the Company's 2025 Third Quarter Report	Upon full communication and discussion, all proposals were unanimously approved.		
Remuneration and Appraisal Committee of the Board	Xu Zhihao, Li Jing, Zhang Bin, Zhou Qingwu, Yan Lijun	1	April 25, 2025	Review of the Company's directors' and senior management's 2024 remuneration and performance appraisal status	Upon full communication and discussion, all proposals were unanimously approved.		
Remuneration and Appraisal Committee of the Board	Xu Zhihao, Li Jing, Zhang Bin, Zhou Qingwu, Yan Lijun	1	August 28, 2025	Review and formulate the performance evaluation measures for the Company's directors and senior management, and review and revise the implementation rules of	Upon full communication and discussion, all proposals were unanimously approved.		

				the Remuneration and Appraisal Committee of the Board			
Strategy and ESG Committee of the Board	Liang Jinhui, Xu Zhihao, Li Jing, Zhang Bin, Li Peihui	1	April 25, 2025	Review of the proposal on the Company's use of idle self-owned funds for entrusted wealth management, the Company's 2025 annual financial budget report, the Company's 2024 annual financial final accounts report, and the Company's 2024 Environmental, Social and Governance (ESG) report.	Upon full communication and discussion, all proposals were unanimously approved.		
Strategy and ESG Committee of the Board	Liang Jinhui, Xu Zhihao, Li Jing, Zhang Bin, Li Peihui	1	August 26, 2025	Review and revise the detailed rules for the implementation of the Strategy and ESG Committee of the Board	Upon full communication and discussion, all proposals were unanimously approved.		
Nomination Committee of the Board	Liang Jinhui, Xu Zhihao, Li Jing, Zhang Bin, Zhou Qingwu	1	August 27, 2025	Review of the revised implementing rules of the Company's Nomination Committee of the Board	Upon full communication and discussion, all proposals were unanimously approved.		

VII Performance of Duty by the Audit Committee

Indicate by tick mark whether the Audit Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

The Audit Committee raised no objections in the Reporting Period.

VIII Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent at the period-end	6,643
Number of in-service employees of major subsidiaries at the period-end	6,953
Total number of in-service employees	13,596
Total number of paid employees in the Reporting Period	13,596
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	1,987
Functions	
Function	Employees
Production	6,702

Sales	3,843
Technical	575
Financial	229
Administrative	1,168
Other	1,079
Total	13,596
Educational backgrounds	
Educational background	Employees
Master or above	260
Bachelor	4,634
Junior college	3,452
High school or below	5,250
Total	13,596

2. Employee Remuneration Policy

The remuneration policy was conducted strictly in line with the related law and regulations of the state, and the plan of operation performance and profits of the Company and the relevant remuneration management policy.

3. Employee Training Plans

Employee training is significant in the human resource management. The Company always pays high attention to the employee training and development, and the Company sets up effective training plan combining with the current situation of the Company, annual plan, nature of the post and the demand of employee learning, which includes new employee induction training, on-job training, front-line employee operating skills training, management improvement training and part-time study. The Company worked to continuously improve the whole quality of the employees, and realize a win-win situation and progress between the Company and the employees.

4. Labor Outsourcing

Applicable Not applicable

Total man-hours (hour)	5,762,122.46
Total remuneration paid (RMB)	122,971,638.40

IX Profit Distributions (in the Form of Cash and/or Stock)

How the profit distribution policy, especially the cash dividend policy, for ordinary shareholders was formulated, executed or revised in the Reporting Period:

Applicable Not applicable

The Company convened the first extraordinary general meeting of shareholders of 2025 on January 15, 2025, and deliberated and approved the 2024 interim profit distribution plan. It is based on the total shares of 528,600,000 of the Company on September 30, 2024, cash dividends were distributed at RMB10.00 per 10 shares (tax inclusive), and the total cash dividends distributed was RMB528,600,000.00 (tax inclusive), which has been carried out completely in February 2025.

The 2024 Annual General Meeting held on May 29, 2025, reviewed and approved the Company's Interest Distribution Scheme in 2024. It is based on the total shares of 528,600,000 of the Company on December 31, 2023, cash dividends were distributed at RMB50.00 per 10 shares (tax inclusive), and the total cash dividends distributed was RMB2,643,000,000.00 (tax inclusive), which has been carried out completely in June 2025.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of General Meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
If the Company has not distributed cash dividends, it should disclose the specific reasons and the measures it plans to take in the next step to enhance investor returns	N/A
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend distribution policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	No adjustments or changes

Indicate by tick mark whether the Company fails to put forward a cash dividend proposal for shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to shareholders are positive.

Applicable Not applicable

Final dividend plan for the Reporting Period

Applicable Not applicable

Bonus issue from profit for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	34.00
Bonus issue from capital reserves (share/10 shares)	0
Total shares as the basis for the profit distribution proposal (share)	528,600,000
Total cash dividends (RMB) (tax inclusive)	1,797,240,000.00
Cash dividends in other ways (such as share repurchase) (RMB)	0.00
Total cash bonus (including other methods) (RMB)	1,797,240,000.00
Distributable profit (RMB)	15,109,309,830.46
Percentage of cash dividends (including other methods) to the total distributed profits	100.00%
Particulars about the cash dividends	

If the Company is in a mature development stage and has plans for any significant expenditure, in profit allocation, the ratio of cash dividends in the profit allocation shall be 40% or above.

Details of final dividend plan for the Reporting Period

The Company intends to distribute RMB34.00 (tax included) per 10 shares based on the total shares of 528,600,000 at the end of the year, totaling RMB1,797,240,000.00. In this year, there is no bonus issue from either profit or capital reserves.

X Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable Not applicable

No such cases in the Reporting Period.

XI Establishment and Execution of the Internal Control System for the Reporting Period

1. Establishment and Execution of the Internal Control System

In accordance with the provisions of the *Basic Code for Internal Control of Enterprises* and its supporting guidelines, the Company has set up a complete procedure system for internal control system, in which the assessment incorporates the entities, business, matters, and high risk fields, covering all major aspects of the Company's operation and management, without material omissions. The Company's internal control is designed soundly and reasonably, and basically implemented effectively, without material omissions. Through the operation, analysis, and assessment of the internal control system, the Company has effectively prevented risks in operation and management, and promoted the realization of internal control objectives.

2. Material Internal Control Weaknesses Identified for the Reporting Period

Yes No

XII Management and Control over Subsidiaries by the Company for the Reporting Period

During the Reporting Period, in accordance with the relevant requirements for standard operation of listed companies, and the relevant internal control system of the Company, and by dispatching directors to subsidiary companies to participate in the daily operation of their board of directors, the Company realized the effective management and supervision on such matters as overseas investment, related-party transactions, development planning, compliant operation, and human resources of subsidiary companies, specified the reporting system and deliberation procedure of major events, and in a timely manner, followed up such major events as financial status, business operation, and investment operation of subsidiary companies.

Abnormalities in the management and control of subsidiaries

Yes No

XIII Internal Control Self-Evaluation Report or Independent Auditor's Report on Internal Control

1. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	April 29, 2026
Index to the disclosed internal control self-evaluation report	See www.cninfo.com.cn for the <i>Self-assessment Report of Internal Control</i> of Anhui Gujing Distillery Company Limited.
Evaluated entities' combined assets as % of consolidated total assets	97.66%
Evaluated entities' combined operating	99.71%

revenue as % of consolidated operating revenue		
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial statements
Nature standard	<p>Critical defect: Separate defect or other defects that result in failure in preventing, finding out and correcting major wrong reporting in financial report in time. The following circumstances are deemed as critical defects: (1) Ineffective in controlling the environment; (2) Malpractice of directors and senior management officers; (3) According to external auditing, there's major wrong reporting in current financial report, which fails to be found by the Company in its operating process; (4) Critical defects found and reported to the top management fail to be corrected within a reasonable period of time; (5) The supervision of the Audit Committee of the Company and its internal audit department for internal control is ineffective; (6) Other defects that may affect correct judgment of users of statements. Major defect: Separate defect or other defects that result in failure in preventing, finding out and correcting wrong reporting in financial report in time, which shall be noted by the top management despite not attaining or exceeding critical level. Minor defect: Other internal control defects not constituting critical or major defects.</p>	<p>Any of the following circumstances shall be deemed as a critical defect, and other circumstances shall be deemed as major or minor defects according to their degree of impact. (1) Violate national laws, regulations or standardized documents; (2) Major decision making procedure is not scientific; (3) Lack of systems results in systematic failure; (4) Critical or major defects fail to be rectified; (5) Other circumstances that have major impact on the Company.</p>
Quantitative standard	<p>Critical defect: (1) Wrong reporting $\geq 0.5\%$ of total operating revenue; (2) Wrong reporting $\geq 5\%$ of total profit; (3) Wrong reporting $\geq 0.5\%$ of total assets; (4) Wrong reporting $\geq 0.5\%$ of total owner's equity. Major defect: (1) Wrong reporting $\geq 0.2\%$ but $< 0.5\%$ of total operating revenue; (2) Wrong reporting $\geq 2\%$ but $< 5\%$ of total profit; (3) Wrong reporting $\geq 0.2\%$ but $< 0.5\%$ of total assets; (4) Wrong reporting $\geq 0.2\%$ but $< 0.5\%$ of total owner's equity. Minor defect: (1) Wrong reporting $< 0.2\%$ of total operating revenue; (2) Wrong reporting $< 2\%$ of total profit; (3) Wrong reporting $< 0.2\%$ of total assets; (4) Wrong reporting $< 0.2\%$ of total owner's equity.</p>	<p>Critical defect: The defect with direct property loss amounting to over RMB10 million, has great negative impact on the Company and is disclosed in public in the form of announcement. Major defect: The defect with direct property loss amounting to RMB1 million to RMB10 million (included), or is penalized by governmental authority of the country but has not resulted in negative impact on the Company. Minor defect: The defect with direct property loss no more than RMB1 million (included), or is penalized by governmental authority of the provincial-level or below but has not resulted in negative impact on the Company.</p>
Number of material weaknesses in internal control over financial statement		0
Number of material weaknesses in internal control not related to financial statements		0
Number of serious weaknesses in internal control over financial statements		0
Number of serious weaknesses in internal control not related to financial statements		0

2. Independent Auditor's Report on Internal Control

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal control
We believe that the Company has maintained effective internal control on financial report in all significant respects according to the

<i>Basic Code for Internal Control of Enterprises</i> and relevant regulations on December 31, 2025.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	April 29, 2026
Index to such report disclosed	See www.cninfo.com.cn for Audit Report of Internal Control
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	No

Indicate by tick mark whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board of Directors.

Yes No

XIV Rectifications of Problems Identified by Self-inspection in the Special Action for Listed Company Governance

N/A

XV Environmental Information Disclosure

Whether the listed company and its major subsidiaries are included in the list of enterprises legally required to disclose environmental information

Yes No

Number of enterprises included in the list of enterprises legally required to disclose environmental information		7
No.	Company name	Reference for statutory environmental information disclosure report
1	Anhui Gujing Distillery Company Limited (Gujing Plant Area)	Enterprise Environmental Information Legal Disclosure System (Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
2	Anhui Gujing Distillery Co., Ltd. (Zhangji Plant Area)	Enterprise Environmental Information Legal Disclosure System (Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
3	Anhui Gujing Distillery Company Limited (Headquarters Plant Area)	Enterprise Environmental Information Legal Disclosure System (Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
4	Anhui Longrui Glass Co., Ltd.	Enterprise Environmental Information Legal Disclosure System (Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
5	Anhui Mingguang Distillery Co., Ltd.	Enterprise Environmental Information Legal Disclosure System (Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
6	Yellow Crane Tower Distillery (Xianning) Co., Ltd.	Enterprise Environmental Information Disclosure System According to Law (Hubei) http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/index
7	Yellow Crane Tower Distillery (Suizhou) Co., Ltd.	Enterprise Environmental Information Disclosure System According to Law (Hubei)

	http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/index
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XVI Social Responsibility

For details, please refer to the *Corporate Environmental, Social and Governance (ESG) Report for 2025* disclosed by the Company on the website Cninfo dated April 29, 2026.

XVII Consolidation and Expansion of Poverty Alleviation Outcomes, and Rural Revitalization

For details, please refer to the *Corporate Environmental, Social and Governance (ESG) Report for 2025* disclosed by the Company on the website Cninfo dated April 29, 2026.

Part V Significant Events

I Fulfillment of Commitments

1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and other Entities Fulfilled in the Reporting Period or Ongoing at the Period-end

Applicable Not applicable

2. Where There Had Been an Earnings Forecast for an Asset or Project and the Reporting Period Was Still within the Forecast Period, Explain Why the Forecast Has Been Reached for the Reporting Period.

Applicable Not applicable

II Occupation of the Company's Capital by the Controlling Shareholder or Any of Its Related Parties for Non-Operating Purposes

Applicable Not applicable

III Irregularities in the Provision of Guarantees

Applicable Not applicable

IV Explanations Given by the Board of Directors Regarding the Latest "Modified Opinion" on the Financial Statements

Applicable Not applicable

V Explanations Given by the Board of Directors and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI YoY Changes to Accounting Policies, Estimates or Correction of Material Accounting Errors

Applicable Not applicable

VII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable Not applicable

Compared with the previous period, the scope of the Company's consolidation for the current period added Anhui Guqi Distillery Co., Ltd., and deregistered the subsidiary Hainan Yangshengtianxia Biotechnology Development Co., Ltd.

VIII Engagement and Disengagement of Independent Auditor

Current independent auditor

Name of the domestic independent auditor	RSM China
Remuneration for the domestic accounting firm (Unit:	195.00

RMB10,000)	
How many consecutive years the domestic independent auditor has provided audit service for the Company	7
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Zhang Liping, Han Songliang, Zeng Ziqi
How many consecutive years the certified public accountants have provided audit service for the Company	5 years for Zhang Liping, 5 years for Han Songliang, and 1 year for Zeng Ziqi

Indicate by tick mark whether the independent auditor was changed for the Reporting Period.

Yes No

Independent auditor, financial advisor or sponsor engaged for the audit of internal controls:

Applicable Not applicable

In 2025, the Company engaged RSM China CPA LLP as the internal control auditor.

IX Possibility of Delisting after Disclosure of this Report

Applicable Not applicable

X Insolvency and Reorganization

Applicable Not applicable

XI Major Legal and Arbitration Matters

Applicable Not applicable

XII Punishments and Rectifications

Applicable Not applicable

XIII Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable Not applicable

XIV Major Related-Party Transactions

1.Continuing Related-Party Transactions

Applicable Not applicable

2.Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Interests

Applicable Not applicable

3.Related-Party Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

4.Credits and Liabilities with Related Parties

Applicable Not applicable

5.Transactions with Related Finance Companies

Applicable Not applicable

6.Transactions with Related Parties by Finance Companies Controlled by the Company

Applicable Not applicable

7.Other Major Related-Party Transactions

Applicable Not applicable

XV Major Contracts and Execution thereof

1.Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

(2) Contracting

Applicable Not applicable

(3) Leases

Applicable Not applicable

2.Major Guarantees

Applicable Not applicable

3.Cash Entrusted for Wealth Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

(2) Entrusted Loans

Applicable Not applicable

4.Other Major Contracts

Applicable Not applicable

XVI Use of Raised Funds

Applicable Not applicable

No such cases in the Reporting Period.

XVII Other Significant Events

Applicable Not applicable

XVIII Significant Events of Subsidiaries

Applicable Not applicable

Part VI Share Changes and Shareholder Information

I Share Changes

1.Share changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividen	Shares as dividend converted	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares									
1 Shares held by the state									
2. Shares held by state-									
3. Shares held by other									
Among which: Shares									
Shares held by domestic									
4. Shares held by foreign									
Among which: Shares									
Shares held by foreign									
II. Non-restricted	528,600,000	100.00%						528,600,000	100.00%
1. RMB ordinary	408,600,000	77.30%						408,600,000	77.30%
2. Domestically	120,000,000	22.70%						120,000,000	22.70%
3. Overseas listed foreign									
4. Other									
III. Total shares	528,600,000	100.00%						528,600,000	100.00%

Reasons for share changes:

Applicable Not applicable

Approval of share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Effects of share changes on the basic earnings per share (EPS) and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2.Changes in Restricted Shares

Applicable Not applicable

II Issuance and Listing of Securities

1.Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

Applicable Not applicable

2.Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable Not applicable

3.Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1.Shareholders and Their Shareholdings at the Period-End

Unit: share

Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Non-restricted shares held	Shares in pledge, marked or frozen	
							Status	Shares
ANHUI GUJING GROUP COMPANY LIMITED	State-owned legal person	51.34%	271,404,022			271,404,022	In pledge	30,000,000
BANK OF CHINA-CHINA MERCHANTS CHINA SECURITIES BAIJIU INDEX CLASSIFICATION SECURITIES INVESTMENT FUND	Other	3.17%	16,754,467	4,023,026		16,754,467	N/A	
CHINA INTERNATIONAL CAPITAL CORPORATION HONGKONG	Foreign legal person	1.67%	8,804,585	-130,268		8,804,585	N/A	

SECURITIES LTD								
AGRICULTURAL BANK OF CHINA—E FUND CONSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND	Other	1.24%	6,528,693	-1,449,315		6,528,693	N/A	
UBS (LUX) EQUITY FUND - CHINA OPPORTUNITY (USD)	Foreign legal person	1.23%	6,523,345	-599,600		6,523,345	N/A	
GREENWOODS CHINA ALPHA MASTER FUND	Foreign legal person	1.14%	6,049,760			6,049,760	N/A	
CHINA CONSTRUCTION BANK CORPORATION - PENGHUA LOFEXCHANGE TRADED OPEN-ENDED INDEX SECURITIES INVESTMENT FUND	Other	1.06%	5,609,460	2,404,178		5,609,460	N/A	
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED-INVESCO GREAT WALL EMERGING GROWTH HYBRID SECURITIES INVESTMENT FUND	Other	1.02%	5,400,000	-4,221,200		5,400,000	N/A	
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Overseas legal entity	0.93%	4,914,105	-1,433,566		4,914,105	N/A	
3W GLOBAL FUND	Foreign legal person	0.79%	4,169,528	118,000		4,169,528	N/A	
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (see note 3)	N/A							
Related or acting-in-concert parties among the shareholders above	Among the shareholders above, the Company's controlling shareholder—Anhui Gujing Group Company Limited—is not a related party of other shareholders; nor are they parties acting in concert as defined in the <i>Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies</i> . As for the other shareholders, the Company does not know whether they are related parties or whether they belong to parties acting in concert as defined in the <i>Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies</i> .							
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	N/A							
Special account for share repurchases (if any) among the top 10 shareholders (see note 10)	N/A							
Top 10 non-restricted shareholders								
Name of shareholder	Non-restricted shares held at the period-end						Shares by type	
							Shares by type	Shares

ANHUI GUJING GROUP COMPANY LIMITED	271,404,022	RMB ordinary shares	271,404,022
BANK OF CHINA-CHINA MERCHANTS CHINA SECURITIES BAIJIU INDEX CLASSIFICATION SECURITIES INVESTMENT FUND	16,754,467	RMB ordinary shares	16,754,467
CHINA INTERNATIONAL CAPITAL CORPORATION HONGKONG SECURITIES LTD	8,804,585	Domestically listed foreign shares	8,804,585
AGRICULTURAL BANK OF CHINA – E FUND CONSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND	6,528,693	RMB ordinary shares	6,528,693
UBS (LUX) EQUITY FUND - CHINA OPPORTUNITY (USD)	6,523,345	Domestically listed foreign shares	6,523,345
GREENWOODS CHINA ALPHA MASTER FUND	6,049,760	Domestically listed foreign shares	6,049,760
CHINA CONSTRUCTION BANK CORPORATION - PENGHUA LOFEXCHANGE TRADED OPEN-ENDED INDEX SECURITIES INVESTMENT FUND	5,609,460	RMB ordinary shares	5,609,460
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED-INVESCO GREAT WALL EMERGING GROWTH HYBRID SECURITIES INVESTMENT FUND	5,400,000	RMB ordinary shares	5,400,000
HONG KONG SECURITIES CLEARING COMPANY LTD.	4,914,105	RMB ordinary shares	4,914,105
3W GLOBAL FUND	4,169,528	Domestically listed foreign shares	4,169,528
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	Among the shareholders above, the Company's controlling shareholder—Anhui Gujing Group Company Limited—is not a related party of other shareholders; nor are they parties acting in concert as defined in the <i>Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies</i> . As for the other shareholders, the Company does not know whether they are related parties or whether they belong to parties acting in concert as defined in the <i>Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies</i> .		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	N/A		

5% or greater shareholders, top 10 shareholders and top 10 unrestricted shareholders involved in refinancing shares lending

Applicable Not applicable

Changes occurred in the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares compared with the previous period due to shares loan through refinancing/return

Applicable Not applicable

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes No

No such cases in the Reporting Period.

2. Controlling Shareholder

Nature of the controlling shareholder: controlled by a local state-owned legal person

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Anhui Gujing Group Co., Ltd.	Liang Jinhui	16 January 1995	91341600151947437P	Commercial trade
Controlling shareholder's holdings in other listed companies at home or abroad in the Reporting Period	As of December 31, 2025, the controlling shareholder ANHUI GUJING GROUP COMPANY LIMITED directly holds 130,000,000 shares of Huaan Securities Co., Ltd. owning the proportion of shares of 2.78%.			

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

3. Information about the Actual Controller and Acting-in-concert Parties

Nature of the actual controller: Local administrator for state-owned assets

Type of the actual controller: legal person

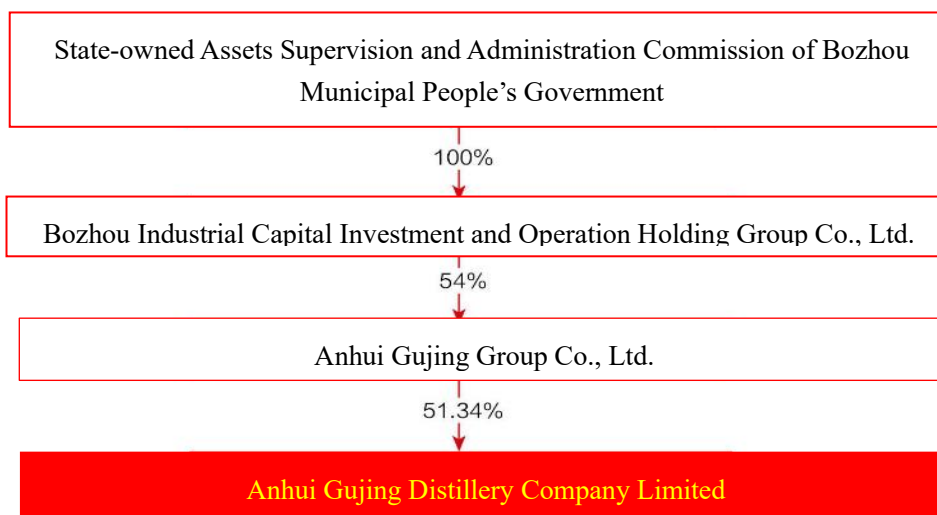
Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
State-owned Assets Supervision and Administration Commission of Bozhou Municipal People's Government	Zhao Liang	N/A	113416007316875206	N/A
Other listed companies at home or abroad controlled by the actual controller in the Reporting Period	N/A			

Change of the actual controller during the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Not applicable

4.Number of Accumulative Pledged Shares Held by the Company's Controlling Shareholder or the Largest Shareholder as well as Its Acting-in-Concert Parties Accounts for 80% of All Shares of the Company Held by Them

Applicable Not applicable

5.Other 10% or Greater Corporate Shareholders

Applicable Not applicable

6.Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

Applicable Not applicable

IV Specific Implementation of Share Repurchase during the Reporting Period

Progress on any share repurchase:

Applicable Not applicable

Progress on reducing the repurchased shares by means of centralized bidding

Applicable Not applicable

V Preference Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Part VII Corporate Bonds

Applicable Not applicable

Part VIII Financial Statements

I. Independent Auditor's Report

Type of the audit opinion	Unmodified unqualified opinion
Date of signing the auditor's report	April 28, 2026
Name of the auditor	RSM China
No. of the auditor's report	RSM Auditor's Report No. [2026] 518Z0013
Name of CPA	Zhang Liping, Han Songliang, Zeng Ziqi

Text of the Auditor's Report

To the Shareholders of Anhui Gujing Distillery Company Limited:

I. Opinion

We have audited the financial statements of Anhui Gujing Distillery Company Limited. (hereafter referred to as "Anhui Gujing"), which comprises the consolidated and the parent company's statement of financial position as at December 31, 2025, the consolidated and the parent company's statement of profit or loss and other comprehensive income, the consolidated and the parent company's statement of cash flows, the consolidated and the parent company's statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying Anhui Gujing's financial statements present fairly, in all material respects, the consolidated and the company's financial position as at December 31, 2025, and of their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the "Responsibilities of the Certified Accountants for the Audit of the Financial Statements" section of our report. According to the Code of Ethics for Professional Accountants, we are independent of Anhui Gujing, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance

in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Revenue Recognition

1. Description

Refer to notes to the financial statements “3. 27. Revenue” and “5. 37. Operating Revenue and Cost of Sales”.

In 2025, the Company achieved baijiu sales revenue of RMB18,540 million, accounting for 98.45% of operating revenue. Since baijiu revenue is one of the key performance indicators of the Company, there may be the risk of material misstatement in whether the revenue is recognized in an appropriate accounting period. Therefore, we regard baijiu sales revenue recognition as a key audit matter.

2. Audit response

Our procedures for revenue recognition include:

- (1) Understand the internal control process design related to the sales business, and execute the walk-through test, perform the control test on the identified key control points;
- (2) Additionally, discussions were held with the management and samples of sales contracts were reviewed to identify clauses and conditions related to the transfer of control over goods. This process is essential for evaluating whether the timing of revenue recognition complies with corporate accounting standards;
- (3) Sampling inspection of supporting documents related to baijiu sales revenue recognition, including sales orders, sales invoices, outbound orders, sales outstanding, etc.;
- (4) Compared with the baijiu sales data of other enterprises in the same industry, compared the baijiu sales data of the last period with the current period, analyzed the overall rationality of revenue and gross margin;
- (5) For the baijiu sales revenue recognized before and after the balance sheet date, select samples to check the sales orders, sales invoices, outbound orders, sales outstanding, etc., in order to evaluate whether the sales revenue is recorded in an appropriate accounting period;
- (6) Confirm the amount of baijiu sold and the closing balance of the advance payment to the main distributor by sending confirmation letter.

(II) Existence and Completeness Of Monetary Assets

1. Description

Refer to notes to the financial statements “3. 9. Cash and Cash Equivalents” and “5. 1. Monetary Assets”.

As of December 31, 2025, the balance of monetary assets for Anhui Gujing was RMB14,187 million, accounting for 37.14% of total assets. Due to the material amount of monetary assets, and the significant impact of their existence and completeness on the overall fairness of the financial statements, we regard the audit of the existence and completeness of monetary assets as a key audit matter.

2. Audit response

The procedures we performed to verify the existence and completeness of monetary assets include:

- (1) Understand the reasonableness of the internal control design related to monetary assets management at Anhui Gujing and test the effectiveness of key internal controls;
- (2) Obtain a list of bank accounts opened and reconcile it with the Company’s book records of bank accounts to check the completeness of the bank accounts; obtain credit reports to verify whether the monetary assets are subject to any mortgages, pledges, or freezes;
- (3) Send confirmation letters to the banks to confirm the balances and restrictions of the Company’s bank accounts, and reconcile the confirmation results with the Company’s book records;
- (4) Perform bidirectional testing of cash flows on significant bank accounts by combining bank statements and bank ledgers, and check large receipt and payment transactions;
- (5) Conduct physical verification of original time deposits and review information such as the holder of the time deposits.

IV. Other Information

Management of Anhui Gujing (hereinafter referred to as “Management”) is responsible for the other information. The other information comprises the information included in the Annual Report of Anhui Gujing for the year of 2025, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of Anhui Gujing is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Anhui Gujing's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Anhui Gujing or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Anhui Gujing's financial reporting process.

VI. Auditor's Responsibilities for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's application of the going-concern assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in these financial statements or; and if such disclosures are inadequate, we shall express non-unqualified opinions. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Anhui Gujing to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with the governance members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided those charged with the governance members with a statement on observing the professional ethics related to independence, and communicated with those charged with governance on all the relationships and other matters that might be reasonably deemed to affect our independence, and relevant preventative measures (if applicable).

From the matters communicated with those charged with the governance members, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Independent Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

RSM China CPA LLP

[Name of CPA]: Zhang Liping

China·Beijing

[Name of CPA]: Han Songliang

[Name of CPA]: Zeng Ziqi

28 April 2026

II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

1.Consolidated Balance Sheet

Prepared by Anhui Gujing Distillery Company Limited

December 31, 2025

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary assets	14,187,463,729.81	15,894,104,466.53
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	0.00	60,184,353.81
Derivative financial assets		
Notes receivable		
Accounts receivable	53,996,692.68	69,819,734.99
Accounts receivable financing	895,658,760.56	2,966,732,807.75
Prepayments	115,292,227.12	278,472,276.28
Premiums receivable		
Reinsurance receivable		
Receivable reinsurance contract reserve		
Other receivables	45,651,277.81	86,894,981.69
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	10,739,794,676.82	9,264,220,836.58
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	392,926,614.98	191,503,861.97
Total current assets	26,430,783,979.78	28,811,933,319.60
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	11,574,463.54	11,732,641.44
Investments in other equity instruments	73,526,017.72	69,500,830.82
Other non-current financial assets		
Investment property	16,036,411.82	43,893,659.88

Fixed assets	9,121,969,040.94	7,896,995,404.62
Construction in progress	160,290,473.75	1,038,780,764.86
Productive living assets		
Oil and gas assets		
Right-of-use assets	92,161,801.76	100,293,500.73
Intangible assets	1,133,507,983.04	1,129,272,763.98
Including: Data resources		
Development expenses		
Including: Data resources		
Goodwill	246,753,998.67	561,364,385.01
Long-term prepaid expenses	417,315,747.85	374,605,387.89
Deferred income tax assets	487,647,921.96	483,333,690.76
Other non-current assets	5,465,160.95	707,352.50
Total non-current assets	11,766,249,022.00	11,710,480,382.49
Total assets	38,197,033,001.78	40,522,413,702.09
Current liabilities:		
Short-term borrowings	184,830,263.45	50,038,194.44
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,472,240,813.01	589,364,409.55
Accounts payable	2,302,888,169.15	2,942,339,182.13
Advances from customers		
Contract liabilities	1,519,882,489.70	3,514,800,038.80
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	1,276,935,454.81	1,121,224,782.28
Taxes payable	605,968,561.52	1,163,171,843.49
Other payables	2,816,680,849.01	3,146,672,513.57
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Non-current liabilities maturing within one year	61,253,882.81	89,836,200.57
Other current liabilities	1,043,957,560.69	1,691,188,287.40
Total current liabilities	11,284,638,044.15	14,308,635,452.23

Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	260,199,589.94	41,600,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	76,138,828.43	84,453,588.30
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	162,588,721.38	122,142,913.25
Deferred income tax liabilities	309,468,453.80	271,795,024.98
Other non-current liabilities		
Total non-current liabilities	808,395,593.55	519,991,526.53
Total liabilities	12,093,033,637.70	14,828,626,978.76
Owners' equity:		
Share capital	528,600,000.00	528,600,000.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	6,229,111,206.22	6,229,111,206.22
Less: Treasury stock		
Other comprehensive income	6,080,513.09	-9,604,119.74
Specific reserve		
Surplus reserves	269,402,260.27	269,402,260.27
General reserve		
Retained earnings	18,017,022,962.78	17,639,514,432.44
Total equity attributable to owners of the Company as the parent	25,050,216,942.36	24,657,023,779.19
Non-controlling interests	1,053,782,421.72	1,036,762,944.14
Total owners' equity	26,103,999,364.08	25,693,786,723.33
Total liabilities and owners' equity	38,197,033,001.78	40,522,413,702.09

Legal representative: Liang Jinhui

Person in charge of accounting work: Zhu Jiafeng

Head of the accounting institution: Zhu Jiafeng

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary assets	7,979,883,062.94	7,578,634,079.50
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		

Accounts receivable		
Accounts receivable financing	632,125,262.72	1,692,337,127.64
Prepayments	4,065,495.42	6,440,878.02
Other receivables	464,796,849.41	505,111,096.18
Including: Interest receivable		
Dividends receivable		
Inventories	8,366,144,014.46	7,258,975,398.24
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	248,702,382.76	132,970,178.96
Total current assets	17,695,717,067.71	17,174,468,758.54
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	1,700,140,064.98	1,648,298,837.80
Investments in other equity instruments		
Other non-current financial assets		
Investment property	10,645,751.19	42,562,431.85
Fixed assets	7,185,826,793.21	6,079,767,997.96
Construction in progress	44,553,565.47	928,920,528.47
Productive living assets		
Oil and gas assets		
Right-of-use assets	83,282,060.85	100,293,500.73
Intangible assets	497,663,089.70	498,603,502.55
Including: Data resources		
Development expenses		
Including: Data resources		
Goodwill		
Long-term prepaid expenses	351,903,723.39	305,453,097.21
Deferred income tax assets		
Other non-current assets		
Total non-current assets	9,874,015,048.79	9,603,899,896.57
Total assets	27,569,732,116.50	26,778,368,655.11
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	1,621,073,084.29	2,092,055,042.44
Advances from customers		
Contract liabilities	1,578,437,253.01	794,714,253.43

Employee benefits payable	482,418,372.32	325,195,369.96
Taxes payable	423,719,386.37	735,214,837.75
Other payables	901,711,126.03	882,504,197.38
Including: Interest payable		
Dividends payable		
Liabilities directly associated with assets held for sale		
Non-current liabilities maturing within one year	15,522,863.94	13,346,230.73
Other current liabilities	214,184,954.21	125,309,809.42
Total current liabilities	5,237,067,040.17	4,968,339,741.11
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	69,519,331.58	84,453,588.30
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	102,101,500.46	59,582,910.44
Deferred income tax liabilities	84,088,864.24	49,348,636.55
Other non-current liabilities		
Total non-current liabilities	255,709,696.28	193,385,135.29
Total liabilities	5,492,776,736.45	5,161,724,876.40
Owners' equity:		
Share capital	528,600,000.00	528,600,000.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	6,176,504,182.20	6,176,504,182.20
Less: Treasury stock		
Other comprehensive income	-1,758,632.61	-7,249,242.08
Specific reserve		
Surplus reserves	264,300,000.00	264,300,000.00
Retained earnings	15,109,309,830.46	14,654,488,838.59
Total owners' equity	22,076,955,380.05	21,616,643,778.71
Total liabilities and owners' equity	27,569,732,116.50	26,778,368,655.11

3.Consolidated Income Statement

Unit: RMB

Item	2025	2024
1. Revenue	18,831,982,591.24	23,577,928,065.99
Including: Operating revenue	18,831,982,591.24	23,577,928,065.99
Interest revenue		

Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	13,503,921,447.08	15,831,967,986.27
Including: Cost of sales	3,906,499,790.17	4,738,054,529.34
Interest costs		
Handling charge and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	3,120,818,397.43	3,740,333,528.99
Selling expense	5,458,012,676.27	6,181,762,995.50
Administrative expense	1,454,681,864.68	1,442,398,926.31
R&D expense	88,190,543.64	78,242,212.58
Finance costs	-524,281,825.11	-348,824,206.45
Including: Interest costs	10,592,597.93	6,145,816.53
Interest revenue	538,057,668.12	367,977,768.88
Add: Other income	80,490,907.68	63,946,740.48
Return on investment (“-” for loss)	-24,297,400.85	-34,487,487.67
Including: Share of profit or loss of joint ventures and associates	-158,177.90	1,365,563.18
Income from the derecognition of financial assets at amortized cost		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	0.00	184,353.81
Credit impairment loss (“-” for loss)	665,865.22	-1,645,272.23
Asset impairment loss (“-” for loss)	-344,905,656.44	-23,585,609.99
Asset disposal income (“-” for loss)	306,237.27	-192,200.99

3. Operating profit (“-” for loss)	5,040,321,097.04	7,750,180,603.13
Add: Non-operating revenue	58,145,311.50	60,806,091.26
Less: Non-operating expense	14,318,175.39	15,399,484.99
4. Profit before tax (“-” for loss)	5,084,148,233.15	7,795,587,209.40
Less: Income tax expense	1,443,626,752.67	2,088,975,630.59
5. Net profit (“-” for net loss)	3,640,521,480.48	5,706,611,578.81
5.1 By operation continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	3,640,521,480.48	5,706,611,578.81
5.1.2 Net profits from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent	3,549,108,530.34	5,517,251,073.10
5.2.2 Net profit attributable to non-controlling interests	91,412,950.14	189,360,505.71
6. Other comprehensive income, net of tax	16,912,233.91	-9,181,460.31
Attributable to owners of the Company as the parent	15,684,632.83	-11,200,442.47
6.1 Items that will not be reclassified to profit or loss	1,811,334.11	2,877,827.74
6.1.1 Changes caused by re-measurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	1,811,334.11	2,877,827.74
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	13,873,298.72	-14,078,270.21
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets	13,873,298.72	-14,078,270.21
6.2.4 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow		

hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
6.2.7 Other		
Attributable to non-controlling interests	1,227,601.08	2,018,982.16
7. Total comprehensive income	3,657,433,714.39	5,697,430,118.50
Attributable to owners of the Company as the parent	3,564,793,163.17	5,506,050,630.63
Attributable to non-controlling interests	92,640,551.22	191,379,487.87
8. Earnings per share		
8.1 Basic earnings per share	6.71	10.44
8.2 Diluted earnings per share	6.71	10.44

Legal representative: Liang Jinhui

Person in charge of accounting work: Zhu Jiafeng

Head of the accounting institution: Zhu Jiafeng

4. Income Statement of the Company as the Parent

Unit: RMB

Item	2025	2024
1. Operating revenue	11,387,389,991.73	13,011,311,837.05
Less: Cost of sales	3,949,056,759.80	4,240,402,284.96
Taxes and surcharges	2,780,957,497.84	3,125,649,960.09
Selling expense	46,593,703.51	53,576,677.10
Administrative expense	981,487,026.53	877,833,183.04
R&D expense	35,100,520.53	29,707,498.92
Finance costs	-166,619,026.20	-130,747,593.73
Including: Interest expense	3,764,170.86	7,534,658.55
Interest revenue	172,735,184.88	149,932,201.32
Add: Other income	21,188,913.07	14,365,502.63
Return on investment (“-” for loss)	730,720,927.73	2,663,107,259.84
Including: Share of profit or loss of joint ventures and associates	-158,772.82	185,830.36
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)		
Credit impairment losses (“-” for loss)	83,919.60	-775,857.58

Asset impairment loss (“-” for loss)	-18,063,630.73	-16,281,050.12
Asset disposal income (“-” for loss)	153,779.64	1,897,869.11
2. Operating profit (“-” for loss)	4,494,897,419.03	7,477,203,550.55
Add: Non-operating revenue	39,115,439.04	36,460,849.92
Less: Non-operating expense	11,757,816.25	7,006,919.47
3. Profit before tax (“-” for loss)	4,522,255,041.82	7,506,657,481.00
Less: Income tax expense	895,834,049.95	1,257,270,831.19
4. Net profit (“-” for net loss)	3,626,420,991.87	6,249,386,649.81
4.1 Net profit from going-concern (“-” for net loss)	3,626,420,991.87	6,249,386,649.81
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	5,490,609.47	-5,255,929.99
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments		
5.1.4 Changes in the fair value arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss	5,490,609.47	-5,255,929.99
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets	5,490,609.47	-5,255,929.99
5.2.4 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	3,631,911,601.34	6,244,130,719.82
7. Earnings per share		
7.1 Basic earnings per share	6.86	11.82

7.2 Diluted earnings per share	6.86	11.82
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5.Consolidated Cash Flow Statement

Unit: RMB

Item	2025	2024
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	20,263,400,471.64	23,210,865,893.05
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates	61,976,006.43	28,035,855.88
Cash generated from other operating activities	1,452,489,425.21	2,180,324,471.32
Subtotal of cash generated from operating activities	21,777,865,903.28	25,419,226,220.25
Payments for commodities and services	3,605,540,318.88	4,085,891,932.48
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	3,888,741,554.22	4,166,336,969.08
Taxes paid	7,315,872,052.14	8,236,777,809.30
Cash used in other operating activities	5,020,499,001.04	4,202,566,635.54
Subtotal of cash used in operating activities	19,830,652,926.28	20,691,573,346.40

Net cash generated from/used in operating activities	1,947,212,977.00	4,727,652,873.85
2. Cash flows from investing activities:		
Proceeds from disinvestment	7,048,794,000.00	950,199,000.00
Return on investment	7,210,750.03	23,252,370.14
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	479,446.27	5,909,689.76
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	7,056,484,196.30	979,361,059.90
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	1,663,125,672.79	2,427,403,146.80
Payments for investments	7,146,724,000.00	285,000,000.00
Net increase in pledge loans granted		
Net proceeds from acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	8,809,849,672.79	2,712,403,146.80
Net cash generated from/used in investing activities	-1,753,365,476.49	-1,733,042,086.90
3. Cash flows from financing activities:		
Capital contributions received	18,000,000.00	26,000,000.00
Including: Capital contributions by non-controlling interests to subsidiaries	18,000,000.00	26,000,000.00
Borrowings raised	449,719,589.94	120,000,100.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	467,719,589.94	146,000,100.00
Repayment of borrowings	129,390,000.00	129,000,100.00
Interest and dividends paid	3,211,684,718.91	2,472,703,924.46
Including: Dividends paid by subsidiaries to non-controlling interests	31,325,643.24	79,865,320.11
Cash used in other financing activities	19,375,247.16	21,939,585.66
Subtotal of cash used in financing activities	3,360,449,966.07	2,623,643,610.12
Net cash generated from/used in financing activities	-2,892,730,376.13	-2,477,643,510.12
4. Effect of foreign exchange risks changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-2,698,882,875.62	516,967,276.83

Add: Cash and cash equivalents, beginning of the period	15,193,134,694.19	14,676,167,417.36
6. Cash and cash equivalents, end of the period	12,494,251,818.57	15,193,134,694.19

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	2025	2024
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	13,959,173,176.32	12,549,758,616.03
Tax rebates	53,950,577.54	5,160,883.87
Cash generated from other operating activities	1,667,939,953.00	1,627,480,751.47
Subtotal of cash generated from operating activities	15,681,063,706.86	14,182,400,251.37
Payments for commodities and services	2,742,829,488.94	3,066,423,348.26
Cash paid to and for employees	1,238,959,364.89	1,451,425,508.82
Taxes paid	4,848,583,897.26	5,352,859,334.13
Cash used in other operating activities	1,700,207,422.89	1,975,173,936.80
Subtotal of cash used in operating activities	10,530,580,173.98	11,845,882,128.01
Net cash generated from/used in operating activities	5,150,483,532.88	2,336,518,123.36
2. Cash flows from investing activities:		
Proceeds from disinvestment	4,972,313,000.00	710,199,000.00
Return on investment	64,852,092.88	1,657,498,129.72
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	855,792.18	193,207,592.28
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	5,038,020,885.06	2,560,904,722.00
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	1,465,785,033.22	2,293,434,362.35
Payments for investments	5,129,236,000.00	44,000,000.00
Net proceeds from acquisition of subsidiaries and other business entities		
Cash used in other investing activities		
Subtotal of cash used in investing activities	6,595,021,033.22	2,337,434,362.35
Net cash generated from/used in investing activities	-1,557,000,148.16	223,470,359.65

3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised		
Cash generated from other financing activities		
Subtotal of cash inflows from financing activities		
Repayment of borrowings		
Interest and dividends paid	3,174,991,314.12	2,390,321,348.09
Cash used in other financing activities	17,243,087.16	21,939,585.66
Subtotal of cash used in financing activities	3,192,234,401.28	2,412,260,933.75
Net cash generated from/used in financing activities	-3,192,234,401.28	-2,412,260,933.75
4. Effect of foreign exchange risks changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	401,248,983.44	147,727,549.26
Add: Cash and cash equivalents, beginning of the period	7,578,634,079.50	7,430,906,530.24
6. Cash and cash equivalents, end of the period	7,979,883,062.94	7,578,634,079.50

7. Consolidated Statements of Changes in Owners' Equity

2025

Unit: RMB

Item	2025														
	Equity attributable to owners of the Company as the parent													Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other Comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other	Subtotal		
	Preferred shares	Perpetual bonds	Other												
1. Balance as at the end of the prior year	528,600,000.00				6,229,111,206.22		9,604,119.74		269,402,260.27		17,639,514,432.44		24,657,023,779.19	1,036,762,944.14	25,693,786,723.33
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Other adjustments															
2. Balance as at the beginning of the year	528,600,000.00				6,229,111,206.22		9,604,119.74		269,402,260.27		17,639,514,432.44		24,657,023,779.19	1,036,762,944.14	25,693,786,723.33

3. Increase/ decrease in the period ("-" for decrease)							15,684,6 32.83				377,508,530.34		393,193,163.17	17,019,477.58	410,212,640.75
3.1 Total comprehen sive income							15,684,6 32.83				3,549,108,530. 34		3,564,793,163.1 7	92,640,551.22	3,657,433,714.39
3.2 Capital increased and reduced by owners														18,000,000.00	18,000,000.00
3.2.1 Ordinary shares increased by owners														18,000,000.00	18,000,000.00
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share- based payments included in owners' equity															
3.2.4 Other															
3.3 Profit distribution											3,171,600,000. 00		3,171,600,000.0 0	-93,621,073.64	-3,265,221,073.64
3.3.1 Appropriatio n to surplus reserves															
3.3.2 Appropriatio n to general reserve															

to retained earnings																
3.4.6 Other																
3.5 Specific reserve																
3.5.1 Increase in the period																
3.5.2 Used in the period																
3.6 Other																
4. Balance as at the end of the period	528,600,000.00				6,229,111,206.22		6,080,513.09		269,402,260.27		18,017,022,962.78		25,050,216,942.36	1,053,782,421.72		26,103,999,364.08

2024

Unit: RMB

Item	2024														Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent															
	Share capital	Other equity instruments			Capital reserves	Less : Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other	Subtotal			
Preferred shares		Perpetual bonds	Other													
1. Balance as at the end of the prior year	528,600,000.00				6,224,747,667.10		1,596,322.73		269,402,260.27		14,500,963,359.34		21,525,309,609.44	888,963,352.64	22,414,272,962.08	
Add: Adjustment for change in accounting																

policy														
Adjustment for correction of previous error														
Other adjustments														
2. Balance as at the beginning of the year	528,600,000.00			6,224,747,667.10	1,596,322.73	269,402,260.27	14,500,963,359.34	21,525,309,609.44	888,963,352.64	22,414,272,962.08				
3. Increase/decrease in the period (“-” for decrease)			4,363,539.12	-11,200,442.47			3,138,551,073.10	3,131,714,169.75	147,799,591.50	3,279,513,761.25				
3.1 Total comprehensive income					-11,200,442.47		5,517,251,073.10	5,506,050,630.63	191,379,487.87	5,697,430,118.50				
3.2 Capital increased and reduced by owners			4,363,539.12					4,363,539.12	36,285,423.74	40,648,962.86				
3.2.1 Ordinary shares increased by owners									28,050,000.00	28,050,000.00				
3.2.2 Capital increased by holders of other equity instruments														

3.2.3 Share-based payments included in owners' equity															
3.3.4 Other					4,363,539.12							4,363,539.12	8,235,423.74	12,598,962.86	
3.3 Profit distribution											-	-	-79,865,320.11	-2,458,565,320.11	
3.3.1 Appropriation to surplus reserves											2,378,700,000.00	2,378,700,000.00			
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)											-	-	-79,865,320.11	-2,458,565,320.11	
3.3.4 Other											2,378,700,000.00	2,378,700,000.00			
3.4 Transfers within owners' equity															
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus															

reserves															
3.4.3 Loss offset by surplus reserves															
3.4.4 Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balance as at the end of the period	528,600,000.00				6,229,111,206.22	-9,604,119.74		269,402,260.27		17,639,514,432.44		24,657,023,779.19	1,036,762,944.14		25,693,786,723.33

8. Statements of Changes in Owners' Equity of the Company as the Parent

2025

Unit: RMB

Item	2025											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the prior year	528,600,000.00				6,176,504,182.20		-7,249,242.08		264,300,000.00	14,654,488,838.59		21,616,643,778.71
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	528,600,000.00				6,176,504,182.20		-7,249,242.08		264,300,000.00	14,654,488,838.59		21,616,643,778.71
3. Increase/decrease in the period ("-" for decrease)							5,490,609.47			454,820,991.87		460,311,601.34
3.1 Total comprehensive income							5,490,609.47			3,626,420,991.87		3,631,911,601.34
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares												

increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-		
										3,171,600,000.00		-3,171,600,000.00
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-		
										3,171,600,000.00		-3,171,600,000.00
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss												

offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Withdrawal in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	528,600,000.00				6,176,504,182.20		-1,758,632.61		264,300,000.00	15,109,309,830.46		22,076,955,380.05

2024

Unit: RMB

Item	2024										
	Share	Other equity instruments	Capital reserves	Less:	Other	Specific	Surplus reserves	Retained	Other	Total owners' equity	

	capital	Preferred shares	Perpetual bonds	Other		Treasury stock	comprehensive income	reserve		earnings		
1. Balance as at the end of the prior year	528,600,000.00				6,176,504,182.20		1,993,312.09		264,300,000.00	10,783,802,188.78		17,751,213,058.89
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	528,600,000.00				6,176,504,182.20		1,993,312.09		264,300,000.00	10,783,802,188.78		17,751,213,058.89
3. Increase/decrease in the period (“-” for decrease)							5,255,929.99			3,870,686,649.81		3,865,430,719.82
3.1 Total comprehensive income							5,255,929.99			6,249,386,649.81		6,244,130,719.82
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital												

increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										2,378,700,000.00	-	-2,378,700,000.00
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										2,378,700,000.00	-	-2,378,700,000.00
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												

3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Withdrawal in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	528,600,000.00				6,176,504,182.20		7,249,242.08		264,300,000.00	14,654,488,838.59		21,616,643,778.71

Anhui Gujing Distillery Company Limited

Notes to the Financial Statements

(All amounts are expressed in Renminbi Yuan(“RMB”)unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY

1.1 Company Profile

The Anhui State-owned Asset Management Bureau approved through WanGuoZiGongZi (1996) No. 053 the incorporation of Anhui Gujing Distillery Company Limited (the Company and GJ Distillery) by Anhui Gujing Group Company Limited (GJ Group), as the sole founder, by the operating assets of Anhui Bozhou Gujing Distillery Factory (GJ Distillery Factory), which is the core operating unit of GJ Group. The incorporation was further approved by the Anhui People's Government through WanZhengMi (1996) 42. The incorporation General Meeting was held on 28 May 1996 and the incorporation was registered with the Anhui Administration Bureau for Commerce and Industry on 30 May 1996 with the registered address at Bozhou, Anhui, the People's Republic of China (the PRC). At incorporation, the Company's total number of shares stood at 155 million with a valuation of CNY 377.17million, which was the fair value of the operating assets of GJ Distillery Factory upon appraisal.

The Company initiated public offering of 60 million domestic listed shares held by foreign investors (known as “B share(s)”) in June 1996 and 20 million domestic listed CNY ordinary shares (known as “A share(s)”) in September 1996. The par value of both the B share and A share is CNY 1.00 per share. The B shares and A shares issued were listed on the Shenzhen Stock Exchange.

As of the public listing, the Company has 235 million shares in total with the share capital at CNY 235 million. The Company's at public listing comprised 155 million state-owned shares, 60 million B shares and 20 million A shares. Each of the Company's shares has a par value at CNY 1.00 per share.

In accordance with the resolution of the General Meeting held on 29 May 2006, the Company exercised the share reorganisation plan in June 2006. Immediately after the implementation of the share reorganisation plan, the Company had in total 235 million shares, comprising 147 million shares with restriction of disposal (equal to 62.55% of total shares) and 88 million free-floating shares (equal to 37.45% of total shares).

Upon the Company's publication of the Notice of Lifting Restriction of Shares on 27 June 2007, the restriction on disposal on 11.75 million shares was lifted on 29 June 2007. Immediately after the lifting, the Company had in total 235 million shares, comprising 135.25 million shares with restriction of disposal (equal to 57.55% of total shares) and 99.75 million free-floating shares (equal to 42.45%

of total shares).

Upon the Company's publication of the Notice of Lifting Restriction of Shares on 17 July 2008, the restriction on disposal on 11.75 million shares was lifted on 18 July 2008. Immediately after the lifting, the Company had in total 235 million shares, comprising 123.5 million shares with restriction of disposal (equal to 52.55% of total shares) and 111.5 million free-floating shares (equal to 47.45% of total shares).

Upon the Company's publication of the Notice of Lifting Restriction of Shares on 24 July 2009, the restriction on disposal on 123.5 million shares was lifted on 29 July 2009. Immediately after the lifting, the Company had in total 235 million shares, comprising 235 million free-floating shares (equal to 100% of total shares).

Upon approval by the China Securities Regulatory Commission (CSRC) through ZhengJianXuKe [2011] 943, the Company issued on 15 July 2011 through private offering of 16.8 million A shares with the par value at CNY 1.00 to designated investors. The shares were issued at CNY 75.00 per share. Gross proceeds from this issuance was CNY 1,260 million and the respective net proceeds after deduction of the cost of issuance (CNY 32.5 million) was CNY 1,227.5 million. The subscription for the issuance was verified by Reanda CPAs Co., Ltd. through Reanda YanZi [2011] No. 1065. Immediately after this private offering, the share capital of the Company increased to CNY 251.8 million.

In accordance with the resolution of the Company's 2011 General Meeting, a bonus issue of 10 shares for every 10 shares held at 31 December 2011 through utilisation of capital reserves was exercised in 2012. 251.8 bonus shares were issued in total. Immediately after the exercise of the bonus issue, the Company's share capital increased to CNY 503.6 million.

Upon approval by the CSRC through ZhengJianXuKe [2021] 1422, the Company issued on 22 July 2021 through private offering of 25 million A shares with the par value at CNY 1.00 to designated investors. The shares were issued at CNY 200.00 per share. Gross proceeds from this issuance was CNY 5,000 million and the respective net proceeds after deduction of the cost of issuance (CNY 45.66 million) was CNY 4,954.34 million. The subscription for the issuance was verified by RSM China CPAs LLP through RSM Yan [2021] No. 518Z0050. Immediately after this private offering, the share capital of the Company increased to CNY 528.6 million.

As of 31 December 2025, total number of the Company's shares stood at 528.6 million. See Note 5.32 for further details.

The company's headquarters is located in Bozhou City, Anhui Province, Gujing town. Legal representative of the company is Liang Jinhui.

The company is mainly engaged in the production and sales of distilled wine, which belongs to the food manufacturing industry.

These financial statements are approved on 28 April 2026 by the Company's Board of Directors for publication.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC”). In addition, the Company discloses the relevant financial information in accordance with "Rules No.15 for the Information Disclosure and Reporting of Companies Offering Securities to the Public - General Requirements for Financial Reporting (2023 Revision)" issued by CSRC.

2.2 Going Concern

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following significant accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Businesses not mentioned are complied with relevant accounting policies of the Accounting Standards for Business Enterprises.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the Company's financial position as at 31 December 2025, and its operating results, changes in shareholders' equity, cash flows and other related information for the year then ended.

3.2 Accounting Period

The accounting year of the Company is from 1 January to 31 December in calendar year.

3.3 Operating Cycle

The normal operating cycle of the Company is twelve months.

3.4 Functional Currency

The Company takes Renminbi Yuan (“RMB”) as the functional currency.

The Company’s overseas subsidiaries choose the currency of the primary economic environment in which the subsidiaries operate as the functional currency.

3.5 Determining Factor and Basis of Selection of Materiality

Item	Factor and basis of materiality
Significant write-off of other receivables	Amount greater than 5 million
Significant individual provision for bad debt of accounts receivable	Amount greater than 5 million
Significant other payables with aging of over one year	More than 0.03% of the total assets
Significant accounts payable with aging of over one year	More than 0.03% of the total assets
Significant non-wholly owned subsidiaries	Net profit and net assets account for more than 5% of the corresponding items in the consolidated financial statements
Significant goodwill	Individual amount more than 50 million
Significant construction in progress	Individual amount more than 20 million

3.6 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the Company obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity at the combination date. If the accounting policy and accounting period adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy and accounting period it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve (capital premium or share premium) shall be adjusted. If the capital reserve (capital premium or share premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

For the accounting treatment of business combination under common control by step acquisitions, please refer to Note 3.7 (6).

(b) Business combinations not under common control

The assets and liabilities that the Company obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy and accounting period adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy and accounting period it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognise the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

- (i) It shall review the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;
- (ii) If, after the review, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognised in profit or loss of the reporting period.

For the accounting treatment of business combination under the same control by step acquisitions, please refer to Note 3.7 (6).

(c) Treatment of business combination related costs

The intermediary costs such as audit, legal services and valuation consulting and other related management costs that are directly attributable to the business combination shall be charged in profit or loss in the period in which they are incurred. The costs to issue equity or debt securities for the consideration of business combination shall be recorded as a part of the value of the respect equity or debt securities upon initial recognition.

3.7 Judgment of Control and Method of Preparing the Consolidated Financial Statements**(a) Judgment of control and consolidation decision**

Control exists when the Company has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. The definition of control contains three elements: - power over the investee; exposure, or rights to variable returns from the Company's involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The Company controls an investee if and only if the Company has all the above three elements.

The scope of consolidated financial statements shall be determined on the basis of control. It not only includes subsidiaries determined based on voting rights (or similar) or together with other arrangement, but also structured entities under one or more contractual arrangements.

Subsidiaries are the entities that controlled by the Company (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

(b) Special requirement as the parent company is an investment entity

If the parent company is an investment entity, it should measure its investments in particular subsidiaries as financial assets at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated and separate financial statements. However, as an exception to this requirement, if a subsidiary provides investment-related services or activities to the investment entity, it should be consolidated.

The parent company is defined as investment entity when meets following conditions:

- (i) Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- (ii) Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- (iii) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

If the parent company becomes an investment entity, it shall cease to consolidate its subsidiaries at the date of the change in status, except for any subsidiary which provides investment-related services or activities to the investment entity shall be continued to be consolidated. The deconsolidation of subsidiaries is accounted for as though the investment entity partially disposed subsidiaries without loss of control.

When the parent company previously classified as an investment entity ceases to be an investment entity, subsidiary that was previously measured at fair value through profit or loss shall be included in the scope of consolidated financial statements at the date of the change in status. The fair value of the subsidiary at the date of change represents the transferred deemed consideration in accordance with the accounting for business combination not under common control.

(c) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries, and using other related information.

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

- (i) Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of the subsidiaries.
- (ii) The carrying amount of the parent's investment in each subsidiary is eliminated (off-set) against the parent's portion of equity of each subsidiary.
- (iii) Eliminate the impact of intragroup transactions between the Company and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognised in full.
- (iv) Make adjustments to special transactions from the perspective of the group.

(d) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

- (i) Acquisition of subsidiaries or business

Subsidiaries or business acquired through business combination under common control

When preparing consolidated statements of financial position, the opening balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Subsidiaries or business acquired through business combination not under common control

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss.

Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

- (ii) Disposal of subsidiaries or business

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss.

Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

(e) Special consideration in consolidation elimination

(i) Long-term equity investment held by the subsidiaries to the Company shall be recognised as treasury stock of the Company, which is offset with the owner's equity, represented as "treasury stock" under "owner's equity" in the consolidated statement of financial position.

Long-term equity investment held by subsidiaries between each other is accounted for taking long-term equity investment held by the Company to its subsidiaries as reference. That is, the long-term equity investment is eliminated (off-set) against the portion of the corresponding subsidiary's equity.

(ii) Due to not belonging to paid-in capital (or share capital) and capital reserve, and being different from retained earnings and undistributed profit, "Specific reserves" and "General risk provision" shall be recovered based on the proportion attributable to owners of the parent company after long-term equity investment to the subsidiaries is eliminated with the subsidiaries' equity.

(iii) If temporary timing difference between the book value of the assets and liabilities in the consolidated statement of financial position and their tax basis is generated as a result of elimination of unrealized inter-company transaction profit or loss, deferred tax assets of deferred tax liabilities shall be recognised, and income tax expense in the consolidated statement of profit or loss shall be adjusted simultaneously, excluding deferred taxes related to transactions or events directly recognised in owner's equity or business combination.

(iv) Unrealised inter-company transactions profit or loss generated from the Company selling assets to its subsidiaries shall be eliminated against "net profit attributed to the owners of the parent company" in full. Unrealized inter-company transactions profit or loss generated from the subsidiaries selling assets to the Company shall be eliminated between "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion of the Company in the related subsidiaries. Unrealized inter-company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated between "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion of the Company in the selling subsidiaries.

(v) If loss attributed to the minority shareholders of a subsidiary in current period is more than the proportion of non-controlling interest in this subsidiary at the beginning of the period, non-controlling interest is still to be written down.

(f) Accounting for Special Transactions

(i) Purchasing of non-controlling interests

Where, the Company purchases non-controlling interests of its subsidiary, in the separate financial statements of the Company, the cost of the long-term equity investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration paid. In the consolidated financial statements, difference between the cost of the long-term equity investment newly obtained in purchasing non-controlling interests and share of the subsidiary's net assets from the acquisition date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted into capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

(ii) Gaining control over the subsidiary in stages through multiple transactions

Business combination under common control in stages through multiple transactions

On the combination date, in the separate financial statement, initial cost of the long-term equity investment is determined according to the share of carrying amount of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements after combination. The difference between the initial cost of the long-term equity investment and the carrying amount of the long-term investment held prior of control plus book value of additional consideration paid at acquisition date is adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against surplus reserve and undistributed profit in turn.

In the consolidated financial statements, the assets and liabilities acquired during the combination should be recognized at their carrying amount in the ultimate controlling entity's consolidated financial statements on the combination date unless any adjustment is resulted from the difference in accounting policies and accounting period. The difference between the carrying amount of the investment held prior of control plus book value of additional consideration paid on the acquisition date and the net assets acquired through the combination is adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against retained earnings.

If the acquiring entity holds equity investment in the acquired entity prior to the combination date, related profit or loss, other comprehensive income and other changes in equity which have been recognised during the period from the later of the date of the Company obtaining original equity interest and the date of both the acquirer and the acquiree under common control of the same ultimate controlling party to the combination date should be offset against the opening balance of retained earnings at the comparative financial statements period respectively or the profit or loss for the current period.

Business combination not under common control in stages through multiple transactions

On the consolidation date, in the separate financial statements, the initial cost of long-term equity investment is determined according to the carrying amount of the original long-term investment plus

the cost of new investment.

In the consolidated financial statements, the equity interest of the acquired entity held prior to the acquisition date shall be re-measured at its fair value on the acquisition date. If the equity interest in the acquired entity held prior to the acquisition date is designated as a financial asset measured at fair value with changes recognised in other comprehensive income, the difference between the fair value and the carrying amount shall be recognised in retained earnings, and the cumulative fair value changes previously recognised in other comprehensive income shall be transferred to retained earnings. If the equity interest in the acquired entity held prior to the acquisition date is measured at fair value with changes recognised in profit or loss or accounted for as a long-term equity investment using the equity method, the difference between the fair value and the carrying amount shall be recognised in investment income for the current period. For equity interests held in the acquired entity prior to the acquisition date that are accounted for under the equity method and involve other comprehensive income, as well as other changes in the owner's equity (excluding net profit or loss, other comprehensive income, and profit distributions), the related other comprehensive income shall be accounted for on the acquisition date using the same basis as if the investee had directly disposed of the related assets or liabilities. The related changes in other owner's equity shall be reclassified to investment income for the period in which the acquisition date falls..

(iii) Disposal of investment in subsidiaries without a loss of control

For partial disposal of the long-term equity investment in the subsidiaries without a loss of control, when the Company prepares consolidated financial statements, difference between consideration received from the disposal and the corresponding share of subsidiary's net assets cumulatively calculated from the acquisition date or combination date shall be adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be offset against retained earnings.

(iv) Disposal of investment in subsidiaries with a loss of control

Disposal through one transaction

If the Company loses control in an investee through partial disposal of the equity investment, when the consolidated financial statements are prepared, the retained equity interest should be re-measured at fair value at the date of loss of control. The difference between i) the sum of the consideration received from the disposal and the fair value of the remaining equity interest, and ii) the sum of the share of the net assets of the former subsidiary (calculated on a cumulative basis from the acquisition date or combination date in accordance with the original ownership percentage) and the related goodwill, shall be recognised in investment income for the period in which control is lost.

Moreover, other comprehensive income related to the equity investment in the former subsidiary shall be accounted for on the same basis as if the former subsidiary had directly disposed of the relevant

assets or liabilities upon the loss of control. Other changes in owners' equity related to the former subsidiary that were recognised under the equity method shall be reclassified to profit or loss upon the loss of control.

Disposal in stages

In the consolidated financial statements, whether the transactions should be accounted for as “a single transaction” needs to be decided firstly.

If the disposal in stages should not be classified as “a single transaction”, in the separate financial statements, for transactions prior of the date of loss of control, carrying amount of each disposal of long-term equity investment need to be recognized, and the difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognized in current investment income; in the consolidated financial statements, the disposal transaction should be accounted for according to related policy in “Disposal of long-term equity investment in subsidiaries without a loss of control”.

If the disposal in stages should be classified as “a single transaction”, these transactions should be accounted for as a single transaction of disposal of subsidiary resulting in loss of control. In the separate financial statements, for each transaction prior of the date of loss of control, difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognised as other comprehensive income firstly, and transferred to profit or loss as a whole when control is lost; in the consolidated financial statements, for each transaction prior of the date of loss of control, difference between consideration received and proportion of the subsidiary's net assets corresponding to the equity interest disposed should be recognised in profit or loss as a whole when control is lost.

In considering of the terms and conditions of the transactions as well as their economic impact, the presence of one or more of the following indicators may lead to account for multiple transactions as a single transaction:

- The transactions are entered into simultaneously or in contemplation of one another.
 - The transactions form a single transaction designed to achieve an overall commercial effect.
 - The occurrence of one transaction depends on the occurrence of at least one other transaction.
 - One transaction, when considered on its own merits, does not make economic sense, but when considered together with the other transaction or transactions would be considered economically justifiable.
- (v) Diluting equity share of parent company in its subsidiaries due to additional capital injection by the subsidiaries' minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries.

In the consolidated financial statements, difference between share of the corresponding subsidiaries' net assets calculated based on the parent's equity interest before and after the capital injection shall be adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against retained earnings.

3.8 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangement of the Company is classified as either a joint operation or a joint venture.

(a) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company shall recognise the following items in relation to shared interest in a joint operation, and account for them in accordance with relevant accounting standards of the Accounting Standards for Business Enterprises:

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operation;
- (iv) its share of the revenue from the sale of the output by the joint operation; and
- (v) its expenses, including its share of any expenses incurred jointly.

(b) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company accounts for its investment in the joint venture by applying the equity method of long-term equity investment.

3.9 Cash and Cash Equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.10 Financial Instruments

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognised in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognised when meets one of the following conditions:

- (i) The rights to the contractual cash flows from a financial asset expire
- (ii) The financial asset has been transferred and meets one of the following derecognition conditions:

Financial liabilities (or part thereof) are derecognised only when the liability is extinguished—i.e., when the obligation specified in the contract is discharged or cancelled or expires. An exchange of the Company (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a regular-way shall be recognised and derecognised using trade date accounting. A regular-way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(b) Classification and measurement of financial assets

At initial recognition, the Company classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortised cost, financial asset at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVTOCI). Reclassification of financial assets is permitted if, and only if, the objective of the entity's business model for managing those financial assets changes. In this circumstance, all affected financial assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at FVTPL, transaction costs are recognised in current profit or loss. For financial assets not measured at FVTPL, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

- (i) Financial asset at amortised cost

The financial asset at amortised cost category of classification applies when both the following

conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortised cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortisation under effective interest rate method or impairment are recognised in current profit or loss.

(ii) Financial asset at fair value through other comprehensive income (FVTOCI)

The financial asset at FVTOCI category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principle and interest on the principal amount outstanding. All changes in fair value are recognised in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognised in current profit or loss. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to current profit or loss. However, interest income calculated based on the effective interest rate is included in current profit or loss.

The Company make an irrevocable decision to designate part of non-trading equity instrument investments as measured through FVTOCI. All changes in fair value are recognised in other comprehensive income except for dividend income recognised in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

(iii) Financial asset at fair value through profit or loss (FVTPL)

Financial asset except for above mentioned financial asset at amortised cost or financial asset at fair value through other comprehensive income (FVTOCI), should be classified as financial asset at fair value through profit or loss (FVTPL). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

(c) Classification and measurement of financial liabilities

The Company classified the financial liabilities as financial liabilities at fair value through profit or loss (FVTPL), loan commitments at a below-market interest rate and financial guarantee contracts and financial asset at amortised cost.

Subsequent measurement of financial assets will be based on the classification:

(i) Financial liabilities at fair value through profit or loss (FVTPL)

Held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at FVTPL are classified as financial liabilities at FVTP. After initial recognition, any gain or loss (including interest expense) are recognised in current profit or loss except for those

hedge accounting is applied. For financial liability that is designated as at FVTPL, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to retained earnings.

(ii) Loan commitments and financial guarantee contracts

Loan commitment is a commitment by the Company to provide a loan to customer under specified contract terms. The provision of impairment losses of loan commitments shall be recognised based on expected credit losses model.

Financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognised according to the impairment principles of financial instruments; and the amount initially recognised less the cumulative amount of income recognised in accordance with the revenue principles.

(iii) Financial liabilities at amortised cost

After initial recognition, the Company measured other financial liabilities at amortised cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

- (i) If the Company has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meet the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.
- (ii) If a financial instrument must or may be settled in the Company's own equity instruments, it should be considered that the Company's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the Company's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity's own equity instruments (such as interest rate, price of some kind of goods or some kind of financial instrument).

(d) Derivatives and embedded derivatives

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognised as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognised directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognised in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the Company shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the Company is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract is designated as financial assets or financial liabilities at fair value through profit or loss.

(e) Impairment of financial instrument

The Company shall recognise a loss allowance based on expected credit losses on a financial asset that is measured at amortised cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment and a financial guarantee contract.

(i) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (ie all cash shortfalls), discounted at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime, if the expected life of a financial instrument is less than 12 months).

At each reporting date, the Company classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired is at stage 2. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit-impaired as at the end of the reporting period is at stage 3. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset (ie, impairment loss not been deducted). For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortised cost after deducting of impairment loss.

For notes receivable, accounts receivable and accounts receivable financing, no matter it contains a significant financing component or not, the Company shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

Receivables/Contract assets

For the notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the Company shall individually assess for impairment and recognise the loss allowance for expected credit losses. If the Company determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

Determination basis of notes receivable is as following:

Group 1: Commercial acceptance bills

Group 2: Bank acceptance bills

For each group, the Company calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of accounts receivable is as following:

Group 1: Related parties within the scope of consolidation

Group 2: Receivables due from third parties

For each group, the Company calculates expected credit losses through preparing an aging analysis schedule with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of other receivables is as following:

Group 1: Related parties within the scope of consolidation

Group 2: Receivables due from third parties

For each group, the Company calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of accounts receivable financing is as following:

Group 1: Commercial acceptance bills

Group 2: Bank acceptance bills

For each group, the Company calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of contract assets is as following:

Group 1: Project construction

Group 2: Undue warranty

For each group, the Company calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of long-term receivables financing is as following:

Group 1: Project receivables, Lease receivables

Group 2: Others

For group 1, the Company calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering

current condition and expectation for the future economic situation.

For group 2, the Company calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

The Company's aging calculation method of credit risk characteristic combination based on aging is as follows:

Aging	Accounts receivable Provision ratio	Other receivables provision ratio
Within 6 months	1%	1%
7 months to 1 years	5%	5%
1-2 years	10%	10%
2-3 years	50%	50%
Over 3 years	100%	100%

Debt investment and other debt investment

For debt investment and other debt investment, the Company shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

(ii) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

(iii) Significant increase in credit risk

The Company shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the Company shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the Company are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;

- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise influence the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behavior of the borrower;
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the Company shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the Company can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the Company shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company can only rebut this presumption if the Company has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

(iv) Credit-impaired financial asset

The Company shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortised cost and debt investment at fair value through other comprehensive income. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences that a financial asset is credit-impaired include observable data about the following events:

Significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a deep discount that reflects

the incurred credit losses.

(v) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the Company shall at each reporting date remeasure the expected credit loss and recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortised cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(vi) Write-off

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognised in profit or loss as reversal of impairment loss.

(f) Transfer of financial assets

Transfer of financial assets refers to following two situations:

- Transfers the contractual rights to receive the cash flows of the financial asset;
- Transfers the entire or a part of a financial asset and retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

(i) Derecognition of transferred assets

If the Company transfers substantially all the risks and rewards of ownership of the financial asset, or neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset, the financial asset shall be derecognised.

Whether the Company has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company has not retained control.

The Company judges whether the transfer of financial asset qualifies for derecognition based on the substance of the transfer.

If the transfer of financial asset qualifies for derecognition in its entirety, the difference between the following shall be recognised in profit or loss:

- The carrying amount of transferred financial asset;
- The sum of consideration received and the part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of *the Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments*).

If the transferred asset is a part of a larger financial asset and the part transferred qualifies for derecognition, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised (For this purpose, a retained servicing asset shall be treated as a part that continues to be recognised) and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognised in profit or loss:

- The carrying amount (measured at the date of derecognition) allocated to the part derecognised;
- The sum of the consideration received for the part derecognised and part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of *the Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments*).

(ii) Continuing involvement in transferred assets

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Company shall continue to recognise the transferred asset to the extent of its continuing involvement and also recognise an associated liability.

The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset

(iii) Continue to recognise the transferred assets

If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company shall continue to recognise the transferred asset in its entirety and the consideration received shall be recognised as a financial liability.

The financial asset and the associated financial liability shall not be offset. In subsequent accounting period, the Company shall continuously recognise any income (gain) arising from the transferred asset and any expense (loss) incurred on the associated liability.

(g) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset. When meets the following conditions, financial assets and financial

liabilities shall be offset and the net amount presented in the statement of financial position:

The Company currently has a legally enforceable right to set off the recognised amounts; The Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Company shall not offset the transferred asset and the associated liability.

(h) Determination of fair value of financial instruments

Determination of fair value of financial assets and financial liabilities please refer to Note 3.11.

3.11 Fair Value Measurement

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company determines fair value of the related assets and liabilities based on market value in the principal market, or in the absence of a principal market, in the most advantageous market price for the related asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market is the market in which transactions for an asset or liability take place with the greatest volume and frequency. The most advantageous market is the market which maximizes the value that could be received from selling the asset and minimizes the value which is needed to be paid in order to transfer a liability, considering the effect of transport costs and transaction costs both.

If the active market of the financial asset or financial liability exists, the Company shall measure the fair value using the quoted price in the active market. If the active market of the financial instrument is not available, the Company shall measure the fair value using valuation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(i) Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market approach, the income approach and the cost approach. The Company shall use valuation techniques consistent with one or more of those approaches to measure fair value. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most

representative of fair value in the circumstances.

When using the valuation technique, the Company shall give the priority to relevant observable inputs. The unobservable inputs can only be used when relevant observable inputs is not available or practically would not be obtained. Observable inputs refer to the information which is available from market and reflects the assumptions that market participants would use when pricing the asset or liability. Unobservable Inputs refer to the information which is not available from market and it has to be developed using the best information available in the circumstances from the assumptions that market participants would use when pricing the asset or liability.

(ii) Fair value hierarchy

To Company establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to Level 1 inputs and second to the Level 2 inputs and the lowest priority to Level 3 inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

3.12 Inventories

(a) Classification of inventories

Inventories are finished goods or products held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services, including raw materials, work in progress, semi-finished goods, finished goods, goods in stock, turnover material, etc.

(b) Measurement method of cost of inventories sold or used

Inventories are measured at actual cost at recognition. The actual cost of an item of inventories comprises the purchase cost, cost of processing and other costs. The cost of inventories used or sold is determined on the weighted average basis.

(c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus or losses of inventory stocktaking shall be included in current profit and loss.

(d) Recognition Criteria and Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognised as provision for impairment of inventory, and recognised in current profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and impact of post balance sheet event shall be considered.

(i) In normal operation process, finished goods, products and materials for direct sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices. Net realizable value of materials held for sale shall be measured based on market price.

(ii) For materials in stock need to be processed, in the ordinary course of production and business, net realisable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. If the net realisable value of the finished products produced by such materials is higher than the cost, the materials shall be measured at cost; if a decline in the price of materials indicates that the cost of the finished products exceeds its net realisable value, the materials are measured at net realisable value and differences shall be recognised at the provision for impairment.

(iii) Provisions for inventory impairment are generally determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on group basis.

(iv) If any factor rendering write-downs of the inventories has been eliminated at the reporting date, the amounts written down are recovered and reversed to the extent of the inventory impairment, which has been provided for. The reversal shall be included in profit or loss.

(e) Amortisation method of low-value consumables

Low-value consumables: One-off writing off method is adopted.

Package material: One-off writing off method is adopted.

3.13 Contract Assets and Contract Liabilities

The Company shall present contract assets or contract liabilities in the statement of financial position, depending on the relationship between the Company's satisfying a performance obligation and the customer's payment. A contract asset shall be presented if the Company has the right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability shall be presented if the Company has the obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer.

Method of determination and accounting for expected credit loss for contract assets please refer to Note 3.10.

Contract assets and contract liabilities shall be presented separately in the statement of financial position. The contract asset and contract liability for the same contract shall be presented on a net basis. A net balance shall be listed in the item of "Contract assets" or "Other non-current assets" according to its liquidity; a credit balance shall be listed in the item of "Contract liabilities" or "Other non-current liabilities" according to its liquidity. Contract assets and contract liabilities for different contracts cannot be offset.

3.14 Contract costs

Contract costs include costs to fulfill a contract and the costs to obtain a contract.

The Company shall recognise an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- (i) The costs relate directly to a contract or to an anticipated contract, including: direct labour, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because an entity entered into the contract;
- (ii) The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and
- (iii) The costs are expected to be recovered.

The incremental costs of obtaining a contract shall be recognised as an asset if the Company expects to recover them.

An asset related to contract costs shall be amortised on a systematic basis that is consistent with the revenue recognition of the goods or services to which the asset relates. The Company recognises the contract acquisition costs as an expense when incurred if the amortisation period of the asset that the Company otherwise would have recognised is one year or less.

The Company shall accrue the provision for impairment, recognise an impairment loss in profit or loss to the extent that the carrying amount of an asset related to the contract cost exceeds the difference of below two items, and further consider whether the estimated liability related to the onerous contract needs to be accrued:

- (i) The remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates; less
- (ii) The costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The Company shall recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

Providing that the costs to fulfil a contract satisfy the requirement to be recognised as an asset, the Company shall present them in the account “Inventory” if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account “Other non-current assets” if the contract has an original expected duration of more than one year (or a normal operating cycle).

Providing that the costs to obtain a contract satisfy the requirement to be recognised as an asset, the Company shall present them in the account “Other current asset” if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account “Other non-current assets” if the contract has an original expected duration of more than one year (or a normal operating cycle).

3.15 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Associates of the Company are those entities over which the Company has significant influence.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In assessing whether the Company has joint control of an arrangement, the Company shall assess first whether all the parties, or a group of the parties, control the arrangement. When all the parties, or a group of the parties, considered collectively, are able to direct the activities of the arrangement, the parties control the arrangement collectively. Then the Company shall assess whether decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. If two or more groups of the parties could control the arrangement collectively, it shall not be assessed as have joint control of the arrangement. When assessing the joint control, the protective rights are not considered.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. In determination of significant influence over an investee, the Company should consider not only the existing voting rights directly or indirectly held but also the effect of potential voting rights held by the Company and other entities that could be currently exercised or converted, including the effect of share warrants, share options and convertible corporate bonds that issued by the investee and could be converted in current period.

If the Company holds, directly or indirectly 20% or more but less than 50% of the voting power of

the investee, it is presumed that the Company has significant influence of the investee, unless it can be clearly demonstrated that in such circumstance, the Company cannot participate in the decision-making in the production and operating of the investee.

(b) Determination of initial investment cost

(i) Long-term equity investments generated in business combinations

For a business combination involving enterprises under common control, if the Company makes payment in cash, transfers non-cash assets or bears liabilities as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For a business combination involving enterprises under common control, if the Company issues equity securities as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The total par value of the shares issued is recognised as the share capital. The difference between the initial investment cost and the carrying amount of the total par value of the shares issued shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For business combination not under common control, the assets paid, liabilities incurred or assumed and the fair value of equity securities issued to obtain the control of the acquiree at the acquisition date shall be determined as the cost of the business combination and recognised as the initial cost of the long-term equity investment. The audit, legal, valuation and advisory fees, other intermediary fees, and other relevant general administrative costs incurred for the business combination, shall be recognised in profit or loss as incurred.

(ii) Long-term equity investments acquired not through the business combination, the investment cost shall be determined based on the following requirements:

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost, including the expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the

exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in current profit or loss. If the exchange of non-monetary assets does not meet the above criterion, the book value of the assets traded out and relevant taxes are recognised as the initial investment cost.

For long-term equity investment acquired through debt restructuring, the initial cost is determined based on the fair value of the equity obtained and the difference between initial investment cost and carrying amount of debts shall be recorded in current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

(i) Cost method

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The Company recognises its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(ii) Equity method

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The Company recognises the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognised in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The Company recognises its share of the investee's net profits or losses after making appropriate adjustments of investee's net profit based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the Company, the financial statements of

the investee shall be adjusted according to the Company's accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the company and its associate or joint venture are eliminated in proportion to the company's equity interest in the investee, based on which investment income or losses shall be recognised. Any losses resulting from inter-company transactions between the investor and the investee, which belong to asset impairment, shall be recognised in full.

Where the Company obtains the power of joint control or significant influence, but not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as other equity investment, difference between its fair value and the carrying value, in addition to the cumulative changes in fair value previously recorded in other comprehensive income, shall be recognised into retained earnings of the period of using equity method.

If the Company loses the joint control or significant influence of the investee for some reasons such as disposal of equity investment, the retained interest shall be measured at fair value and the difference between the carrying amount and the fair value at the date of loss the joint control or significant influence shall be recognised in profit or loss. When the Company discontinues the use of the equity method, the Company shall account for all amounts previously recognised in other comprehensive income under equity method in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

(d) Equity investment classified as held for sale

Any retained interest in the equity investment not classified as held for sale, shall be accounted for using equity method.

When an equity investment in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale shall be amended accordingly.

(f) Impairment testing and provision for impairment loss

For investment in subsidiaries, associates or a joint ventures, provision for impairment loss please refer to Note 3.22.

3.16 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both, including:

(i) Land use right leased out

- (ii) Land held for transfer upon appreciation
- (iii) Buildings leased out

(b) The measurement model of investment property

The Company adopts the cost model for subsequent measurement of investment properties. For provision for impairment please refer to Note 3.22.

The Company calculates the depreciation or amortisation based on the net amount of investment property cost less the accumulated impairment and the net residual value using straight-line method. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives and estimated net residual rates are listed as followings:

Category	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	10.00-30.00	3.00-5.00	3.17-9.70
Land use right	40.00-50.00	0.00	2.00-2.50

3.17 Fixed Assets

Fixed assets refer to the tangible assets with higher unit price held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

(a) Recognition criteria of fixed assets

Fixed assets will only be recognised at the actual cost paid when obtaining as all the following criteria are satisfied:

- (i) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (ii) The costs of the fixed assets can be measured reliably.

Subsequent expenditure for fixed assets shall be recorded in cost of fixed assets, if recognition criteria of fixed assets are satisfied, otherwise the expenditure shall be recorded in current profit or loss when incurred.

(b) Depreciation methods of fixed assets

The Company begins to depreciate the fixed asset from the next month after it is available for intended use using the straight-line-method. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives and estimated net residual rates of fixed assets are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	straight-line-method	8.00-35.00	3.00-5.00	2.71-12.13

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Machinery equipment	straight-line-method	8.00-10.00	3.00-5.00	9.50-12.13
Transportation vehicles	straight-line-method	4.00	3.00	24.25
Administrative and other devices	straight-line-method	3.00-20.00	3.00	4.85-32.33

For the fixed assets with impairment provided, the impairment provision should be excluded from the cost when calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the fixed assets. Estimated useful life of the fixed assets shall be adjusted if it is changed compared to the original estimation.

3.18 Construction in Progress

(a) Classification of construction in progress

Construction in progress is measured on an individual project basis.

(b) Recognition criteria and timing of transfer from construction in progress to fixed assets

The initial book values of the fixed assets are stated at total expenditures incurred before they are ready for their intended use, including construction costs, original price of machinery equipment, other necessary expenses incurred to bring the construction in progress to get ready for its intended use and borrowing costs of the specific loan for the construction or the proportion of the general loan used for the constructions incurred before they are ready for their intended use. The construction in progress shall be transferred to fixed asset when the installation or construction is ready for the intended use. For construction in progress that has been ready for their intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant fixed assets, and depreciation should be provided according to relevant policies of the Company when the fixed assets are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

The specific criteria and timing of transfer to fixed assets for the Company's different categories of construction in progress items:

category	The specific criteria and timing of transfer to fixed assets
Houses and buildings	<p>(i) The main construction project and supporting projects have been substantially completed;</p> <p>(ii) After the construction project meets the predetermined design requirements, it shall be inspected and accepted by the survey, design, construction, supervision and other units, and inspected and accepted by the local construction authorities and other relevant units;</p> <p>(iii) If the construction project has reached the predetermined serviceability state but has not yet completed the final accounts, it shall be transferred to the fixed assets at the estimated value according to the actual cost of the project from the date of reaching the predetermined serviceability state.</p>
Equipment to be installed and debugged	<p>(i) Relevant equipment and other supporting facilities have been installed;</p> <p>(ii) After debugging, the equipment can maintain normal and stable operation for a period of time, and the production equipment can produce qualified products stably in a period of time;</p> <p>(iii) The equipment management department shall conduct joint inspection with the asset use department, safety management Department, emergency Department, environmental Protection Department and other departments.</p>

3.19 Right-of-use assets

At the lease commencement date, a right-of-use asset is measured at cost. The cost of a right-of-use asset comprise:

- (i) The amount of the initial measurement of the lease liability;
- (ii) Any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) Any initial direct costs incurred by the Group; and
- (iv) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A right-of-use asset is subsequently measured at cost. If it is reasonably certain that ownership of the lease item will transfer to the Group upon expiry of the lease, the leased item is depreciated over its useful life; if, however, transfer of ownership of the leased item upon expiry of the lease to the Group cannot be reasonably expected, the leased item is depreciated over the shorter of its useful life and the lease term. Where a leased item has recorded impairment, its residual value after deducting the impairment allowance is depreciated in accordance the principle described in this paragraph.

3.20 Borrowing costs

(a) Recognition criteria and period for capitalization of borrowing costs

The Company shall capitalize the borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets when meet the following conditions:

- (i) Expenditures for the asset are being incurred;
- (ii) Borrowing costs are being incurred, and;
- (iii) Acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale are in progress.

Other borrowing cost, discounts or premiums on borrowings and exchange differences on foreign currency borrowings shall be recognized into current profit or loss when incurred.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognised as expenses when incurred.

(b) Capitalization rate and measurement of capitalized amounts of borrowing costs

When funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, the Company shall determine the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income on bank deposit or investment income on the temporary investment of those borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general borrowing, the eligible amounts are determined by the weighted-average of the cumulative capital expenditures in excess of the specific borrowing multiplied by the general borrowing capitalization rate. The capitalisation rate will be the weighted average of the borrowing costs applicable to the general borrowing.

3.21 Intangible Assets**(a) Measurement method of intangible assets**

Intangible assets are recognised at actual cost at acquisition.

(b) The useful life and amortisation of intangible assets

- (i) The estimated useful lives of the intangible assets with finite useful lives are as follows:

Category	Estimated useful life	Basis
Land use right	40-50 years	Legal life
Patents	10 years	The service life is determined by reference to the period that can bring economic benefits to the Company
Software	3-5 years	The service life is determined by reference to the period that can bring economic benefits to the Company
Trademarks	10 years	The service life is determined by reference to the period that can bring economic benefits to the Company

For intangible assets with finite useful life, the estimated useful life and amortisation method are reviewed annually at the end of each reporting period and adjusted when necessary. No change has incurred in current year in the estimated useful life and amortisation method upon review.

(ii) Assets of which the period to bring economic benefits to the Company are unforeseeable are regarded as intangible assets with indefinite useful lives. The Company reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(iii) Amortisation of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition and systematically amortised on a straight-line basis [units of production method] over the useful life. The amortisation amount shall be recognised into current profit or loss according to the beneficial items. The amount to be amortised is cost deducting residual value. For intangible assets which has impaired, the cumulative impairment provision shall be deducted as well. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless: there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

Intangible assets with indefinite useful lives shall not be amortised. The Company reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated and the intangible assets shall be amortised systematically and reasonably within the estimated useful lives.

(c) Scope of Research and Development Expenditures

The Company classifies the expenses directly related to research and development activities as research and development expenditures, including remuneration of research and development staff, direct material, depreciation cost and long-term amortised expense, design fee, equipment commissioning fee, intangible assets amortisation cost, outsourcing research and development cost, and other expenses, etc.

(d) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

Preparation activities related to materials and other relevant aspects undertaken by the Company for the purpose of further development shall be treated as research phase. Expenditures incurred during the research phase of internal research and development projects shall be recognised in profit or loss when incurred.

Development activities after the research phase of the Company shall be treated as development phase.

(e) Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects shall be recognised as intangible assets only if all of the following conditions have been met:

- (i) Technical feasibility of completing the intangible assets so that they will be available for use or sale;
- (ii) Its intention to complete the intangible asset and use or sell it;
- (iii) The method that the intangible assets generate economic benefits, including the Company can demonstrate the existence of a market for the output of the intangible assets or the intangible assets themselves or, if it is to be used internally, the usefulness of the intangible assets;
- (iv) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (v) Its ability to measure reliably the expenditure attributable to the intangible asset.

3.22 Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, associates and joint ventures, investment properties, fixed assets, constructions in progress, and intangible assets subsequently measured at cost shall be determined according to following method:

The Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset and test for impairment. Irrespective of whether there is any indication of impairment, the Company shall test for impairment of goodwill acquired in a business combination, intangible assets with an indefinite useful life or intangible assets not yet available for use annually.

The recoverable amounts of the long-term assets are the higher of their fair values less costs to dispose and the present values of the estimated future cash flows of the long-term assets. The Company estimate the recoverable amounts on an individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the groups of assets that the individual asset belongs to. Identification of a group of asset is based on whether the cash inflows from it are largely independent of the cash inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and the provision for impairment loss shall be recognised accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant group of assets based on reasonable method; if it is difficult to allocate to relevant group of assets, good will shall be allocated to relevant combination of asset groups. The relevant group of assets or combination of asset groups is a group of assets or combination of asset groups that is benefit from the synergies of the business combination and is not larger than the reporting segment determined by the Company.

When test for impairment, if there is an indication that relevant group of assets or combination of asset groups may be impaired, impairment testing for group of assets or combination of asset groups excluding goodwill shall be conducted first, and the recoverable amount shall be then calculated and the impairment loss shall be recognised accordingly. Then the group of assets or combination of asset

groups including goodwill shall be tested for impairment, by comparing the carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, the Company shall recognise the impairment loss.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognised.

3.23 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortised over current and subsequent periods with the amortisation period exceeding one year.

3.24 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee benefits are presented in the statement of financial position as “Employee benefits payable” and “Long-term employee benefits payable”.

(a) Short-term employee benefits

(i) Employee basic salary (salary, bonus, allowance, subsidy)

The Company recognises, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit except for those recognised as capital expenditure based on the requirement of accounting standards.

(ii) Employee welfare

The Company shall recognise the employee welfare based on actual amount when incurred into current profit or loss or related capital expenditure. Employee welfare shall be measured at fair value as it is a non-monetary benefits.

(iii) Social insurance such as medical insurance, work injury insurance and maternity insurance, housing funds, labor union fund and employee education fund

Payments made by the Company of social insurance for employees, such as medical insurance, work injury insurance and maternity insurance, payments of housing funds, and labor union fund and employee education fund accrued in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to required accrual bases and accrual ratio in determining the amount of employee benefits and the related liabilities, which shall be recognised in current profit or loss or the cost of relevant asset.

(iv) Short-term paid absences

The company shall recognise the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated. The Company shall recognise relevant employee benefit of non-accumulating paid absences when the absences actually occurred.

(v) Short-term profit-sharing plan

The Company shall recognise the related employee benefits payable under a profit-sharing plan when all of the following conditions are satisfied:

The Company has a present legal or constructive obligation to make such payments as a result of past events; and

A reliable estimate of the amounts of employee benefits obligation arising from the profit-sharing plan can be made.

(b) Post-employment benefits

(i) Defined contribution plans

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the current profit or loss or the cost of a relevant asset.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they shall be discounted using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined contribution obligations) to measure employee benefits payable.

(ii) Defined benefit plan

The present value of defined benefit obligation and current service costs

Based on the expected accumulative welfare unit method, the Company shall make estimates about demographic variables and financial variables in adopting the unbiased and consistent actuarial assumptions and measure defined benefit obligation, and determine the obligation period. The Company shall discount the obligation arising from defined benefit plan using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) in order to determine the present value of the defined benefit obligation and the current service cost.

The net defined benefit liability or asset

The net defined benefit liability (asset) is the deficit or surplus recognised as the present value of the defined benefit obligation less the fair value of plan assets (if any).

When the Company has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of the surplus in the defined benefit plan and the asset ceiling.

The amount recognised in the cost of asset or current profit or loss

Service cost comprises current service cost, past service cost and any gain or loss on settlement. Other service cost shall be recognised in profit or loss unless accounting standards require or allow the inclusion of current service cost within the cost of assets.

Net interest on the net defined benefit liability (asset) comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling, shall be included in profit or loss.

The amount recognised in other comprehensive income

Changes in the net liability or asset of the defined benefit plan resulting from the remeasurements including:

Actuarial gains and losses, the changes in the present value of the defined benefit obligation resulting from experience adjustments or the effects of changes in actuarial assumptions;

Return on plan assets, excluding amounts included in net interest on the net defined benefit liability or asset;

Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent periods. Upon termination of the original defined benefit plan, the portion previously recognised in other comprehensive income shall be reclassified in full to retained earnings within equity.

(c) Termination benefits

The Company providing termination benefits to employees shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.

When the Company recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the Company shall discount the termination benefits using relevant

discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) to measure the employee benefits.

(d) Other long-term employee benefits

(i) Meet the conditions of the defined contribution plan

When other long-term employee benefits provided by the Company to the employees satisfies the conditions for classifying as a defined contribution plan, all those benefits payable shall be accounted for as employee benefits payable at their discounted value.

(ii) Meet the conditions of the defined benefit plan

At the end of the reporting period, the Company recognised the cost of employee benefit from other long-term employee benefits as the following components:

Service costs;

Net interest cost for net liability or asset of other long-term employee benefits

Changes resulting from the remeasurements of the net liability or asset of other long-term employee benefits

In order to simplify the accounting treatment, the net amount of above items shall be recognised in profit or loss or relevant cost of assets.

3.25 Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments comprise:

- (i) Fixed payments, or in-substance fixed payments, less any lease incentives receivable;
- (ii) Variable lease payments that depend on an index or a rate;
- (iii) The exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- (iv) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease; and
- (v) Amounts expected to be payable by the Group under residual value guarantees.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. The excess of the lease payments over its present value is amortised over the lease term as interest expenses using the discount rate. A variable lease payment which is not included in the initial measurement of the lease liability is recognised in profit or loss when incurred.

3.26 Provisions

(a) Recognition

A provision is recognised for an obligation associated with a contingent event when the following conditions are satisfied:

- (i) The obligation is a present obligation assumed by the entity;
- (ii) It is probable that fulfillment of the obligation will result in outflows of economic benefits from the entity;
- (iii) The amount of the obligation can be reliably measured.

(b) Measurement

A provision is initially measured at the best estimate of expenses required for the performance of relevant present obligations. The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. The carrying amount of the provision shall be reviewed at the end of every reporting period. If conclusive evidences indicate that the carrying amount fails to be the best estimate of the provision, the carrying amount shall be adjusted based on the updated best estimate.

3.27 Revenue

(a) General Principle

Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the Company when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The Company shall recognise revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good or service. Control of a good or service refers to the ability to direct the use of, and obtain substantially all of the remaining economic benefits from, the good or service.

When the contract has two or more obligation performances, the Company shall allocate the transaction price to each performance obligation in proportion to a relative stand-alone selling price at contract inception of the promised good or service underlying each performance obligation in the contract and recognize revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of the contract, if the contract includes a variable consideration, the Company shall determine the best estimate of the variable consideration

based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If the contract contains a significant financing component, the Company shall determine the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the promised consideration shall be amortised using the effective interest method within the contract period. The Company need not consider the effects of a significant financing component if the period between when the Company transfers control of a good or service to a customer and when the customer pays for that good or service will be one year or less.

The Company satisfies a performance obligation over time, if one of the following criteria is met; otherwise a performance obligation is satisfied at a point in time:

- (i) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- (ii) The Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- (iii) The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless those progress cannot be reasonably measured. The Company measures the progress of a performance obligation for the service rendered using input methods (or output methods). In some circumstances, the Company cannot be able to reasonably measure the progress of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

The Company shall recognise revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the Company shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

- (i) The Company has a present right to payment for the good or service – a customer is presently obliged to pay for the good or service;
- (ii) The Company has transferred legal title of an asset to a customer - the customer has legal title to the asset;

- (iii) The Company has transferred physical possession of an asset to a customer - the customer has physical possession of the asset;
- (iv) The Company has transferred the significant risks and rewards of ownership of the asset to a customer - the customer has the significant risks and rewards of ownership of the asset;
- (v) The customer has accepted the asset.
- (vi) Other indication that the customer has obtained control over the asset.

(b) Specific Method

Revenue recognition methods of the Company are as follows:

(i) Contract of sales of goods

According to the contract of sales of goods between the Company and the customer, the Company satisfies a performance obligation by transferring goods to the customer, which is a performance obligation satisfied at a point in time.

Revenue from domestic sales of goods can only be recognised when the following conditions are satisfied: the Company has transferred the promised goods to the customer according to the contract and the customer has accepted the goods; the payment has been received or the receipt voucher has been obtained and it is highly probable that the consideration will be received; the significant risks and rewards of ownership of the asset has been transferred; legal title of the asset has been transferred.

(ii) Contract of rendering services

The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs, Company satisfies a performance obligation by rendering of services to the customer, which is a performance obligation satisfied over time. For each performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The customer can't simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs, the Company's performance does not create an asset with an alternative use and the Company has no enforceable right to payment for performance completed to date at all times throughout the duration of the contract, Revenue from rendering of services is a performance obligation satisfied at a point in time. The company recognizes revenue when the company completes technical services in accordance with the contractual agreement

(iii) Revenue from usage of assets

Revenue from usage of the Group's assets is recognised if the revenue can be reliably measured and it is probable that the associated economic benefits will flow to the Group.

Revenue from usage of assets mainly includes the income from the leasing of premises and houses. Revenue measured in accordance with the method determined by the respective contracts.

3.28 Government Grants

(a) Recognition of government grants

A government grant shall not be recognised until there is reasonable assurance that:

- (i) The Company will comply with the conditions attaching to them; and
- (ii) The grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at a nominal value of RMB 1.00 when reliable fair value is not available.

(c) Accounting for government grants

(i) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognised as deferred income, and should be recognised in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognised in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants shall be recognised as deferred income and included into profit or loss (or write down related expenses) in the same period as the relevant expenses or losses are recognised;

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognised into current profit or loss (or write

down related expenses).

For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.

Government grants related to daily operation activities are recognised in other income (or write down related expenses) in accordance with the nature of the activities, and government grants irrelevant to daily operation activities are recognised in non-operating income.

(iii) Loan interest subsidy

When loan interest subsidy is allocated to the bank, and the bank provides a loan at lower-market rate of interest to the Company, the loan is recognised at the actual received amount, and the interest expense is calculated based on the principal of the loan and the lower-market rate of interest.

When loan interest subsidy is directly allocated to the Company, the subsidy shall be recognised as offsetting the relevant borrowing cost.

(iv) Repayment of the government grants

Repayment of the government grants shall be recorded by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, any excess will be recognised into current profit or loss; or directly recognised into current profit or loss for other circumstances.

3.29 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base at the balance sheet date. The Company recognise and measure the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

Deferred tax assets should be recognised for deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits can be utilised at the tax rates that are expected to apply to the period when the asset is realised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- (i) Is not a business combination; and
- (ii) At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

However, the exemption from recognising deferred tax liabilities and assets upon initial recognition does not apply to a single transaction that: (a) simultaneously satisfies both of the aforementioned conditions; and (b) generates equal amounts of taxable temporary differences and deductible temporary differences from the initial recognition of related assets and liabilities. For such transactions, the Company recognises corresponding deferred tax liabilities for taxable temporary differences and deferred tax assets for deductible temporary differences at the transaction date.

The Company shall recognise a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, only to the extent that, it is probable that:

- (i) The temporary difference will reverse in the foreseeable future; and
- (ii) Taxable profit will be available against which the deductible temporary difference can be utilised.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognises a previously unrecognised deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognised for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled.

- (i) No deferred tax liability shall be recognised for taxable temporary differences arising from:

The initial recognition of goodwill; or

The initial recognition of an asset or liability in a transaction which: is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

- (ii) An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that both of the following conditions are satisfied:

The Company is able to control the timing of the reversal of the temporary difference; and

It is probable that the temporary difference will not reverse in the foreseeable future.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(i) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognised, and simultaneously, goodwill recognised in the business combination shall be adjusted based on relevant deferred tax expense (income).

(ii) Items directly recognised in equity

Current tax and deferred tax related to items that are recognised directly in equity shall be recognised in equity. Such items include: other comprehensive income generated from fair value fluctuation of other debt investments; an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of a prior period (significant) error; amounts arising on initial recognition of the equity component of a compound financial instrument that contains both liability and equity component.

(iii) Unused tax losses and unused tax credits

Unused tax losses and unused tax credits generated from daily operation of the Company itself

Deductible loss refers to the loss calculated and permitted according to the requirement of tax law that can be offset against taxable income in future periods. The criteria for recognising deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognising deferred tax assets arising from deductible temporary differences. The Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Income taxes in current profit or loss shall be deducted as well.

Unused tax losses and unused tax credits arising from a business combination

Under a business combination, the acquiree's deductible temporary differences which do not satisfy the criteria at the acquisition date for recognition of deferred tax asset shall not be recognised. Within 12 months after the acquisition date, if new information regarding the facts and circumstances exists at the acquisition date and the economic benefit of the acquiree's deductible temporary differences at the acquisition is expected to be realised, the Company shall recognise acquired deferred tax benefits and reduce the carrying amount of any goodwill related to this acquisition. If goodwill is reduced to zero, any remaining deferred tax benefits shall be recognised in profit or loss. All other acquired deferred tax benefits realised shall be recognised in profit or loss.

(iv) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated

from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognised in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well except for deferred tax related to transactions or events recognised directly in equity and business combination.

(v) Share-based payment settled by equity

If tax authority permits tax deduction that relates to share-based payment, during the period in which the expenses are recognised according to the accounting standards, the Company estimates the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognised when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the cumulative expenses related to share-based payment recognised according to the accounting standards, the tax effect of the excess amount shall be recognised directly in equity.

(vi) Dividends arising from financial instruments classified as equity instruments

For financial instruments classified as equity instruments by the Company as the issuer, where related dividend payments are deductible for income tax purposes under applicable tax regulations, the Company recognises the associated income tax effects when dividends payable are recognised. The income tax effects are recognised in profit or loss if the distributed profits arise from transactions or events previously recognised in profit or loss. Conversely, if the distributed profits arise from transactions or events previously recognised in equity, the corresponding income tax effects are recognised directly in equity items.

(d) Basis for deferred income tax assets and deferred income tax liabilities presented on a net basis

The Company shall offset deferred tax assets and deferred tax liabilities if, and only if:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

the same taxable entity; or

different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.30 Leases

(a) Identifying a lease

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

(b) Identifying a separate lease component

When a contract includes more than one separate lease components, the Company shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

(c) The Company as a lessee

At the commencement date, the Company identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all the short-term leases or leases for which the underlying asset is of low value, the Company shall recognise the lease payments associated with those leases as cost of relevant asset or expenses in current profit or loss on a straight-line basis over the lease term.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the Company shall recognise a right-of-use asset and a lease liability.

(i) Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the Company shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

the amount of the initial measurement of the lease liability;

any lease payments made at or before the commencement date, less any lease incentives received;

any initial direct costs incurred by the lessee; and

an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company recognises and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to Notes 3.26. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight - line method. If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of- use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The depreciation method, estimated useful life, residual rates and annual depreciation rates which are determined according to the categories of right-of-use asset are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residualrates (%)	Annual depreciation rates (%)
Buildings and constructions	straight - line method	3.00-10.00	0.00	10.00-33.33
Land use right	straight - line method	5.00	0.00	20.00

(ii) Lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

fixed payments and in-substance fixed payments, less any lease incentives receivable;

variable lease payments that depend on an index or a rate;

the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;

payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;

amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the Company shall use the incremental borrowing rate. The difference between the lease payments and its present value shall be recognised as unrecognised financing charges, calculated bases on the discount rate of the present

value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognised in current profit or loss when incurred.

After the commencement date, the Company shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

(d) The Company as a lessor

At the commencement date, the Company shall classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it shall be classified as an operating lease.

(i) Operating leases

The Company shall recognise lease payments from operating leases as income on a straight-line basis over the term of the relevant lease and the initial direct costs incurred in obtaining an operating lease shall be capitalised and recognised as an expense over the lease term on the same basis as the lease income. The Company shall recognise the variable lease payments relating to the operating lease but not included in the measurement of the lease receivables into current profit or loss when incurred.

(ii) Finance leases

At the commencement date, the Company shall recognise the lease receivables at an amount equal to the net investment in the lease (the sum of the present value of the unguaranteed residual values and the lease payment that are not received at the commencement date discounted at the interest rate implicit in the lease) and derecognise the asset relating to the finance lease. The Company shall recognise interest income using the interest rate implicit in the lease over the lease term.

The Company shall recognise the variable lease payments relating to the finance lease but not included in the measurement of the net investment in the lease into current profit or loss when incurred.

(e) Lease modifications

(i) A lease modification accounted for as a separate lease

The Company shall account for a modification to a lease as a separate lease, if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

(ii) A lease modification not accounted for as a separate lease

The Company as a lessee

At the effective date of the lease modification, the Company shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The Company shall account for the remeasurement of the lease liability by:

decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The Company shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.

Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

The Company as a lessor

The Company shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For a modification to a finance lease that is not accounted for as a separate lease, the Company shall account for the modification as follows:

if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Company shall account for the lease modification as a new lease from the effective date of the modification and measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification;

if the lease would have been classified as a finance lease had the modification been in effect at the inception date, the Company shall account for the lease modification according to the requirements in the modification or renegotiation of the contract.

(f) Sale and leaseback

The Company shall determine whether the transfer of an asset under the sale and leaseback transaction is a sale of that asset according to the policies in Note 3.27.

(i) The Company as a seller (lessee)

If the transfer of the asset is not a sale, the Company shall continue to recognise the transferred asset

and shall recognise a financial liability equal to the transfer proceeds. It shall account for the financial liability according to Note 3.10. If the transfer of the asset is a sale, the Company shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

(ii) The Company as a buyer (lessor)

If the transfer of the asset is not a sale, the Company shall not recognise the transferred asset and shall recognise a financial asset equal to the transfer proceeds. It shall account for the financial asset according to Note 3.10. If the transfer of the asset is a sale, the Company shall account for the purchase of the asset applying applicable Accounting Standards of Business Enterprises, and for the lease applying the lessor accounting requirements.

3.31 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting polices

The Company has no significant changes in accounting polices for the reporting period.

(b) Significant changes in accounting estimates

The Company has no significant changes in accounting estimates for the reporting period.

4. TAXATION

4.1 Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate
Value added tax (VAT)	Value added in the course of sales of goods and rendering of services	13%, 9%, 6%
Consumption duty	Taxable revenue	Tax by quantity: CNY 1.00 per kilogram or litre of distilled wine sold; Tax by revenue: 20% on taxable revenue from sale of distilled wine
Urban maintenance and construction tax	Transaction tax payable	7%, 5%
Education surcharge	Transaction tax payable	3%
Local education surcharge	Transaction tax payable	2%
Corporate income tax (CIT)	Taxable income	25%

The basic income tax rate of the company is 25%, and the actual income tax rate of some subsidiaries is shown in the following table:

Name of Taxpayer	Abbreviation	Rate of Income Tax
Anhui Longrui Glass Co., Ltd.	Longrui Glass	15.00%
Anhui Ruisi Weier Technology Co., Ltd.	Ruisi Weier	15.00%
Anhui Runan Xinke Testing Technology Co., Ltd.	Runan Xinke	15.00%
Anhui Gujing Health Technology Co., Ltd	GJ Health Technology	15.00%
Wuhan Gulou Junhe Trading Co., Ltd.	Wuhan Gulou Junhe	20.00%
Wuhan Gulou Juntai Trading Co., Ltd.	Wuhan Gulou Juntai	20.00%
Xiaogan Gulou Tiancheng Trading Co., Ltd.	Xiaogan Gulou Tiancheng	20.00%
Ezhou Junya Trading Co., Ltd.	Ezhou Junya Trading	20.00%
Bozhou Hotel Co., Ltd.	Bozhou Hotel	20.00%
Anhui Jiudao Culture Media Co., Ltd.	Jiudao Media	20.00%
Anhui Jiu hao ChinaRail Construction Engineering Co., Ltd.	Jiu hao ChinaRail	20.00%
Anhui Gujing Qingyangshe Supply Chain Management Co., Ltd.	GJ Qingyangshe Supply	20.00%
Anhui Gujing Distillery Wine Theme Hotel Management Co., Ltd	Theme Hotel	20.00%
Anhui Gu Qi Distillery Sales Co., Ltd.	Anhui Gu Qi Distillery Sales	20.00%
Anhui Guge Culture Media Co., LTD.	Guge Culture	20.00%

4.2 Tax Preference

(i) Ruisi Weier's High-Tech Enterprise Status was approved by the relevant provisions of the "Administrative Measures for the Recognition of High-tech Enterprises" (Guo Ke Fa Huo [2016] No. 32) and the "Guidelines for the Administration of the Recognition of High-tech Enterprises" (Guo Ke Fa Huo [2016] No. 195), and was issued the High-Tech Enterprise Certificate (GR202534002124) with the validity term of 3 years. In accordance with the Corporate Income Tax Law of the People's Republic of China, the CIT rate applicable to Ruisi Weier for the period from 1 January 2025 to 31 December 2027 is 15%.

(ii) Longrui Glass's High-Tech Enterprise Status was approved by the relevant provisions of the "Administrative Measures for the Recognition of High-tech Enterprises" (Guo Ke Fa Huo [2016] No. 32) and the "Guidelines for the Administration of the Recognition of High-tech Enterprises" (Guo Ke Fa Huo [2016] No. 195), and was issued the High-Tech Enterprise Certificate (GR202534000671) with the validity term of 3 years. In accordance with the Corporate Income Tax Law of the People's Republic of China, the CIT rate applicable to Longrui Glass for the period from 1 January 2025 to 31 December 2027 is 15%..

(iii) Runan Xinke's High-Tech Enterprise Status was approved by the relevant provisions of the "Administrative Measures for the Recognition of High-tech Enterprises" (Guo Ke Fa Huo [2016] No. 32) and the "Guidelines for the Administration of the Recognition of High-tech Enterprises" (Guo Ke Fa Huo [2016] No. 195), and was issued the High-Tech Enterprise Certificate (GR202434002657) with the validity term of 3 years. In accordance with the Corporate Income Tax Law of the People's Republic of China, the CIT rate applicable to Runan Xinke for the period from 1 January 2024 to 31 December 2026 is 15%.

(iv) GJ Health Technology's High-Tech Enterprise Status was approved by the relevant provisions of the "Administrative Measures for the Recognition of High-tech Enterprises" (Guo Ke Fa Huo [2016] No. 32) and the "Guidelines for the Administration of the Recognition of High-tech Enterprises" (Guo Ke Fa Huo [2016] No. 195), and was issued the High-Tech Enterprise Certificate (GR202434002983) with the validity term of 3 years. In accordance with the Corporate Income Tax Law of the People's Republic of China, the CIT rate applicable to GJ Health Technology for the period from 1 January 2024 to 31 December 2026 is 15%.

(v) Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 of 2023 by the General Administration of Taxation of the Ministry of Finance), from 1 January 2023 to 31 December 2027, the part of the annual taxable income of small and micro profit enterprises that does not exceed 3 million yuan shall be included in the taxable income at a reduced rate of 25%. Pay corporate income tax at a rate of 20%. Wuhan Gulou Junhe, Wuhan Gulou Juntai, Xiaogan Gulou Tiancheng, Ezhou Junya Trading, Bozhou Hotel, Jiudao Media, Jiuhaio ChinaRail, GJ Qingyangshe Supply, Theme Hotel, Gu Qi Distillery Sales and Anhui Guge Culture comply with the relevant provisions of small profit enterprise income tax preferential policy.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Monetary funds

Items	31 December 2025	31 December 2024
Cash on hand	12,138.91	62,770.67
Cash at bank	14,151,437,751.62	15,830,320,147.70
Other monetary funds	36,013,839.28	63,721,548.16
Total	14,187,463,729.81	15,894,104,466.53

Notes: At the end of 2025, the bank deposits were used to pledge the bank acceptance bill of 1,660.00 million yuan, other restricted funds of cash at bank were 14.95 million yuan. 18.26 million yuan of other monetary funds were used as collateral for the issuance of bank acceptance drafts that could not be withdrawn in advance, and 0.0015 million yuan of other restricted funds were in other monetary funds. Except for the pre-mentioned, monetary funds as of the statement date was not subject to

limitation on usage such as pledging or freezing or risk on recovery.

5.2 Financial Assets Held-for-trading

Items	31 December 2025	31 December 2024
Financial assets at fair value through profit or loss	-	60,184,353.81
Including: Structural financial products	-	60,184,353.81
Total	-	60,184,353.81

5.3 Accounts Receivable

(a) Accounts receivable by aging

Aging	31 December 2025	31 December 2024
Within one year	52,330,202.23	65,651,524.19
Including: Within 6 months	49,936,716.22	62,227,176.82
7 months to 1 years	2,393,486.01	3,424,347.37
1-2 years	2,350,559.67	5,240,767.08
2-3 years	340,056.43	490,019.14
Over 3 years	8,391,314.57	7,921,327.52
Subtotal	63,412,132.90	79,303,637.93
Less: provision for bad debt	9,415,440.22	9,483,902.94
Total	53,996,692.68	69,819,734.99

(b) Accounts receivable by bad debt provision method

Category	31 December 2025				Carrying amount
	Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually	7,792,783.72	12.29	7,792,783.72	100.00	-
Provision for bad debt recognised by groups	55,619,349.18	87.71	1,622,656.50	2.92	53,996,692.68
Including: Group1	-	-	-	-	-
Group2	55,619,349.18	87.71	1,622,656.50	2.92	53,996,692.68
Total	63,412,132.90	100.00	9,415,440.22	14.85	53,996,692.68

(Continued)

Category	31 December 2024				Carrying amount
	Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision ratio (%)	

Provision for bad debt recognised individually	7,792,783.72	9.83	7,792,783.72	100.00	-
Provision for bad debt recognised by groups	71,510,854.21	90.17	1,691,119.22	2.36	69,819,734.99
Including: Group1	-	-	-	-	-
Group2	71,510,854.21	90.17	1,691,119.22	2.36	69,819,734.99
Total	79,303,637.93	100.00	9,483,902.94	11.96	69,819,734.99

As at 31 December 2025, accounts receivable with bad debt provision recognised by group 2

Aging	31 December 2025		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within one year	52,330,202.23	619,041.46	1.18
Including: Within 6 months	49,936,716.22	499,367.16	1.00
7 months to 1 years	2,393,486.01	119,674.30	5.00
1-2 years	2,350,559.67	235,055.97	10.00
2-3 years	340,056.43	170,028.22	50.00
Over 3 years	598,530.85	598,530.85	100.00
Total	55,619,349.18	1,622,656.50	2.92

(Continued)

Aging	31 December 2024		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within one year	65,651,524.19	793,489.14	1.21
Including: Within 6 months	62,227,176.82	622,271.77	1.00
7 months to 1 years	3,424,347.37	171,217.37	5.00
1-2 years	5,240,767.08	524,076.71	10.00
2-3 years	490,019.14	245,009.57	50.00
Over 3 years	128,543.80	128,543.80	100.00
Total	71,510,854.21	1,691,119.22	2.36

Note: For details of recognition criteria and explanation for provision of bad debt by groups, please refer to Notes 3.10.

(c) Changes of provision for bad debt during the reporting period

Category	31 December 2024	Changes during the reporting period				31 December 2025
		Provision	Business combination not under common	Recovery or reversal	Elimination or write-off	

			control			
Individually significant receivables subject to individual impairment assessment	7,792,783.72	-	-	-	-	7,792,783.72
Individually insignificant receivables subject to individual impairment assessment	-	-	-	-	-	-
Group 2	1,691,119.22	446,482.89	-	514,945.61	-	1,622,656.50
Total	9,483,902.94	446,482.89	-	514,945.61	-	9,415,440.22

(d) Accounts receivable written off during the reporting period

Not applicable.

(e) Top five closing balances by entity

Entity name	Balance of accounts receivable as at 31 December 2025	Balance of contract assets as at 31 December 2025	Balance of accounts receivable and contract assets as at 31 December 2025	Proportion of the balance to the total accounts receivable and contract assets (%)	Provision for bad debt of accounts receivable and contract assets
Top 1	7,792,783.72		7,792,783.72	12.29	7,792,783.72
Top 2	7,193,739.70		7,193,739.70	11.34	71,937.40
Top 3	7,179,733.12		7,179,733.12	11.32	71,797.33
Top 4	6,025,191.68		6,025,191.68	9.50	60,251.92
Top 5	5,108,248.57		5,108,248.57	8.06	51,082.48
Total	33,299,696.79		33,299,696.79	52.51	8,047,852.85

5.4 Accounts Receivable Financing**(a) Accounts receivable financing by category**

Type	31 December 2025		
	Book balance	Provision for bad debt	Carrying amount
Bank acceptance bills	895,658,760.56	-	895,658,760.56
Commercial acceptance bills	-	-	-
Total	895,658,760.56	-	895,658,760.56

(Continued)

Type	31 December 2024		
	Book balance	Provision for bad debt	Carrying amount
Bank acceptance bills	2,966,732,807.75	-	2,966,732,807.75
Commercial acceptance bills	-	-	-
Total	2,966,732,807.75	-	2,966,732,807.75

(b) Pledged accounts receivable financing at 31 December 2025

Not applicable.

(c) Accounts receivable financing which were discounted or endorsed but not due at 31 December 2025

Items	Amount derecognised	Amount not derecognised
Bank acceptance bills	3,047,181,381.30	-
Commercial acceptance bills	-	-
Total	3,047,181,381.30	-

(d) Accounts receivable financing by loss allowance provision method

Category	31 December 2025				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for loss allowance recognised individually	-	-	-	-	-
Provision for loss allowance recognised by groups	895,658,760.56	100.00	-	-	895,658,760.56
Including: Group1	-	-	-	-	-
Group2	895,658,760.56	100.00	-	-	895,658,760.56
Total	895,658,760.56	100.00	-	-	895,658,760.56

(Continued)

Category	31 December 2024				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for loss allowance recognised individually	-	-	-	-	-
Provision for loss allowance	2,966,732,807.75	100.00	-	-	2,966,732,807.75

Category	31 December 2024				Carrying amount
	Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision ratio (%)	
recognised by groups					
Including: Group1	-	-	-	-	-
Group2	2,966,732,807.75	100.00	-	-	2,966,732,807.75
Total	2,966,732,807.75	100.00	-	-	2,966,732,807.75

(e) Movement of impairment allowance

Not applicable.

(f) Accounts receivable financing written off during the reporting period

Not applicable.

5.5 Advances to Suppliers

(a) Advances to suppliers by aging

Aging	31 December 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Within one year	115,101,663.42	99.83	276,817,824.51	99.41
1 to 2 years	190,563.70	0.17	1,651,976.53	0.59
2 to 3 years	-	-	2,475.24	-
Over 3 years	-	-	-	-
Total	115,292,227.12	100.00	278,472,276.28	100.00

Note: The book balance of advance payments at the end of 2025 decreased by 58.60% compared with that at the end of 2024, mainly due to the reduction in prepaid advertising expenses in 2025.

(b) Top five closing balances by entity

Entity name	Balance as at 31 December 2025	Proportion of the balance to the total advances to suppliers (%)
Top 1	43,803,321.57	37.99
Top 2	19,760,751.36	17.14
Top 3	6,299,826.46	5.46
Top 4	2,761,016.12	2.39
Top 5	2,640,831.64	2.29
Total	75,265,747.15	65.27

5.6 Other Receivables

(a) Other receivables by category

Items	31 December 2025	31 December 2024
Interest receivable	-	-
Dividend receivable	-	-
Other receivables	45,651,277.81	86,894,981.69
Total	45,651,277.81	86,894,981.69

(b) Other Receivables

(i) Other receivables by aging

Aging	31 December 2025	31 December 2024
Within one year	43,611,222.28	85,852,603.45
Including: Within 6 months	40,912,955.81	83,972,284.84
7 months to 1 years	2,698,266.47	1,880,318.61
1-2 years	1,911,890.68	1,935,988.11
2-3 years	1,726,793.61	467,455.41
Over 3 years	6,690,071.33	7,525,037.31
Subtotal	53,939,977.90	95,781,084.28
Less: provision for bad debt	8,288,700.09	8,886,102.59
Total	45,651,277.81	86,894,981.69

(ii) Other receivables by nature

Nature	31 December 2025	31 December 2024
Deposits and Margins	8,831,605.18	22,576,214.35
Platform promotion fee	2,283,469.36	21,949,424.87
Rentals and utilities receivable	14,058,900.80	12,656,104.33
Others	28,766,002.56	38,599,340.73
Subtotal	53,939,977.90	95,781,084.28
Less: provision for bad debt	8,288,700.09	8,886,102.59
Total	45,651,277.81	86,894,981.69

(iii) Other receivables by bad debt provision method

A. As at 31 December 2025, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	53,939,977.90	8,288,700.09	45,651,277.81
Stage 2	-	-	-
Stage 3	-	-	-

Stages	Book balance	Provision for bad debt	Carrying amount
Total	53,939,977.90	8,288,700.09	45,651,277.81

As at 31 December 2025, provision for bad debt at stage 1:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	-	-	-	-
Provision for bad debt recognised by groups	53,939,977.90	15.37	8,288,700.09	45,651,277.81
Including: Group 1	-	-	-	-
Group 2	53,939,977.90	15.37	8,288,700.09	45,651,277.81
Total	53,939,977.90	15.37	8,288,700.09	45,651,277.81

Details of Group 2 receivables as of the statement date

Age group	31 December 2025		
	Gross	Impairment allowance	Provision ratio (%)
Within 1 year	43,611,222.28	544,042.88	1.25
Including: Within 6 months	40,912,955.81	409,129.56	1.00
7 months to 1 years	2,698,266.47	134,913.32	5.00
1 to 2 years	1,911,890.68	191,189.07	10.00
2 to 3 years	1,726,793.61	863,396.81	50.00
Over 3 years	6,690,071.33	6,690,071.33	100.00
Total	53,939,977.90	8,288,700.09	15.37

B. As at 31 December 2024, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	95,781,084.28	8,886,102.59	86,894,981.69
Stage 2	-	-	-
Stage 3	-	-	-
Total	95,781,084.28	8,886,102.59	86,894,981.69

As at 31 December 2024, provision for bad debt at stage 1:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	-	-	-	-
Provision for bad debt recognised by groups	95,781,084.28	9.28	8,886,102.59	86,894,981.69
Including: Group 1				
Group 2	95,781,084.28	9.28	8,886,102.59	86,894,981.69
Total	95,781,084.28	9.28	8,886,102.59	86,894,981.69

Details of Group 2 receivables as of the statement date

Age group	31 December 2024		
	Gross	Impairment allowance	Provision ratio (%)
Within 1 year	85,852,603.45	933,738.76	1.09
Including: Within 6 months	83,972,284.84	839,722.83	1.00
7 months to 1 years	1,880,318.61	94,015.93	5.00
1 to 2 years	1,935,988.11	193,598.81	10.00
2 to 3 years	467,455.41	233,727.71	50.00
Over 3 years	7,525,037.31	7,525,037.31	100.00
Total	95,781,084.28	8,886,102.59	9.28

(iv) Changes of provision for bad debt during the reporting period

Category	31 December 2024	Changes during the reporting period				31 December 2025
		Provision	Business combination not under common control	Recovery or reversal	Elimination or write-off	
Individual assessment	-	-	-	-	-	-
Portfolio assessment	8,886,102.59	197,004.10	-	794,406.60	-	8,288,700.09
Total	8,886,102.59	197,004.10	-	794,406.60	-	8,288,700.09

(v) Other receivables written off during the reporting period

Not applicable.

(vi) Top five closing balances by entity

Entity name	Nature	Balance as at 31 December 2024	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Top 1	Rent and charges for water, electricity, gas and oil	8,791,746.90	Within 6 months	16.30	87,917.47
Top 2	Other	6,286,640.94	Within 6 months	11.65	62,866.41
Top 3	Other	1,372,500.97	Within 6 months	2.54	13,725.01
Top 4	Deposit and guarantee	1,303,136.00	Over 3 years	2.42	1,303,136.00
Top 5	Deposit and guarantee	1,284,295.08	2 to 3 years	2.38	642,147.54
Total		19,038,319.89		35.29	2,109,792.43

5.7 Inventories

(a) Inventories by category

Items	31 December 2025		
	Book balance	Provision for impairment	Carrying amount
Raw materials and packaging	442,840,504.16	24,858,443.56	417,982,060.60
Semi-finished goods and work in progress	9,347,360,970.25	-	9,347,360,970.25
Finished goods	992,737,057.36	18,285,411.39	974,451,645.97
Total	10,782,938,531.77	43,143,854.95	10,739,794,676.82

(Continued)

Items	31 December 2024		
	Book balance	Provision for impairment	Carrying amount
Raw materials and packaging	381,830,528.63	25,390,458.86	356,440,069.77
Semi-finished goods and work in progress	7,473,416,416.09	-	7,473,416,416.09
Finished goods	1,448,501,178.10	14,136,827.38	1,434,364,350.72
Total	9,303,748,122.82	39,527,286.24	9,264,220,836.58

(b) Provision for impairment

Items	31 December 2024	Increase during the reporting period		Decrease during the reporting period		31 December 2025
		Provision	Business combination	Reversal or elimination	Others	

			not under common control			
Raw materials and packaging	25,390,458.86	13,599,282.15	-	14,131,297.45	-	24,858,443.56
Finished goods	14,136,827.38	11,671,545.87	-	7,522,961.86	-	18,285,411.39
Total	39,527,286.24	25,270,828.02	-	21,654,259.31	-	43,143,854.95

5.8 Other Current Assets

Items	31 December 2025	31 December 2024
Pledged Treasury bond reverse repurchase	157,930,000.00	-
Interests on deposits	127,463,099.31	100,070,417.52
Deductible taxes and tax allowance	107,533,515.67	91,433,444.45
Total	392,926,614.98	191,503,861.97

5.9 Long-term Equity Investments

(a) Details of Long-term Equity Investments

Investees	31 December 2024	Changes during the reporting period				
		Additional investment	Decrease in investment	Investment income/(losses) recognised under equity method	Adjustments of other comprehensive income	Changes in other equity
I. Associates						
Beijing Guge Trading Co., Ltd. (Guge Trading)	5,513,707.07	-	-	594.92		
Anhui Xunfeijiuzhi Technology Co., Ltd	6,218,934.37	-	-	-158,772.82		
Total	11,732,641.44	-	-	-158,177.90		

(Continued)

Investees	Changes during the reporting period			31 December 2025	Provision for impairment
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
I. Associates					
Guge Trading	-	-	-	5,514,301.99	-

Investees	Changes during the reporting period			31 December 2025	Provision for impairment
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Xunfeijiuzhi	-	-	-	6,060,161.55	-
Total	-	-	-	11,574,463.54	-

5.10 Other equity instrument investment

Items	31 December 2024	Changes during the reporting period					31 December 2025
		Additional investment	Decrease in investment	Gains recognised in other comprehensive income	Losses recognised in other comprehensive income	Others	
Anhui Mingguang Village Commercial Bank (Mingguang VCB)	69,500,830.82	-	-	4,025,186.90	-	-	73,526,017.72
Total	69,500,830.82	-	-	4,025,186.90	-	-	73,526,017.72

(Continued)

Items	Dividend income recognised during the reporting period	Cumulative gains recognised in other comprehensive income	Amount of other comprehensive income transfer to retained earnings	Reason for designated as fair value through other comprehensive income
Anhui Mingguang Village Commercial Bank (Mingguang VCB)	792,704.73	19,677,319.92		For management holding purposes, it is specified as measured at fair value and changes in it are included in other comprehensive income

5.11 Investment Properties

(a) Investment properties accounted for using cost model

Items	Houses and buildings	Land use rights	Total
Initial cost:			
Balance as at 31 December 2024	89,073,496.39	2,644,592.00	91,718,088.39
Increase during the reporting period	7,640,575.71	-	7,640,575.71

Items	Houses and buildings	Land use rights	Total
(i) Reclassification from Fixed assets	7,640,575.71	-	7,640,575.71
Decrease during the reporting period	69,931,666.23	-	69,931,666.23
(i) Reclassification to Fixed assets	69,931,666.23	-	69,931,666.23
Balance as at 31 December 2025	26,782,405.87	2,644,592.00	29,426,997.87
Accumulated depreciation and amortisation:			
Balance as at 31 December 2024	46,837,883.22	986,545.29	47,824,428.51
Increase during the reporting period	5,881,147.37	62,739.19	5,943,886.56
(i) Recognition	2,637,937.19	62,739.19	2,700,676.38
(ii) Reclassification from Fixed assets	3,243,210.18	-	3,243,210.18
Decrease during the reporting period	40,377,729.02	-	40,377,729.02
(i) Reclassification to Fixed assets	40,377,729.02	-	40,377,729.02
Balance as at 31 December 2025	12,341,301.57	1,049,284.48	13,390,586.05
Provision for impairment			
Balance as at 31 December 2024	-	-	-
Increase during the reporting period	-	-	-
Decrease during the reporting period	-	-	-
Balance as at 31 December 2025	-	-	-
Carrying amount:			
Balance as at 31 December 2025	14,441,104.30	1,595,307.52	16,036,411.82
Balance as at 31 December 2024	42,235,613.17	1,658,046.71	43,893,659.88

5.12 Fixed Assets

(a) Fixed assets by category

Items	31 December 2025	31 December 2024
Fixed assets	9,121,969,040.94	7,896,995,404.62
Disposal of fixed assets	-	-
Total	9,121,969,040.94	7,896,995,404.62

(b) Fixed assets

(i) Details of fixed assets

Items	Houses and buildings	Machinery equipment	Transportation vehicles	Administrative and other devices	Total
Initial cost:					
Balance as at 31 December 2024	5,746,480,245.76	3,807,259,462.75	84,475,525.53	1,083,307,609.43	10,721,522,843.47
Increase during the reporting period	746,816,350.35	841,928,207.28	8,252,241.13	375,181,830.51	1,972,178,629.27

Items	Houses and buildings	Machinery equipment	Transportation vehicles	Administrative and other devices	Total
period					
(i) Purchase	-	17,967,680.12	7,247,649.98	45,584,922.58	70,800,252.68
(ii) Transfer from construction in progress	676,884,684.12	823,960,527.16	1,004,591.15	329,596,907.93	1,831,446,710.36
(iii) Transfer from Investment Properties	69,931,666.23	-	-	-	69,931,666.23
Decrease during the reporting period	7,640,575.71	20,226,248.74	5,235,190.22	14,675,102.91	47,777,117.58
(i) Disposal	-	20,226,248.74	5,235,190.22	14,675,102.91	40,136,541.87
(ii) Reclassification to Investment properties	7,640,575.71	-	-	-	7,640,575.71
Balance as at 31 December 2025	6,485,656,020.40	4,628,961,421.29	87,492,576.44	1,443,814,337.03	12,645,924,355.16
Accumulated depreciation:					
Balance as at 31 December 2024	1,255,736,652.05	1,165,126,891.24	69,393,199.88	331,141,490.79	2,821,398,233.96
Increase during the reporting period	295,370,808.12	329,446,742.70	6,200,970.16	103,029,865.27	734,048,386.25
(i) Recognition	254,993,079.10	329,446,742.70	6,200,970.16	103,029,865.27	693,670,657.23
(ii) Transfer from Investment Properties	40,377,729.02	-	-	-	40,377,729.02
Decrease during the reporting period	3,243,210.18	17,174,771.15	5,163,811.01	14,054,649.81	39,636,442.15
(i) Disposal	-	17,174,771.15	5,163,811.01	14,054,649.81	36,393,231.97
(ii) Reclassification to Investment properties	3,243,210.18	-	-	-	3,243,210.18
Balance as at 31 December 2025	1,547,864,249.99	1,477,398,862.79	70,430,359.03	420,116,706.25	3,515,810,178.06

Items	Houses and buildings	Machinery equipment	Transportation vehicles	Administrative and other devices	Total
Provision for impairment:					
Balance as at 31 December 2024	2,579,179.35	550,025.54	-	-	3,129,204.89
Increase during the reporting period	841,423.42	4,012,604.02	-	170,414.64	5,024,442.08
(i) Recognition	841,423.42	4,012,604.02	-	170,414.64	5,024,442.08
Decrease during the reporting period	-	8,510.81	-	-	8,510.81
(i) Disposal	-	8,510.81	-	-	8,510.81
Balance as at 31 December 2025	3,420,602.77	4,554,118.75	-	170,414.64	8,145,136.16
Carrying amount:					
Balance as at 31 December 2025	4,934,371,167.64	3,147,008,439.75	17,062,217.41	1,023,527,216.14	9,121,969,040.94
Balance as at 31 December 2024	4,488,164,414.36	2,641,582,545.97	15,082,325.65	752,166,118.64	7,896,995,404.62

(ii) Fixed assets leasing out under operating leases

Items	Carrying amount at 31 December 2025
Houses and buildings	14,441,104.30
Total	14,441,104.30

(iii) Fixed assets without certificate of title

Items	Carrying amount	Reason
Houses and buildings	3,656,589,960.64	Registration in progress
Total	3,656,589,960.64	

(iv) At the end of the period, there were no fixed assets with limited use due to mortgage.

5.13 Construction in Progress**(a) Construction in progress by category**

Items	31 December 2025	31 December 2024
Construction in progress	160,290,473.75	1,038,780,764.86
Construction materials	-	-
Total	160,290,473.75	1,038,780,764.86

(b) Construction in progress**(i) Details of construction in progress**

Items	31 December 2025			31 December 2024		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Smart Zone	49,297,972.30	-	49,297,972.30	936,206,415.94	-	936,206,415.94
Whisky Project	17,504,569.28	-	17,504,569.28	33,493,322.27	-	33,493,322.27
Other projects	93,487,932.17	-	93,487,932.17	69,081,026.65	-	69,081,026.65
Total	160,290,473.75	-	160,290,473.75	1,038,780,764.86	-	1,038,780,764.86

(ii) Changes in significant projects of construction in progress

Projects	Budget (million)	31 December 2024	Increase during the reporting period	Transfer to fixed asset	Decrease during the reporting period	31 December 2025
Smart Zone	828,965.74	936,206,415.94	626,797,081.72	1,470,780,950.79	42,924,574.57	49,297,972.30
Whisky Project	15,539.56	33,493,322.27	50,127,150.96	66,115,903.95	-	17,504,569.28
Other projects	88,431.85	69,081,026.65	355,658,095.92	294,549,855.62	36,701,334.78	93,487,932.17
Total	932,937.15	1,038,780,764.86	1,032,582,328.60	1,831,446,710.36	79,625,909.35	160,290,473.75

(Continued)

Projects	Proportion of project input to budgets (%)	Rate of progress	Cumulative amount of interest capitalisation	Including: interest capitalised during the reporting period	Interest capitalisation rate during the reporting period (%)	Source of funds
Smart Zone	83.55	99.00	-	-	-	Self-funded, public financing
Whisky Project	53.81	88.00	13,251.07	13,251.07	2.71	Self-funded, public financing
Other projects	47.81	47.81	1,285,861.10	1,285,861.10	2.80	Self-funded, public financing
Total	—	—	1,299,112.17	1,299,112.17	—	

Note: The book value of construction in progress at the end of 2025 decreased by 84.57% compared with that at the end of 2024, mainly due to the conversion of each construction in progress project into fixed assets.

5.14 Right-of-use Assets**(a) General information of right-of-use assets**

Items	Houses and buildings	Machinery equipment	Total
Initial cost:			
Balance as at 31 December 2024	114,202,763.36	9,723,022.59	123,925,785.95
Increase during the reporting period	10,724,723.11	-	10,724,723.11
Decrease during the reporting period	6,333,643.88	-	6,333,643.88
Balance as at 31 December 2025	118,593,842.59	9,723,022.59	128,316,865.18
Accumulated depreciation:			
Balance as at 31 December 2024	23,065,108.90	567,176.32	23,632,285.22
Increase during the reporting period	16,783,400.28	2,073,021.80	18,856,422.08
Decrease during the reporting period	6,333,643.88	-	6,333,643.88
Balance as at 31 December 2025	33,514,865.30	2,640,198.12	36,155,063.42
Provision for impairment:			
Balance as at 31 December 2024	-	-	-
Increase during the reporting period	-	-	-
Decrease during the reporting period	-	-	-
Balance as at 31 December 2025	-	-	-
Carrying amount:			
Balance as at 31 December 2025	85,078,977.29	7,082,824.47	92,161,801.76
Balance as at 31 December 2024	91,137,654.46	9,155,846.27	100,293,500.73

5.15 Intangible Assets

(a) General information of intangible assets

Items	Land use rights	Software	Patents and trademarks	Total
Initial cost:				
Balance as at 31 December 2024	1,156,803,600.78	160,904,632.69	254,672,753.56	1,572,380,987.03
Increase during the reporting period	14,731,376.21	28,133,373.02	319,761.32	43,184,510.55
(i) Purchase	14,731,376.21	4,368,408.08	319,761.32	19,419,545.61
(ii) Reclassification from construction in progress	-	23,764,964.94	-	23,764,964.94
Decrease during the reporting period	119,621.21	381,706.17	-	501,327.38
(i) Disposal	119,621.21	381,706.17	-	501,327.38
Balance as at 31 December 2025	1,171,415,355.78	188,656,299.54	254,992,514.88	1,615,064,170.20
Accumulated amortisation:				

Items	Land use rights	Software	Patents and trademarks	Total
Balance as at 31 December 2024	250,524,049.67	119,430,483.26	72,986,817.73	442,941,350.66
Increase during the reporting period	24,858,710.87	13,854,446.49	236,134.13	38,949,291.49
(i) Provision	24,858,710.87	13,854,446.49	236,134.13	38,949,291.49
Decrease during the reporting period	119,621.21	381,706.17	-	501,327.38
(i) Disposal	119,621.21	381,706.17	-	501,327.38
Balance as at 31 December 2025	275,263,139.33	132,903,223.58	73,222,951.86	481,389,314.77
Provision for impairment:				
Balance as at 31 December 2024	-	166,872.39	-	166,872.39
Increase during the reporting period	-	-	-	-
(i) Provision	-	-	-	-
Decrease during the reporting period	-	-	-	-
(i) Disposal	-	-	-	-
Balance as at 31 December 2025	-	166,872.39	-	166,872.39
Carrying amount:				
Balance as at 31 December 2025	896,152,216.45	55,586,203.57	181,769,563.02	1,133,507,983.04
Balance as at 31 December 2024	906,279,551.11	41,307,277.04	181,685,935.83	1,129,272,763.98

(b) Intangible assets pledged as of the statement date

Items	Initial cost	Cumulative amortisation	Provision for impairment	Carrying amount	Note
Trademark rights	17,362,400.00	830,569.45	-	16,531,830.55	Loan pledge
Total	17,362,400.00	830,569.45	-	16,531,830.55	

5.16 Goodwill

(a) Initial recognition

Investees or matters that goodwill arising from	31 December 2024	Increase during the reporting period		Decrease during the reporting period		31 December 2025
		Business	Other	Disposal	Other	

		combination				
HHL Distillery	478,283,495.29	-	-	-	-	478,283,495.29
Mingguang Distillery	60,686,182.07	-	-	-	-	60,686,182.07
Treasure Distillery	22,394,707.65	-	-	-	-	22,394,707.65
Total	561,364,385.01	-	-	-	-	561,364,385.01

(b) Provision for impairment

Investees or matters that goodwill arising from	31 December 2024	Increase during the reporting period		Decrease during the reporting period		31 December 2025
		Business combination	Other	Disposal	Other	
HHL Distillery		314,610,386.34	-	-	-	314,610,386.34
Mingguang Distillery		-	-	-	-	
Treasure Distillery		-	-	-	-	
Total		314,610,386.34	-	-	-	314,610,386.34

Following the impairment test and with reference to the Appraisal Reports (ZhongshuiZhiyuanPingBaoZi [2026] No. 220088 and ZhongshuiZhiyuanPingBaoZi [2026] No. 220091) issued by Beijing Zhongshui Zhiyuan Assets Appraisal Co., Ltd., the recoverable amounts of the asset groups were lower than their respective value inclusive of goodwill as of the statement date, so the impairment provision was required.

(c) Asset groups associated with significant goodwill

Investee	Composition of asset group	Asset group CNY million				Determination	Whether there has been any change in the current period
		Book value	Allocated goodwill	Unrecognised goodwill attributable to non-controlling interest	Total		
HHL Distillery	Operating assets of HHL Distillery	1,904.46	163.67	157.25	2,225.38	Active markets are available for the products of the asset group to which goodwill is allocated and hence the asset group is capable of generating identifiable separate cash flows.	No
Mingguang Distillery	Operating assets of Mingguang	504.93	60.69	40.45	606.07	Active markets are available for the products of the asset group to which goodwill is allocated and	No

Investee	Composition of asset group	Asset group CNY million				Determination	Whether there has been any change in the current period
		Book value	Allocated goodwill	Unrecognised goodwill attributable to non-controlling interest	Total		
	Distillery					hence the asset group is capable of generating identifiable separate cash flows.	

(d) Specific determination method of recoverable amount

Recoverable amount of an asset group: determined at the present value of the asset group's projected future cash flows. Future cash flows are projected on the basis of the financial budget approved by management for the above asset group for a five-year period, with sustainable cash flows beyond five years determined at the level of the last year of the detailed forecast period. The present value is calculated at a discount rate that appropriately reflects the current time value of money in the market and the specific risks of the asset group. Other key assumptions used in cash flow forecasting for asset groups include projected operating income, operating costs, growth rates, and related expenses, which are based on the company's operating results from prior years, growth rates, industry levels, and management's expectations for market developments. The discount rate adopted by the Company for 2025 ranges from 13.09% to 15.85%, and the growth rate ranges from -17.36% to 7.83%.

(e) Completion of performance commitments and corresponding goodwill impairment

The company's goodwill asset group has no performance commitment this year, which has no impact on the goodwill impairment test.

5.17 Long-term Deferred Expenses

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period		31 December 2025
			Amortisation	Other decrease	
Experience Centre	789,276.00	9,821,533.21	1,182,580.50	-	9,428,228.71
Outdoor Plant	21,968,260.07	12,451.09	2,896,386.31	-	19,084,324.85
Pottery jar	61,602,659.20	21,971,579.65	8,479,697.94	-	75,094,540.91
Theme hotel project	162,703,450.17	4,637,042.72	11,240,306.79	-	156,100,186.10
Public lines and pipelines of the	98,616,414.14	1,912,319.94	10,419,017.49	-	90,109,716.59

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period		31 December 2025
			Amortisation	Other decrease	
Smart Park project					
Other projects with smaller amounts	28,925,328.31	49,160,511.02	10,587,088.64	-	67,498,750.69
Total	374,605,387.89	87,515,437.63	44,805,077.67	-	417,315,747.85

5.18 Deferred Tax Assets and Deferred Tax Liabilities

(a) Deferred tax assets before offsetting

Items	31 December 2025		31 December 2024	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment loss	51,455,863.50	12,064,909.50	42,823,363.52	10,444,314.97
Provision for credit impairment	17,704,140.31	4,354,735.95	18,370,005.53	4,535,436.94
Unrealised intragroup profit	66,184,882.61	16,238,669.35	76,363,176.92	19,090,794.23
Deferred income	162,588,721.38	39,981,747.79	122,142,913.25	29,876,832.66
Deductible losses	477,604,563.77	110,144,230.44	305,845,891.22	67,329,794.66
Accrued employee benefits	19,360,961.32	2,904,144.20	1,218,851.79	182,827.77
Accrued expenses and rebates	1,428,151,143.51	355,229,599.23	1,588,898,781.16	395,609,562.74
Fair value change of accounts receivable financing	3,720,390.75	929,818.04	22,244,006.88	5,560,090.43
Lease liabilities	93,721,254.88	23,430,313.72	97,799,819.03	24,449,954.76
Accelerated depreciation variance of fixed assets	2,130,902.30	319,635.35	3,416,031.63	512,404.74
Total	2,322,622,824.33	565,597,803.57	2,279,122,840.93	557,592,013.90

(b) Deferred tax liabilities before offsetting

Items	31 December 2025		31 December 2024	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Accelerated depreciation variance of fixed assets	570,927,623.31	140,112,080.23	417,629,233.07	101,296,567.82
Assets appreciation arising from business combination not under common control	643,406,829.93	156,022,685.09	659,325,823.37	159,742,363.83

Items	31 December 2025		31 December 2024	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Fair value change of financial asset held for trading	-	-	184,353.81	46,088.46
Unrealised profit	253,295,158.64	63,323,789.66	223,927,678.28	55,981,919.57
Fair value change of Other equity instrument investments	19,677,319.92	4,919,329.99	15,652,133.02	3,913,033.26
Right-of-use assets	92,161,801.76	23,040,450.44	100,293,500.73	25,073,375.18
Total	1,579,468,733.56	387,418,335.41	1,417,012,722.28	346,053,348.12

(c) Net balance of deferred tax liabilities and deferred tax assets after offsetting

Items	Offset amount at 31 December 2025	Net balance after offsetting at 31 December 2025	Offset amount at 31 December 2024	Net balance after offsetting at 31 December 2024
Deferred tax assets	-77,949,881.61	487,647,921.96	-74,258,323.14	483,333,690.76
Deferred tax liabilities	-77,949,881.61	309,468,453.80	-74,258,323.14	271,795,024.98

(d) Unrecognized deferred tax assets

Items	31 December 2025	31 December 2024
Deductible losses	14,286,361.99	16,314,472.33
Total	14,286,361.99	16,314,472.33

(e) Deductible losses not recognised as deferred tax assets will expire in the following periods: due in two to three years at 7,655,813.89 and in three to four years at 6,630,548.10.

5.19 Other Non-current Assets

Items	31 December 2025	31 December 2024
Prepayment for construction and machinery	5,465,160.95	707,352.50
Total	5,465,160.95	707,352.50

5.20 Short-term Borrowings

Items	31 December 2025	31 December 2024
Guarantee loans	184,830,263.45	50,038,194.44
Total	184,830,263.45	50,038,194.44

5.21 Notes Payable

(a) Disclosure by type

Category	31 December 2025	31 December 2024
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Bank acceptance bills	1,472,240,813.01	571,864,409.55
Commercial acceptance bills	-	17,500,000.00
Total	1,472,240,813.01	589,364,409.55

Note: As at 31 December 2025, the Company had no notes payable matured but not yet paid.

5.22 Accounts Payable

(a) Accounts payable by nature

Items	31 December 2025	31 December 2024
Payables for materials	820,539,496.01	1,148,583,810.63
Payables for constructions and machinery	1,154,367,384.76	1,293,302,536.42
Others	327,981,288.38	500,452,835.08
Total	2,302,888,169.15	2,942,339,182.13

(b) Significant accounts payable with aging of over one year

Not applicable.

5.23 Contract liabilities

Items	31 December 2025	31 December 2024
Advances for goods	1,519,882,489.70	3,514,800,038.80
Total	1,519,882,489.70	3,514,800,038.80

5.24 Employee Benefits Payable

(a) Details of employee benefits payable

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	31 December 2025
Short-term employee benefits	1,116,324,137.53	3,579,320,313.53	3,424,514,336.48	1,271,130,114.58
Post-employment benefits-defined contribution plans	4,900,644.75	440,178,627.06	439,273,931.58	5,805,340.23
Termination benefits	-	2,068,448.12	2,068,448.12	-
Other benefits due within one year	-	-	-	-
Total	1,121,224,782.28	4,021,567,388.71	3,865,856,716.18	1,276,935,454.81

(b) Short-term employee benefits

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	31 December 2025
Salaries, bonuses, allowances and subsidies	1,047,489,055.04	3,145,549,860.44	2,974,268,197.03	1,218,770,718.45
Employee benefits	-	109,288,746.83	109,288,746.83	-
Social insurance	400,974.62	142,581,117.33	142,580,521.39	401,570.56

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	31 December 2025
Medical insurance	398,465.41	131,926,004.90	131,926,035.36	398,434.95
Work-place injury insurance	2,509.21	10,655,112.43	10,654,486.03	3,135.61
Housing accumulation fund	9,233,417.83	144,910,734.75	145,573,056.84	8,571,095.74
Labour union funds and employee education funds	59,200,690.04	36,989,854.18	52,803,814.39	43,386,729.83
Total	1,116,324,137.53	3,579,320,313.53	3,424,514,336.48	1,271,130,114.58

(c) Defined contribution plans

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	31 December 2025
Basic endowment insurance	156,840.56	280,014,949.21	280,015,003.43	156,786.34
Unemployment insurance	4,901.25	8,997,701.60	8,997,703.26	4,899.59
Enterprise annuity	4,738,902.94	151,165,976.25	150,261,224.89	5,643,654.30
Total	4,900,644.75	440,178,627.06	439,273,931.58	5,805,340.23

(d) Termination benefits

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	31 December 2025
Termination benefits	-	2,068,448.12	2,068,448.12	-
Total	-	2,068,448.12	2,068,448.12	-

Note: If the company terminates the labor relationship with the employee before the expiration of the labor contract, it shall take one-time compensation, and the amount of compensation for dismissal shall be included in the current profit and loss.

5.25 Taxes Payable

Items	31 December 2025	31 December 2024
Value added tax (VAT)	195,978,427.07	284,337,340.10
Consumption tax	286,358,430.39	390,378,274.62
Enterprise income tax	35,880,443.94	353,803,556.51
Individual income tax	10,891,290.58	39,693,677.73
City construction tax	26,138,067.76	35,169,659.48
Stamp duty	3,028,436.79	4,231,886.04
Educational surcharge	24,980,400.49	34,333,818.77
Others	22,713,064.50	21,223,630.24
Total	605,968,561.52	1,163,171,843.49

5.26 Other Payables**(a) Other payables by category**

Items	31 December 2025	31 December 2024
Interest payable	-	-
Dividend payable	-	-
Other payables	2,816,680,849.01	3,146,672,513.57
Total	2,816,680,849.01	3,146,672,513.57

(i) Other payables by nature

Items	31 December 2025	31 December 2024
Deposits and Margins	1,902,947,859.54	2,545,554,135.19
Quality warranty	196,511,550.86	142,353,842.60
Withheld housing fund payable	6,563,300.45	7,439,116.19
Others	710,658,138.16	451,325,419.59
Total	2,816,680,849.01	3,146,672,513.57

Note: Other payables aged over 1 year as of the statement date mainly comprised pre-mature margin deposits and quality warranty.

5.27 Non-current Liabilities Maturing within One Year

Items	31 December 2025	31 December 2024
Lease liabilities due within one year	17,582,426.45	13,346,230.73
Long-term borrowings due within one year	43,671,456.36	76,489,969.84
Total	61,253,882.81	89,836,200.57

5.28 Other Current Liabilities

Items	31 December 2025	31 December 2024
Accrued expenses	846,698,519.42	1,236,420,776.30
Pre-mature output VAT	197,259,041.27	454,767,511.10
Total	1,043,957,560.69	1,691,188,287.40

5.29 Long-term Borrowings

Items	31 December 2025	31 December 2024
Guarantee loans	-	41,600,000.00
Credit loans	197,600,000.00	-
Mortgage loans	62,599,589.94	-
Total	260,199,589.94	41,600,000.00

5.30 Lease liabilities

Items	31 December 2025	31 December 2024
Lease payments	104,845,973.69	112,025,467.10
Less: Unrealised finance expenses	11,124,718.81	14,225,648.07

Items	31 December 2025	31 December 2024
Subtotal	93,721,254.88	97,799,819.03
Less: lease liabilities due within one year	17,582,426.45	13,346,230.73
Total	76,138,828.43	84,453,588.30

5.31 Deferred Income

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	31 December 2025	Reason
Government grants	122,142,913.25	55,067,000.00	14,621,191.87	162,588,721.38	Receipt of asset-related government grants
Total	122,142,913.25	55,067,000.00	14,621,191.87	162,588,721.38	

5.32 Share Capital

Items	31 December 2024	Changes during the reporting period (+,-)					31 December 2025
		New issues	Bonus issues	Capitalisation of reserves	Others	Subtotal	
Number of total shares	528,600,000.00	-	-	-	-	-	528,600,000.00

5.33 Capital Reserves

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	31 December 2025
Capital premium (share premium)	6,196,258,070.02	-	-	6,196,258,070.02
Other capital reserves	32,853,136.20	-	-	32,853,136.20
Total	6,229,111,206.22	-	-	6,229,111,206.22

5.34 Other Comprehensive Income

Items	31 December 2024	Changes during the reporting period					31 December 2025
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
(a) Items will not be reclassified to profit or	7,043,459.86	4,025,186.90		1,006,296.73	1,811,334.11	1,207,556.06	8,854,793.97

Items	31 December 2024	Changes during the reporting period					31 December 2025
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
loss							
Including: Changes in fair value of other equity instrument investments	7,043,459.86	4,025,186.90		1,006,296.73	1,811,334.11	1,207,556.06	8,854,793.97
(b)Items will be reclassified to profit or loss	-16,647,579.60	-3,720,390.75	-16,683,916.45	-929,818.04	13,873,298.72	20,045.02	-2,774,280.88
Including: Reclassification of financial assets to other comprehensive income	-16,647,579.60	-3,720,390.75	-16,683,916.45	-929,818.04	13,873,298.72	20,045.02	-2,774,280.88
Total	-9,604,119.74	304,796.15	-16,683,916.45	76,478.69	15,684,632.83	1,227,601.08	6,080,513.09

5.35 Surplus Reserves

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	31 December 2025
Statutory surplus reserves	269,402,260.27	-	-	269,402,260.27
Total	269,402,260.27	-	-	269,402,260.27

Note: Pursuant to the Company Law of the People's Republic of China and Articles of Association, the Company appropriates 10% of net profit to the statutory surplus reserves. If the accumulative amount of legal surplus reserve is more than 50% of the registered capital of the Company, it may no longer be withdrawn.

5.36 Retained Earnings

Items	2025	2024
Balance as at the end of last period before adjustments	17,639,514,432.44	14,500,963,359.34
Adjustments for the opening balance (increase /(decrease))		
Balance as at the beginning of the reporting period after	17,639,514,432.44	14,500,963,359.34

Items	2025	2024
adjustments		
Add: net profit attributable to owners of the parent company for the reporting period	3,549,108,530.34	5,517,251,073.10
Less: Transfer to statutory surplus reserves		
Declaration of ordinary share dividends	3,171,600,000.00	2,378,700,000.00
Balance as at the end of the reporting period	18,017,022,962.78	17,639,514,432.44

5.37 Revenue and costs of sales

(a) General information

Items	2025		2024	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	18,708,880,790.70	3,865,116,860.18	23,472,061,731.98	4,696,076,309.74
Other activities	123,101,800.54	41,382,929.99	105,866,334.01	41,978,219.60
Total	18,831,982,591.24	3,906,499,790.17	23,577,928,065.99	4,738,054,529.34

(b) Disaggregated information of revenue and costs of sales from Principal operating activities

Items	2025		2024	
	Revenue	Costs of sales	Revenue	Costs of sales
Revenue by product type:				
Distilled wine business	18,539,724,067.11	3,808,689,558.79	22,865,058,713.55	4,176,030,484.99
Others	292,258,524.13	97,810,231.38	712,869,352.44	562,024,044.35
Total	18,831,982,591.24	3,906,499,790.17	23,577,928,065.99	4,738,054,529.34
Revenue by operating area:				
North China	1,058,108,918.58	299,925,598.86	1,979,406,985.66	402,020,125.25
Central China	16,647,874,031.21	3,370,253,577.23	20,150,945,972.42	4,073,567,182.41
South China	1,113,246,819.50	231,817,795.24	1,425,975,566.51	257,106,035.61
Internation	12,752,821.95	4,502,818.84	21,599,541.40	5,361,186.07
Total	18,831,982,591.24	3,906,499,790.17	23,577,928,065.99	4,738,054,529.34
Revenue by distribution channel:				
Online	1,008,226,469.68	328,994,529.83	771,686,684.39	182,936,340.33
Offline	17,823,756,121.56	3,577,505,260.34	22,806,241,381.60	4,555,118,189.01
Total	18,831,982,591.24	3,906,499,790.17	23,577,928,065.99	4,738,054,529.34

5.38 Taxes and Surcharges

Items	2025	2024
Consumption tax	2,538,246,632.45	3,083,395,273.17

Items	2025	2024
City construction tax and educational surcharges	464,718,958.67	549,706,175.70
Property tax	25,730,810.83	24,650,465.85
Land use tax	51,785,583.07	37,609,044.30
Stamp duty	18,337,419.77	20,660,554.84
Others	21,998,992.64	24,312,015.13
Total	3,120,818,397.43	3,740,333,528.99

5.39 Selling and Distribution Expenses

Items	2025	2024
Personnel costs	1,146,851,003.95	1,280,868,189.84
Travel	275,138,085.38	257,167,425.19
Advertisement	1,353,000,071.25	1,309,141,466.48
Comprehensive promotion	1,860,952,300.87	2,563,283,912.38
Services	701,337,170.61	658,399,995.56
Others	120,734,044.21	112,902,006.05
Total	5,458,012,676.27	6,181,762,995.50

5.40 General and Administrative Expenses

Items	2025	2024
Personnel costs	888,766,979.07	907,530,864.24
Office costs	89,249,127.40	92,329,482.71
Repairs	46,381,724.22	42,176,635.49
Depreciation	161,135,060.24	118,160,773.51
Amortisation	57,552,857.66	48,881,999.66
Sewage	21,757,898.23	27,937,204.39
Travel	14,287,803.22	14,684,044.79
Utilities	12,357,075.75	12,045,020.09
Others	163,193,338.89	178,652,901.43
Total	1,454,681,864.68	1,442,398,926.31

5.41 Research and Development Expenses

Items	2025	2024
Personnel costs	58,013,977.80	53,428,629.50
Direct costs	12,923,802.87	9,409,848.37
Depreciation	4,550,252.31	4,326,031.48
Other related expenses	12,702,510.66	11,077,703.23
Total	88,190,543.64	78,242,212.58

5.42 Finance Costs

Items	2025	2024
Interest expenses	10,592,597.93	6,145,816.53
Including: Interest expenses for lease liabilities	3,957,920.80	3,659,750.15
Less: Interest income	538,057,668.12	367,977,768.88
Net interest expenses	-527,465,070.19	-361,831,952.35
Net foreign exchange losses	2,323,816.85	11,645,040.10
Bank charges and others	859,428.23	1,362,705.80
Total	-524,281,825.11	-348,824,206.45

5.43 Other Income

Items	2025	2024	Related to assets /income
(i) Government grant recognised in other income	71,072,833.26	59,697,910.87	
Including: Government grant related to deferred income	14,621,191.87	7,642,491.57	Related to assets
Government grant directly recognised in current profit or loss	56,451,641.39	52,055,419.30	Related to income
(ii) Others related to daily operation activities and recognised in other income	9,418,074.42	4,248,829.61	
Total	80,490,907.68	63,946,740.48	

5.44 Investment Income/(Losses)

Items	2025	2024
Investment income from long-term equity investments under equity method	-158,177.90	1,365,563.18
Gains on disposal of long-term equity investments	-	160,169.93
Gains on disposal of held-for-trading financial assets	2,392,296.45	2,060,910.45
Gains from other equity instrument investment income during holding period	792,704.73	769,616.25
Gains from disposal of financial assets at fair value through other comprehensive income	-31,165,619.17	-39,278,043.50
Others	3,841,395.04	434,296.02
Total	-24,297,400.85	-34,487,487.67

5.45 Gains/(Losses) from Changes in Fair Values

Sources of gains on changes in fair value	2025	2024
Financial assets held-for-trading	-	184,353.81
Including: Changes in fair value of derivatives	-	-
Total	-	184,353.81

5.46 Credit Impairment Losses

Items	2025	2024
Bad debt of notes receivable	-	-
Bad debt of accounts receivable	68,462.72	-605,509.16
Bad debt of other receivables	597,402.50	-1,039,763.07
Total	665,865.22	-1,645,272.23

5.47 Asset Impairment Losses

Items	2025	2024
Impairment of inventories	-25,270,828.02	-23,585,609.99
Impairment of fixed assets	-5,024,442.08	-
Impairment of intangible assets	-	-
Impairment of goodwill	-314,610,386.34	-
Total	-344,905,656.44	-23,585,609.99

5.48 Gains/ (losses) from Disposal of Assets

Items	2025	2024
Gains/(losses) from disposal of fixed assets, construction in progress, productive biological assets and intangible assets not classified as held for sale	306,237.27	-192,200.99
Including: Fixed assets	306,237.27	-192,200.99
Total	306,237.27	-192,200.99

5.49 Non-operating Income

Items	2025	2024	Recognised in current non-recurring profit or loss
Gains from damage or scrapping of non-current asset	1,731.90	143,168.86	1,731.90
Fine and compensation	42,198,994.94	35,902,710.13	42,198,994.94
Sale of scrap	5,814,591.91	4,895,677.27	5,814,591.91
Release of payables	9,572,452.97	18,278,847.61	9,572,452.97

Items	2025	2024	Recognised in current non-recurring profit or loss
Others	557,539.78	1,585,687.39	557,539.78
Total	58,145,311.50	60,806,091.26	58,145,311.50

5.50 Non-operating Expenses

Items	2025	2024	Recognised in current non-recurring profit or loss
Loss from damage or scrapping of non-current assets	3,563,321.99	6,947,007.87	3,563,321.99
Donations	8,626,285.60	4,624,000.00	8,626,285.60
Others	2,128,567.80	3,828,477.12	2,128,567.80
Total	14,318,175.39	15,399,484.99	14,318,175.39

5.51 Income Tax Expenses

(a) Details of income tax expenses

Items	2025	2024
Current tax expenses	1,415,904,124.17	2,163,442,886.40
Deferred tax expenses	27,722,628.50	-74,467,255.81
Total	1,443,626,752.67	2,088,975,630.59

(b) Reconciliation of accounting profit and income tax expenses

Items	2025	2024
Profit before tax	5,084,148,233.15	7,795,587,209.40
Income tax expense at the statutory /applicable tax rate	1,271,037,058.29	1,948,896,802.35
Effect of different tax rate of subsidiaries	-17,452,287.94	-12,939,119.34
Adjustments of impact from prior period income tax	43,620,852.15	126,256,652.21
Effect of income that is exempt from taxation	-158,631.71	-533,794.86
Effect of non-deductible costs, expenses or losses	164,148,399.77	41,785,366.02
Effect of previously unrecognised deductible losses recognised as deferred tax assets	-	-
Effect of deductible temporary differences and deductible losses not recognised as deferred tax assets	-	-
R&D expenses plus deduction	-17,568,637.89	-14,490,275.79
Impact of tax rate changes	-	-
Exemption	-	-
Income tax expenses	1,443,626,752.67	2,088,975,630.59

5.52 Notes to the Statement of Cash Flow

(a) Other cash received relating to operating activities

Items	2025	2024
Margin deposits and quality warranty	244,514,713.00	393,976,242.15
Government grants received	111,518,641.39	81,029,419.30
Bank interests received	538,057,668.12	367,977,768.88
Release of restricted cash	410,969,772.34	1,290,204,326.83
Others	147,428,630.36	47,136,714.16
Total	1,452,489,425.21	2,180,324,471.32

(b) Other cash payments relating to operating activities

Items	2025	2024
Paid expenses	3,138,339,476.68	3,251,430,533.10
Margin deposits and quality warranty	258,161,603.47	14,973,516.51
Cash restricted for bank acceptance and guarantee letters	1,403,211,911.24	700,969,772.34
Others	220,786,009.65	235,192,813.59
Total	5,020,499,001.04	4,202,566,635.54

(c) Other cash payments relating to financing activities

Items	2025	2024
Rentals paid	19,375,247.16	21,939,585.66
Total	19,375,247.16	21,939,585.66

(i) Changes in liabilities arising from financing activities

Items	31 December 2024	Increase in the current period		Decrease in the current period		31 December 2025
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term Borrowings	50,038,194.44	184,700,000.00	3,276,447.17	53,184,378.16		184,830,263.45
Long-term Borrowings	41,600,000.00	265,019,589.94	5,984,146.06		52,404,146.06	260,199,589.94
Lease liabilities	84,453,588.30		14,682,643.91		22,997,403.78	76,138,828.43
lease liabilities due within one year	13,346,230.73		22,997,403.78	18,445,793.20	315,414.86	17,582,426.45

Items	31 December 2024	Increase in the current period		Decrease in the current period		31 December 2025
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Long-term Borrowings due within one year	76,489,969.84		52,404,146.06	85,222,659.54		43,671,456.36
Total	265,927,983.31	449,719,589.94	99,344,786.98	156,852,830.90	75,716,964.70	582,422,564.63

5.53 Supplementary Information to the Statement of Cash Flows

(a) Supplementary information to the statement of cash flows

Supplementary information	2025	2024
(i) Adjustments of net profit to cash flows from operating activities:		
Net profit	3,640,521,480.48	5,706,611,578.81
Add: Provisions for impairment of assets	344,905,656.44	23,585,609.99
Impairment Loss of Credit	-665,865.22	1,645,272.23
Depreciation of fixed assets, Investment Properties ,oil and gas asset and productive biological assets	696,371,333.61	477,998,913.37
Depreciation of right to use assets	18,856,422.08	16,749,479.03
Amortisation of intangible assets	38,949,291.49	44,851,331.26
Amortisation of long-term deferred expenses	44,805,077.67	31,124,721.55
Losses /(gains) on disposal of fixed assets, intangible assets and other long-term assets	-306,237.27	192,200.99
Losses /(gains) on scrapping of fixed assets	3,561,590.09	6,803,839.01
Losses /(gains) on changes in fair value	-	-184,353.81
Finance costs /(income)	12,960,552.00	17,621,571.61
Investment losses /(income)	-6,868,218.32	-4,790,555.83
Decreases /(increases) in deferred tax assets	-8,944,503.59	-22,939,973.04
Increases /(decreases) in deferred tax liabilities	36,667,132.09	-51,527,282.77
Decreases /(increases) in inventories	-1,500,844,668.26	-1,768,123,910.06
Decreases /(increases) in operating receivables	2,267,017,570.88	-2,337,026,097.81
Increases /(decreases) in operating payables	-2,647,531,498.27	1,995,825,974.83
Others	-992,242,138.90	589,234,554.49
Net cash flows from operating activities	1,947,212,977.00	4,727,652,873.85
(ii) Significant activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		

Supplementary information	2025	2024
Fixed asset acquired through financial leasing	10,724,723.11	
(iii) Net increases in cash and cash equivalents:		
Cash at the end of the reporting period	12,494,251,818.57	15,193,134,694.19
Less: Cash at the beginning of the reporting period	15,193,134,694.19	14,676,167,417.36
Add: Cash equivalents at the end of the reporting period		
Less: Cash equivalents at the beginning of the reporting period		
Net increase in cash and cash equivalents	-2,698,882,875.62	516,967,276.83

Note: Others mainly represented impact of withdraw restricted cash on the net cash flows from operating activities for the period.

(b) The components of cash and cash equivalents

Items	31 December 2025	31 December 2024
(i) Cash	12,494,251,818.57	15,193,134,694.19
Including: Cash on hand	12,138.91	62,770.67
Cash in bank available for immediate use	12,476,488,123.48	15,139,942,337.05
Other monetary funds available for immediate use	17,751,556.18	53,129,586.47
(ii) Cash equivalents		
Including: Bond investments maturing within three months		
(iii) Cash and cash equivalents at the end of the reporting period	12,494,251,818.57	15,193,134,694.19
Including: Restricted cash and cash equivalents of the parent company and the subsidiaries of the group	-	-

5.54 Assets with restricted ownership or use rights

Items	2025	Reason
Monetary funds	1,693,211,911.24	Fixed term deposits and margin deposits for bank acceptance, etc.
Intangible Assets	16,531,830.55	Loan pledge
Total	1,709,743,741.79	—

5.55 Leases

(a) The Company as a lessee

Items	2025
Expenses for short-term lease under simplified method	7,856,208.63
Expenses for lease of low value asset (except for short-term lease) under simplified method	-
Interest expense of lease liabilities	3,957,920.80
Variable lease payments not included in lease liabilities recognised in current profit or loss	-
Income from subleasing the right-of-use assets	-
Cash outflows related to leases	58,226,749.41
Profit or loss in sale and leaseback transaction	-

(b) The Company as a lessor

Operating lease

Items	2025
Lease income	9,846,756.17
Including: income related to variable lease payments not included in lease receivables	-

6. RESEARCH AND DEVELOPMENT EXPENDITURES

6.1 R&D expenditures by nature

Items	2025	2024
Labor costs	58,013,977.80	53,428,629.50
Material costs	12,923,802.87	9,409,848.37
Depreciation costs	4,550,252.31	4,326,031.48
Others	12,702,510.66	11,077,703.23
Total	88,190,543.64	78,242,212.58
Including: Expensed R&D expenditures	88,190,543.64	78,242,212.58
Capitalized R&D expenditures	-	-

7. CHANGES IN THE SCOPE OF CONSOLIDATION

7.1 Other Reasons of Changes in the Scope of Consolidation

Compared with the previous period, the company set up a new subsidiary "Anhui Gu Qi Distillery Sales Co., Ltd." This period, the liquidated subsidiary is "Hainan Yangshengtianxia Biotechnology Development Co., Ltd."

8. INTERESTS IN OTHER ENTITIES

8.1 Interests in Subsidiaries

(a) Composition of corporate group

Name of subsidiary	Abbreviation	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
Bozhou Gujing Sales Co., Ltd.	GJ Sales	Bozhou, Anhui	Bozhou, Anhui	Trading	100.00	—	Incorporation
Anhui Longrui Glass Co., Ltd.	Longrui Glass	Bozhou, Anhui	Bozhou, Anhui	Production	97.69	—	Incorporation
Anhui Jiuan Electric Equipments Co., Ltd.	Jiuan Electric	Bozhou, Anhui	Bozhou, Anhui	Machinery production	100.00	—	Incorporation
Anhui Jinyunlai Culture Media Co., Ltd.	Jinyunlai	Hefei, Anhui	Hefei, Anhui	Advertising	100.00	—	Incorporation
Anhui Ruisi Weier Technology Co., Ltd.	Ruisi Weier	Bozhou, Anhui	Bozhou, Anhui	R&D	100.00	—	Incorporation
Shanghai Gujing Jinhao Hotel Management Co., Ltd.	Jinhao Hotel	Shanghai	Shanghai	Hotel management	100.00	—	Business combination under common control
Bozhou Hotel Co., Ltd.	Bozhou Hotel	Bozhou, Anhui	Bozhou, Anhui	Hotel management	100.00	—	Business combination under common control
Anhui Yuanqing Environment Protection Co., Ltd.	YQ Environment Protection	Bozhou, Anhui	Bozhou, Anhui	Sewage processing	100.00	—	Incorporation
Anhui Gujing Yunshang E-Commerce Co., Ltd.	GJ E-Commerce	Hefei, Anhui	Hefei, Anhui	E-commerce	100.00	—	Incorporation
Anhui Runan Xinke Testing Technology Co., Ltd.	Runan Xinke	Bozhou, Anhui	Bozhou, Anhui	Food testing	100.00	—	Incorporation
Anhui Jiudao Culture Media Co., Ltd.	Jiudao Media	Hefei, Anhui	Hefei, Anhui	Advertising	100.00	—	Incorporation
Anhui Gujing Distillery Wine Theme Hotel Management Co., Ltd.	Theme Hotel	Bozhou, Anhui	Bozhou, Anhui	Hotel management	100.00	—	Incorporation

Anhui Gu Qi Distillery Co., Ltd.	Anhui Gu Qi Distillery	Bozhou, Anhui	Bozhou, Anhui	Production	60.00	—	Incorporation
Anhui Gu Qi Distillery Sales Co., Ltd.	Anhui Gu Qi Distillery Sales	Bozhou, Anhui	Bozhou, Anhui	Trading	—	60.00	Incorporation
Anhui Guge Culture Media Co., LTD.	Guge Culture	Bozhou, Anhui	Bozhou, Anhui	Advertising and marketing	100	—	Incorporation
Anhui Gujing Suhuai Wine Sales Co., LTD.	Gujing Suhuai	Suzhou, Anhui	Suzhou, Anhui	Commercial trade	100	—	Incorporation
Huanghelou Distillery Co., Ltd.	HHL Distillery	Wuhan, Hubei	Wuhan, Hubei	Production	51.00	—	Business combination not under common control
HHL Distillery (Xianning) Co., Ltd.	HHL Xianning	Xianning, Hubei	Xianning, Hubei	Production	—	51.00	Business combination not under common control
HHL Distillery (Suizhou) Co., Ltd.	HHL Suizhou	Suizhou, Hubei	Suizhou, Hubei	Production	—	51.00	Business combination not under common control
Wuhan Tianlong Jindi Technology Development Co., Ltd.	Tianlong Jindi	Wuhan, Hubei	Wuhan, Hubei	Trading	—	51.00	Business combination not under common control
Xianning Junhe Sales Co., Ltd.	Xianning Junhe	Xianning, Hubei	Xianning, Hubei	Trading	—	51.00	Business combination not under common control
Wuhan Junya Sales Co., Ltd.	Junya Sales	Wuhan, Hubei	Wuhan, Hubei	Trading	—	51.00	Incorporation
Suizhou Junhe Trading Co., Ltd.	Suizhou Junhe	Suizhou, Hubei	Suizhou, Hubei	Trading	—	51.00	Incorporation
Huanggang Junya Trading Co., Ltd.	Huanggang Junya	Huanggang, Hubei	Huanggang, Hubei	Trading	—	51.00	Incorporation
Wuhan Gulou Junhe Trading Co., Ltd.	Wuhan Gulou Junhe	Wuhan, Hubei	Wuhan, Hubei	Trading	—	51.00	Incorporation
Wuhan Gulou Juntai Trading Co., Ltd.	Wuhan Gulou Juntai	Wuhan, Hubei	Wuhan, Hubei	Trading	—	51.00	Incorporation
Xiaogan Gulou Tiancheng Trading	Xiaogan Gulou Tiancheng	Xiaogan, Hubei	Xiaogan, Hubei	Trading	—	51.00	Incorporation

Co., Ltd.							
Ezhou Junya Trading Co., Ltd.	Ezhou Junya Trading	Ezhou Hubei	Ezhou Hubei	Trading	—	51.00	Incorporation
Wuhan Juntai Trading Co., Ltd.	Wuhan Juntai Trading	Wuhan Hubei	Wuhan Hubei	Trading	—	51.00	Incorporation
Anhui Mingguang Distillery Co., Ltd.	Mingguang Distillery	Chuzhou, Anhui	Chuzhou, Anhui	Production	60.00	—	Business combination not under common control
Mingguang Tiancheng Mingjiu Sales Co., Ltd.	Tiancheng Sales	Chuzhou, Anhui	Chuzhou, Anhui	Trading	—	60.00	Business combination not under common control
Anhui Jiuhaio ChinaRail Construction Engineering Co., Ltd.	Jiuhaio ChinaRail	Bozhou, Anhui	Bozhou, Anhui	Construction	52.00	—	Incorporation
Anhui Zhenrui Construction Engineering Co., Ltd.	Zhenrui Construction	Bozhou, Anhui	Bozhou, Anhui	Construction	—	52.00	Incorporation
Guizhou Renhuai Maotai Treasure Distillery Co., Ltd.	Treasure Distillery	Guizhou Renhuai	Guizhou Renhuai	Production	60.00	—	Business combination not under common control
Guizhou Treasure Distillery Sales CO.,Ltd.	Treasure Distillery Sales	Guizhou Renhuai	Guizhou Renhuai	Trading	—	60.00	Incorporation
Anhui Gujing Health Technology Co., Ltd	GJ Health Technology	Bozhou, Anhui	Bozhou, Anhui	Production	60.00	—	Business combination not under common control
Anhui Gujing Qingyangshe Supply Chain Management Co., Ltd.	GJ Qingyangshe Supply	Bozhou, Anhui	Bozhou, Anhui	Trading	—	60.00	Business combination not under common control
Hainan Yangshengtianxia Biotechnology Development Co., Ltd	Biotechnology	Lingshui, Hainan	Lingshui, Hainan	Trading	—	60.00	Business combination not under common control

(b) Significant non-wholly owned subsidiaries

No.

8.2 Interests in Joint Arrangements or Associates**(a) Significant joint ventures or associates**

The Company had no significant joint venture or associate.

(b) Summarized financial information about insignificant joint ventures and associates

	31 December 2025/2025	31 December 2024/2024
Joint venture:		
Total carrying amount of investments		
The aggregate amount of below items calculated based on proportion of equity interests:		
—Net profit/(loss)		
—Other comprehensive income		
—Total comprehensive income		
Associate:		
Total carrying amount of investments	11,574,463.54	11,732,641.44
The aggregate amount of below items calculated based on proportion of equity interests:		
—Net profit/(loss)	-158,177.90	1,365,563.18
—Other comprehensive income		
—Total comprehensive income	-158,177.90	1,365,563.18

9. GOVERNMENT GRANTS**9.1 Government grants recognised as receivables**

As at 31 December 2025, the amount of government grants recognised as receivables is RMB 0.

9.2 Liability items that involve government grants

Items presented in the statement of	Balance as at 31 December 2024	Increase in government grants during the reporting period	Amount recognised in non-operating income	Amount recognised in other income during the reporting period	Other changes during the reporting period	Balance as at 31 December 2025	Related to assets or income

financial position			during the reporting period	period			
Deferred income	122,142,913.25	55,067,000.00	-	14,621,191.87	-	162,588,721.38	Related to assets
Total	122,142,913.25	55,067,000.00	-	14,621,191.87	-	162,588,721.38	

9.3 Government grants recognised in current profit or loss

Items presented in income statement	2025	2024
Other income	71,072,833.26	59,697,910.87
Finance costs	-2,067,900.00	-2,329,500.00

10. RISKS RELATED TO FINANCIAL INSTRUMENTS

Risks related to the financial instruments of the Company arise from the recognition of various financial assets and financial liabilities during its operation, including credit risk, liquidity risk and market risk.

Management of the Company is responsible for determining risk management objectives and policies related to financial instruments. Operational management is responsible for the daily risk management through functional departments (e.g. credit management department of the Company reviews each credit sale). Internal audit department is responsible for the daily supervision of implementation of the risk management policies and procedures, and report their findings to the audit committee in a timely manner.

Overall risk management objective of the Company is to establish risk management policies to minimize the risks without unduly affecting the competitiveness and resilience of the Company.

10.1 Credit Risk

Credit risk is the risk of one party of the financial instrument face to a financial loss because the other party of the financial instrument fails to fulfill its obligation. The credit risk of the Company is related to cash and equivalent, notes receivable, accounts receivables, other receivables and long-term receivables. Credit risk of these financial assets is derived from the counterparty's breach of contract. The maximum risk exposure is equal to the carrying amount of these financial instruments.

Cash and cash equivalent of the Company has lower credit risk, as they are mainly deposited in such financial institutions as commercial bank, of which the Company thinks with higher reputation and financial position. For notes receivable, other receivables and long-term receivables, the Company establishes related policies to control their credit risk exposure. The Company assesses credit capability of its customers and determines their credit terms based on their financial position, possibility of the guarantee from third party, credit record and other factors (such as current market status, etc.). The Company monitors its customers' credit record periodically, and for those customers

with poor credit record, the Company will take measures such as written call, shortening or cancelling their credit terms so as to ensure the overall credit risk of the Company is controllable.

(i) Determination of significant increases in credit risk

The Company assesses at each reporting date as to whether the credit risk on financial instruments has increased significantly since initial recognition. When the Company determines whether the credit risk has increased significantly since initial recognition, it considers based on reasonable and supportable information that is available without undue cost or effort, including quantitative and qualitative analysis of historical information, external credit ratings and forward-looking information. The Company determines the changes in the risk of a default occurring over the expected life of the financial instrument through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on individual financial instrument or a group of financial instruments with the similar credit risk characteristics.

When met one or more of the following quantitative or qualitative criteria, the Company determines that the credit risk on financial instruments has increased significantly: the quantitative criteria applied mainly because as at the reporting date, the increase in the probability of default occurring over the lifetime is more than a certain percentage since the initial recognition; the qualitative criteria applied if the debtor has adverse changes in business and economic conditions, early warning list of customer, and etc.

(ii) Definition of credit-impaired financial assets

The criteria adopted by the Company for determination of credit impairment are consistent with internal credit risk management objectives of relevant financial instruments in considering both quantitative and qualitative indicators.

When the Company assesses whether the debtor has incurred the credit impairment, the main factors considered are as following: Significant financial difficulty of the issuer or the borrower; a breach of contract, e.g., default or past-due event; a lender having granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty that the lender would not otherwise consider; the probability that the borrower will enter bankruptcy or other financial re-organisation; the disappearance of an active market for the financial asset because of financial difficulties of the issuer or the borrower; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Credit impairment of financial assets may arise from the combined effect of multiple events, rather than a single individually identifiable event.

(iii) The parameter of expected credit loss measurement

The company measures impairment provision for different assets with the expected credit loss of 12-

month or the lifetime based on whether there has been a significant increase in credit risk or credit impairment has occurred. The key parameters for expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company sets up the model of default probability, default loss rate and default risk exposure in considering the quantitative analysis of historical statistics (such as counterparties' ratings, guarantee method and collateral type, repayment method, etc.) and forward-looking information.

Relevant definitions are as following:

Default probability refers to the probability of the debtor will fail to discharge the repayment obligation over the next 12 months or the entire remaining lifetime;

Default loss rate refers to the Company's expectation of the loss degree of default risk exposure. The default loss rate varies depending on the type of counterparty, recourse method and priority, and the collateral. The default loss rate is the percentage of the risk exposure loss when default has occurred and it is calculated over the next 12 months or the entire lifetime;

The default risk exposure refers to the amount that the company should be repaid when default has occurred in the next 12 months or the entire lifetime. Both the assessment of significant increase in credit risk of forward-looking information and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Company identifies key economic indicators that have impact on the credit risk and expected credit losses for each business.

The maximum exposure to credit risk of the Company is the carrying amount of each financial asset in the statement of financial position. The Company does not provide any other guarantees that may expose the Company to credit risk.

For the accounts receivable of the Company, the amount of top 5 clients represents 52.51% of the total; for the other receivables, the amount of the top five entities represents 35.29% of the total.

10.2 Liquidity Risk

Liquidity risk is the risk of shortage of funds when fulfilling the obligation of settlement by delivering cash or other financial assets. The Company is responsible for the capital management of all of its subsidiaries, including short-term investment of cash surplus and dealing with forecasted cash demand by raising loans. The Company's policy is to monitor the demand for short-term and long-term floating capital and whether the requirement of loan contracts is satisfied so as to ensure to maintain adequate cash and cash equivalents.

As at 31 December 2025, the maturity profile of the Company's financial liabilities is as follows:

Items	31 December 2025			
	Within -1 year	1-2 years	2-3 years	Above 3 years
Short-term loans	186,934,364.01			

Items	31 December 2025			
	Within -1 year	1-2 years	2-3 years	Above 3 years
Notes payable	1,472,240,813.01			
Accounts payable	2,302,888,169.15			
Other payables	2,816,680,849.01			
Non-current liabilities maturing within one year	73,181,317.74			
Other current liabilities	1,043,957,560.69			
Long-term loans		99,209,174.77	119,042,949.22	57,269,625.38
Lease liabilities		21,677,513.09	21,760,268.51	44,507,146.01
Total	7,895,883,073.61	120,886,687.86	140,803,217.73	101,776,771.39

(Continued)

Items	31 December 2024			
	Within -1 year	1-2 years	2-3 years	Above 3 years
Short-term loans	51,250,000.00			
Notes payable	589,364,409.55			
Accounts payable	2,942,339,182.13			
Other payables	3,146,672,513.57			
Non-current liabilities maturing within one year	97,742,493.42			
Other current liabilities	1,691,188,287.40			
Long-term loans		22,231,962.50	21,100,825.00	
Lease liabilities		19,162,597.68	16,968,848.91	61,492,196.07
Total	8,518,556,886.07	41,394,560.18	38,069,673.91	61,492,196.07

10.3 Market Risk

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

(a) Foreign currency risk

Foreign currency risk of the Company mainly arise from foreign currency assets and liabilities denominated in currency other than the Company's functional currency. The main business of the Company is located in Chinese Mainland, and the main business is settled in RMB. There is only a small amount of export business, which has a small proportion of income scale and impact, and has little exchange rate risk.

(b) Interest rate risk

Interest risk refers to the risk on the fair value or future cash flows of a financial instrument brought by the change of market interest rate. Interest risk mainly arises from bank loans. As of the statement date, the Company had no bank loan with a floating interest rate.

(c) Other price risk

Investments held for trading were measured at fair value. As such, these investments are subject to the risk brought by the change of security prices. The Company controls this risk to the acceptable level by utilising multiple investment mix.

11. FAIR VALUE DISCLOSURES

The inputs used in the fair value measurement in its entirety are to be classified in the level of the hierarchy in which the lowest level input that is significant to the measurement is classified.

Level 1: Inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs for the assets or liabilities (other than those included in Level 1) that are either directly or indirectly observable.

Level 3: Inputs are unobservable inputs for the assets or liabilities

11.1 Assets and Liabilities Measured at Fair Value at 31 December 2025

Items	Fair value at 31 December 2025			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) financial assets held-for-trading	-	-		
(i) Financial assets at fair value through profit or loss	-	-		
1. Debt instruments	-	-	-	-
2. Structural financial products	-	-		
(b) Financial assets at fair value through other comprehensive income	-	-	969,184,778.28	969,184,778.28
1. Accounts receivable financing	-	-	895,658,760.56	895,658,760.56
2. Other equity instrument investment	-	-	73,526,017.72	73,526,017.72
Total assets measured at fair value on a recurring basis	-	-	969,184,778.28	969,184,778.28

The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date. The fair value of financial instruments not traded in an active market is determined by using valuation techniques. Specific valuation techniques used to value the above

financial instruments include discounted cash flow and market approach to comparable company model. Inputs in the valuation technique include risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, discount for lack of liquidity.

11.2 Fair Value of Financial Assets or Financial Liabilities which are not Measured at Fair Value

The financial assets and financial liabilities of the Company measured at amortised cost mainly include: cash and cash equivalents, notes receivable, accounts receivable, other receivables, debt investments, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings maturing within one year, long-term payables, long-term borrowings and bonds payable.

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Recognition of related parties: The Company has control or joint control of, or exercise significant influence over another party; or the Company and another party are controlled or jointly controlled by the same third party.

12.1 General Information of the Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
GJ Group	Bozhou, Anhui	Production of beverage, construction materials, plastic products.	1,000 million	51.34	51.34

The Company's ultimate controller is the State-owned Asset Management Commission of the People's Government of Baozhou, Anhui.

12.2 General Information of Subsidiaries

Details of the subsidiaries please refer to Notes 8 INTERESTS IN OTHER ENTITIES.

12.3 Joint Ventures and Associates of the Company

(a) General information of significant joint ventures and associates

Details of significant joint ventures and associates please refer to Notes 8 INTERESTS IN OTHER ENTITIES.

12.4 Other Related Parties of the Company

Name	Relationship with the Company
Anhui Ruijing Shanglv (Group) Co., Ltd. (RJSJ Group)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Ruijing Shanglv (Group) Co., Ltd. Hefei Gujing Holiday Inn (RJSJ Holiday Inn)	Controlled by the Company's controlling shareholder or ultimate controller
Bozhou Gujing Huishenglou Catering Co., Ltd.(GJ Huishenglou Catering)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Haochidian Catering Co., Ltd. (Haochidian Catering)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Ruijing Catering Co., Ltd. (Ruijing Catering)	Controlled by the Company's controlling shareholder or ultimate controller
Shanghai Beihai Hotel Co., Ltd. (Beihai Hotel)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Gujing Hotel Development Co., Ltd.(GJ Hotel Development)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Huixin Financial Investment Group Co., Ltd.(Huixin Financial Investment)	Controlled by the Company's controlling shareholder or ultimate controller
Bozhou Anxin Small Loan Co., Ltd. (Anxin Small Loan)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Hengxin Pawnshop Co., Ltd. (Hengxin Pawnshop)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Ruixin Pawnshop Co., Ltd. (Ruixin Pawnshop)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Zhongxin Financial Leasing Co., Ltd.(Zhongxin Financial Leasing)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Youxin Financing Guarantee Co, Ltd. (Youxin Guarantee)	Controlled by the Company's controlling shareholder or ultimate controller
Hefei Longxin Corporate Management Advisory Co., Ltd. (Longxin Advisory)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Chuangxin Equity Investment Co. Ltd.(Chuangxin Equity Investment)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Lejiu Jiayuan Travel Management Co., Ltd. (Lejiu Jiayuan)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Lvyuan Ecological Agriculture Development Co., Ltd. (Lvyuan Ecological Agriculture)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Shenglong Trading Co., Ltd. (Shenglong Trading)	Controlled by the Company's controlling shareholder or ultimate controller
Bozhou Hotel Co., Ltd.(Bozhou Hotel)	Controlled by the Company's controlling shareholder or ultimate controller

Dongfang Ruijing Enterprise Investment Co., Ltd.(Dongfang Ruijing)	Controlled by the Company's controlling shareholder or ultimate controller
Dazhongyuan Jiugu Cultural Tourism Development Co., Ltd. (Dazhongyuan Jiugu Cultural)	Controlled by the Company's controlling shareholder or ultimate controller
Anhui Jiuan Construction Management Advisory Co., Ltd.(Jiuan Advisory)	Controlled by the Company's controlling shareholder or ultimate controller

12.5 Related Party Transactions

(a) Purchases or sales of goods, rendering or receiving of services

Purchases of goods, receiving of services:

Related parties	Nature of the transaction(s)	2025	2024
Bozhou Hotel	Receiving catering and accommodation	9,534,350.56	8,790,826.60
GJ Huishenglou Catering	Receiving catering and accommodation	6,322,173.27	5,112,486.87
GJ Hotel Development	Receiving catering and accommodation	1,369,836.86	917,799.50
GJ Hotel Development	Purchases of materials	294,965.19	593,096.00
RJSL Group	Purchase of materials and services	285,345.56	1,061.95
RJSL Group	Receiving catering and accommodation	-	8,678.00
RJSL Holiday Inn	Receiving catering and accommodation	69,343.33	369,617.40
RJSL Holiday Inn	Purchase of materials and services	979,455.32	1,553,686.56
Youxin Guarantee	Receiving services	24,032.34	186,613.69
Jiuan Advisory	Advisory and assurance	5,084,386.99	16,399,697.94
Lvyuan Ecological Agriculture	Purchase of materials	757,483.33	-
Ruijing Catering	Receiving catering and accommodation	11,805.89	-
Total	—	24,733,178.64	33,933,564.51

Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	2025	2024
Shenglong Trading	Sales of distilled wine	419,407.05	881,579.63
Shenglong Trading	Provision of catering and accommodation	11,467.92	12,363.04
Shenglong Trading	Sales of small materials	49,894.16	1,987.61
RJSL Group	Sales of distilled wine	2,413,493.81	1,868,853.84
RJSL Group	Provision of catering and accommodation	4,208.70	8,893.39
RJSL Group	Sales of small materials	-	2,946.90
RJSL Holiday Inn	Sales of small materials	415,198.29	178,315.91
RJSL Holiday Inn	Sales of distilled wine	45,716.81	140,628.33
GJ Hotel Development	Sales of distilled wine	1,042,768.15	1,459,070.75
GJ Hotel Development	Sales of water and electricity	161,698.57	195,354.91

Related parties	Nature of the transaction(s)	2025	2024
GJ Hotel Development	Provision of catering and accommodation	138,360.44	94,339.62
GJ Hotel Development	Sales of small materials	1,345.11	34,713.45
GJ Group	Provision of catering and accommodation	249,647.52	330,327.68
GJ Group	Sales of small materials	144,679.89	166,629.10
Bozhou Hotel	Sales of small materials	187,319.25	131,208.76
Bozhou Hotel	Sales of distilled wine	334,493.19	243,911.51
Bozhou Hotel	Provide labor services	-	10,905.21
Huixin Financial Investment	Sales of distilled wine	6,955.76	17,734.51
Huixin Financial Investment	Sales of small materials	584.07	-
Huixin Financial Investment	Provision of catering and accommodation	-	2,243.40
GJ Huishenglou Catering	Sales of distilled wine	55,274.34	54,716.81
GJ Huishenglou Catering	Sales of small materials	91,265.30	46,791.16
GJ Huishenglou Catering	Provide testing services	12,849.06	-
Anxin Small Loan	Sales of distilled wine	20,761.06	28,353.98
Anxin Small Loan	Sales of small materials	8,053.10	-
Anxin Small Loan	Provide testing services	792.46	-
Haochidian Catering	Provision of catering and accommodation	-	72,376.00
Haochidian Catering	Sales of distilled wine	2,600,920.37	1,632,557.51
Haochidian Catering	Sales of small materials	130,968.44	62,092.93
Zhongxin Financial Leasing	Sales of distilled wine	3,079.65	4,991.15
Hengxin Pawnshop	Sales of distilled wine	5,389.37	9,530.98
Jiuan Advisory	Sales of distilled wine	8,787.61	44,920.35
Jiuan Advisory	Provision of catering and accommodation	292.45	800
Jiuan Advisory	Sales of small materials	1,991.15	20,693.37
Beihai Hotel	Sales of distilled wine	3,265.49	133,568.15
Beihai Hotel	Sales of small materials	1,168.14	-
Ruixin Pawnshop	Sales of distilled wine	3,079.65	4,991.15
Youxin Guarantee	Sales of distilled wine	3,079.65	4,991.15
Youxin Guarantee	Sales of small materials	292.03	-
Longxin Advisory	Sales of small materials	2,309.74	2,150.44
Longxin Advisory	Sales of distilled wine	292.03	-
Dongfang Ruijing	Provision of catering and accommodation	-	34,061.79
Ruijing Catering	Sales of small materials	33,451.34	-
Total	—	8,614,601.12	7,939,594.47

(b) Leases

The Company as lessor:

The lessee	Type of assets	2025	2024
GJ Hotel Development	Houses and buildings	1,109,466.64	1,095,101.19
Total	—	1,109,466.64	1,095,101.19

The Company as lessee:

The lessor	Type of assets	2025				
		Expenses for short-term lease and lease of low value asset under simplified method	Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
GJ Group	Houses and buildings	-	-	928,357.41	123,633.20	-
Dazhongyuan Jiugu Cultural	Houses, buildings and land	-	-	6,999,238.82	748,757.06	-
Total	—	-	-	7,927,596.23	872,390.26	-

(Continued)

The lessor	Type of assets	2024				
		Expenses for short-term lease and lease of low value asset under simplified method	Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
GJ Group	Houses and buildings	310,396.56	-	1,429,123.73	70,810.69	4,914,466.32
Suning Property Development	Houses and buildings	-	-	1,157,625.00	252,549.47	-
Dazhongyuan Jiugu Cultural	Houses, buildings and land	-	-	6,999,238.82	521,646.90	31,179,563.79
Total	—	310,396.56	-	9,585,987.55	845,007.06	36,094,030.11

(d) Key management personnel compensation

Items	2025	2024
Key management personnel compensation	6.99million	26.79million

12.6 Receivables and Payables with Related Parties

Items	Related parties	31 December 2025	31 December 2024
Contract liabilities	Bozhou Hotel	38,236.90	16,131.81
Contract liabilities	GJ Huishenglou Catering	-	5,070.80
Contract liabilities	RJSL Group	-	1,529,729.09
Contract liabilities	RJSL Holiday Inn	102,057.35	566.37
Accounts payable	Jiuan Advisory	188,322.34	172,318.90
Accounts payable	GJ Hotel Development	11,444.00	15,558.00
Accounts payable	Bozhou Hotel	-	155,845.44
Accounts payable	RJSL Holiday Inn	-	381,170.20
Other payables	RJSL Group	300,000.00	305,533.60
Other payables	GJ Hotel Development	100,000.00	100,000.00
Other payables	Jiuan Advisory	6,000.00	47,877.00
Other payables	Bozhou Hotel	10,000.00	-

13. COMMITMENTS AND CONTINGENCIES**13.1 Significant Commitments**

As at 31 December 2025, the Company has no significant commitments need to be disclosed.

13.2 Contingencies

As at 31 December 2025, the Company has no significant contingencies need to be disclosed.

14. EVENTS AFTER THE REPORTING PERIOD**14.1 Profit Distribution**

The company intends to take the total share capital of 528,600,000 shares at the end of 2025 as the base, distribute a cash dividend of 34.00 yuan (including tax) for every 10 shares to all shareholders, issue no bonus shares (including tax), and not increase the share capital by converting reserve funds.

Other than the above, as at April 28, 2026, the Company had no other post-balance sheet events that required disclosure.

15. OTHER SIGNIFICANT MATTERS**15.1 Segment Information**

In accordance with the Company's internal management and reporting structure, segment reporting

is not applicable.

16. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

16.1 Accounts Receivable

(a) No account receivable as of 31 December 2025.

(b) No account receivable as of 31 December 2025.

(c) Impairment movement for the period was not applicable for accounts receivable.

16.2 Other Receivables

(a) Other receivables by category

Items	31 December 2025	31 December 2024
Interest receivable	-	-
Dividend receivable	-	-
Other receivables	464,796,849.41	505,111,096.18
Total	464,796,849.41	505,111,096.18

(b) Other Receivables

(i) Other receivables by aging

Aging	31 December 2025	31 December 2024
Within one year	84,117,630.95	312,820,191.46
Including: Within 6 months	84,019,705.08	222,819,167.02
7 months to 1 years	97,925.87	90,001,024.44
1-2 years	260,071,975.05	192,491,023.18
2-3 years	121,459,100.36	20,500.00
Over 3 years	1,693,636.00	2,408,794.09
Subtotal	467,342,342.36	507,740,508.73
Less: provision for bad debt	2,545,492.95	2,629,412.55
Total	464,796,849.41	505,111,096.18

(ii) Other receivables by nature

Nature	31 December 2025	31 December 2024
Due from related party within the scope of consolidation	452,998,407.89	497,697,675.07
Deposits and Margins	3,047,931.08	3,763,589.17
Rentals and utilities receivable	1,115,067.27	1,002,533.40
Others	10,180,936.12	5,276,711.09

Nature	31 December 2025	31 December 2024
Subtotal	467,342,342.36	507,740,508.73
Less: Provision for bad debt	2,545,492.95	2,629,412.55
Total	464,796,849.41	505,111,096.18

(iii) Other receivables by bad debt provision method

A. As at 31 December 2025, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	467,342,342.36	2,545,492.95	464,796,849.41
Stage 2	-	-	-
Stage 3	-	-	-
Total	467,342,342.36	2,545,492.95	464,796,849.41

As at 31 December 2025, provision for bad debt at stage 1:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	-	-	-	-
Provision for bad debt recognised by groups	467,342,342.36	0.54	2,545,492.95	464,796,849.41
Including: Group 1	452,998,407.89	-	-	452,998,407.89
Group 2	14,343,934.47	17.75	2,545,492.95	11,798,441.52
Total	467,342,342.36	0.54	2,545,492.95	464,796,849.41

Details of Group 2 receivables as of the statement date

Age group	31 December 2025		
	Book balance	Provision for bad debt	Provision ratio (%)
Within 1 year	11,119,223.06	115,109.26	1.04
Including: Within 6 months	11,021,297.19	110,212.97	1.00
7 months to 1 years	97,925.87	4,896.29	5.00
1 to 2 years	71,975.05	7,197.51	10.00
2 to 3 years	1,459,100.36	729,550.18	50.00
Over 3 years	1,693,636.00	1,693,636.00	100.00
Total	14,343,934.47	2,545,492.95	17.75

B. As at 31 December 2024, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	507,740,508.73	2,629,412.55	505,111,096.18
Stage 2	-	-	-
Stage 3	-	-	-
Total	507,740,508.73	2,629,412.55	505,111,096.18

As at 31 December 2024, provision for bad debt at stage 1:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually				
Provision for bad debt recognised by groups	507,740,508.73	0.52	2,629,412.55	505,111,096.18
Including: Group 1	497,697,675.07	-	-	497,697,675.07
Group 2	10,042,833.66	26.18	2,629,412.55	7,413,421.11
Total	507,740,508.73	0.52	2,629,412.55	505,111,096.18

Details of Group 2 receivables as of the statement date

Age group	31 December 2024		
	Book balance	Provision for bad debt	Provision ratio (%)
Within 1 year	6,122,516.39	61,266.14	1.00
Including: Within 6 months	6,121,491.95	61,214.92	1.00
7 months to 1 years	1,024.44	51.22	5.00
1 to 2 years	1,491,023.18	149,102.32	10.00
2 to 3 years	20,500.00	10,250.00	50.00
Over 3 years	2,408,794.09	2,408,794.09	100.00
Total	10,042,833.66	2,629,412.55	26.18

(iv) Changes of provision for bad debt during the reporting period

Category	31 December 2024	Changes during the reporting period			31 December 2025
		Provision	Recovery or reversal	Elimination or write-off	
Individual assessment	-	-	-	-	-
Portfolio assessment	2,629,412.55	-	83,919.60	-	2,545,492.95
Total	2,629,412.55	-	83,919.60	-	2,545,492.95

(v) Other receivables written off during the reporting period

Not applicable.

(vi) Top five closing balances by entity

Entity name	Nature	Balance as at 31 December 2025	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Top 1	Due from related party within the scope of consolidation	380,000,000.00	1 to 3 years	81.31	-
Top 2	Due from related party within the scope of consolidation	72,206,067.05	Within 6 months	15.45	-
Top 3	Others	6,286,640.94	Within 6 months	1.35	62,866.41
Top 4	Deposits and Margins	1,303,136.00	Over 3 years	0.28	1,303,136.00
Top 5	Deposits and Margins	1,284,295.08	2 to 3 years	0.27	642,147.54
Total		461,080,139.07		98.66	2,008,149.95

16.3 Long-term Equity Investments

Items	31 December 2025			31 December 2024		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subsidiaries	1,694,079,903.43	-	1,694,079,903.43	1,642,079,903.43	-	1,642,079,903.43
Associates	6,060,161.55	-	6,060,161.55	6,218,934.37	-	6,218,934.37
Total	1,700,140,064.98	-	1,700,140,064.98	1,648,298,837.80	-	1,648,298,837.80

(a) Investments in subsidiaries

Investees	31 December 2024	Increase during the reporting period	Decrease during the reporting period	31 December 2025	Provision for impairment during the reporting period	Provision for impairment at 31 December 2025
GJ Sales	68,949,286.89	-	-	68,949,286.89	-	-
Longrui Glass	85,267,453.06	-	-	85,267,453.06	-	-
Jinhao Hotel	49,906,854.63	-	-	49,906,854.63	-	-
Bozhou Hotel	648,646.80	-	-	648,646.80	-	-

Investees	31 December 2024	Increase during the reporting period	Decrease during the reporting period	31 December 2025	Provision for impairment during the reporting period	Provision for impairment at 31 December 2025
Ruisi Weier	40,000,000.00	-	-	40,000,000.00	-	-
YQ Environment Protection	16,000,000.00	-	-	16,000,000.00	-	-
GJ E-Commerce	5,000,000.00	-	-	5,000,000.00	-	-
HHL Distillery	816,000,000.00	-	-	816,000,000.00	-	-
Jinyunlai	15,000,000.00	-	-	15,000,000.00	-	-
Runan Xinke	10,000,000.00	-	-	10,000,000.00	-	-
Jiuan Electric	10,000,000.00	-	-	10,000,000.00	-	-
Mingguang Distillery	200,200,000.00	-	-	200,200,000.00	-	-
Treasure Distillery	224,723,400.00	-	-	224,723,400.00	-	-
Jiuhao ChinaRail	5,720,000.00	-	-	5,720,000.00	-	-
GJ Health Technology	34,664,262.05	-	-	34,664,262.05	-	-
Theme Hotel	10,000,000.00	-	-	10,000,000.00	-	-
Anhui Gu Qi Distillery	45,000,000.00	27,000,000.00	-	72,000,000.00	-	-
Guge Culture	5,000,000.00	-	-	5,000,000.00	-	-
Jiudao Media		15,000,000.00	-	15,000,000.00	-	-
Gujing Suhuai		10,000,000.00	-	10,000,000.00	-	-
Total	1,642,079,903.43	52,000,000.00	-	1,694,079,903.43	-	-

(b) Investments in associates

Investees	31 December 2024	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
(i) Associates					-	-
Xunfeijiuzhi	6,218,934.37	-	-	-158,772.82	-	-
Total	6,218,934.37	-	-	-158,772.82	-	-

(Continued)

Investees	Changes during the reporting period			31 December 2025	Provision for impairment at 31 December 2025
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		

(i) Associates					
Xunfeijiuzhi	-	-	-	6,060,161.55	-
Total	-	-	-	6,060,161.55	-

16.4 Revenue and Cost of Sales

Items	2025		2024	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	11,224,198,170.85	3,856,110,217.20	12,868,400,539.49	4,152,790,888.94
Other activities	163,191,820.88	92,946,542.60	142,911,297.56	87,611,396.02
Total	11,387,389,991.73	3,949,056,759.80	13,011,311,837.05	4,240,402,284.96

Note: The company's main business income is distilled wine sales revenue.

16.5 Investment Income

Items	2025	2024
Investment income from long-term equity investments under cost method	758,575,992.65	2,699,374,783.34
Investment income from long-term equity investments under equity method	-158,772.82	1,363,393.76
Gains from disposal of financial assets held-for-trading	469,722.23	1,330,123.81
Gains from disposal of financial assets at fair value through other comprehensive income	-31,031,320.83	-39,112,659.61
Others	2,865,306.50	151,618.54
Total	730,720,927.73	2,663,107,259.84

17. SUPPLEMENTARY INFORMATION

17.1 Details of current non-recurring profit or loss

Items	2025	2024
Gains/(losses) on disposal of non-current assets	-3,255,352.82	-6,996,040.00
Government grants (except for government grants which are closely related to the ordinary course of business of the Company, in compliance with national policies and regulations, granted in accordance with the determined standards; and influence the profit and loss on an ongoing basis) charged to gains or losses for the period	49,068,936.93	47,217,316.71
Non-financial business's gains or losses from fair value change arising from financial assets and financial liabilities held and gains or losses from disposal of financial assets and financial liabilities, other than effective value protection hedges relating to the Company's ordinary course of business	5,782,198.92	2,316,575.85
Reversal of provision for impairment of individually tested receivables	-	-

Items	2025	2024
Other non-operating income/expenses except for items mentioned above	47,388,726.20	52,210,445.28
Total non-recurring profit/(loss)	98,984,509.23	94,748,297.84
Less: Income tax effect	24,237,194.74	23,534,161.55
Less: net non-recurring profit/(loss) attributable to non-controlling interest	15,102,378.45	11,118,339.31
Net non-recurring profit/(loss) attributable to ordinary shareholders	59,644,936.04	60,095,796.98

17.2 Return on Net Assets and Earnings Per Share ('EPS')

(a) 2025

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders	14.28	6.71	6.71
Net profit attributable to ordinary shareholders after non-recurring profit or losses	14.04	6.60	6.60

(b) 2024

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders	23.89	10.44	10.44
Net profit attributable to ordinary shareholders after non-recurring profit or loss	23.63	10.32	10.32

Chairman of the Board:



 Anhui Gujing Distillery Company Limited

April 28, 2026